

**JOINT STOCK COMPANY
"STORENT INVESTMENTS"
(UNIFIED REGISTRATION NUMBER 40103834303)**

ANNUAL REPORT FOR 2018

(the 5th financial year)

**PREPARED IN ACCORDANCE WITH
LAW ON THE ANNUAL FINANCIAL STATEMENTS AND
CONSOLIDATED FINANCIAL STATEMENTS OF THE REPUBLIC OF LATVIA
AND INDEPENDENT AUDITORS' REPORT
Riga, 2019**

This version of financial statements is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, the original language version of financial statements takes precedence over this translation.

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General information

Name of the company	"STORENT INVESTMENTS"
Legal status	Joint Stock Company
Number, place and date of registration	40103834303 Riga, 7 October 2014
Registered and business address	Matrožu iela 15a Riga, Latvia, LV-1048
Shareholders	<p>Levina Investments S.A.R.L. (Luxembourg) 73% (from 31.01.2017) Bomaria SIA 13.5% (from 01.09.2018) Supremo SIA 13.5% (from 01.09.2018)</p> <p>Levina Investments S.A.R.L. (Luxembourg) 73% (from 31.01.2017) Perle Consultancy LTD (Cyprus) 13.5% (from 31.01.2017) TORRINI LTD (Cyprus) 13.5% (from 31.01.2017)</p> <p>Levina Investments S.A.R.L. (Luxembourg) 56% (until 31.01.2017) Perle Consultancy LTD (Cyprus) 22% (until 31.01.2017) TORRINI LTD (Cyprus) 22% (until 31.01.2017)</p>
Board of the Company	Andris Bisnieks, member of the Board Andris Pavlovs, member of the Board
Council of the Company	Kabcenell Nicholas John, chairman of the Council (from 11.12.2017) Onkele Baiba, member of the Council Jozwiak Michal Lukasz, member of the Council (until 04.04.2019) Burak Dalgin, member of the Council (from 04.04.2019) Podziewski Arkadiusz Marek, chairman of the Council (until 11.12.2017)
Annual report prepared by	Marina Grigore Chief accountant of Storent Investments AS
Type of activity	Supervision and management of subsidiaries; performance of functions of strategic and organisational planning and decision-making.
NACE code	70.10 Activities of head offices (NACE rev. 2.0)
Reporting year	1 January 2018 – 31 December 2018
Previous reporting year	1 January 2017 – 31 December 2017
Name and address of the independent auditor and the responsible certified auditor	Deloitte Audits Latvia SIA License No. 43 Grēdu iela 4a, Riga, LV-1019, Latvia Inguna Stasa Certified auditor Certificate No. 145

Management report

Type of activity of the Company

Storent Investments AS (hereinafter referred to as the "Company") was established on 7 October 2014 and this is the fifth reporting year of the Company. The Company was established along with the entry of a new financial investor and is a parent company of the Storent Group. The main type of activity of the Company is to provide management and consultancy services to subsidiaries, which accounts for the most part of the Company's turnover.

Development of the Company and results of financial operations in the reporting year

The main type of activity of the Company is related to provision of all the companies of the Storent group with financial resources, maintenance of the Storent brand and information technology systems, as well as provision of management services to related companies. In the reporting year, the Company increased its turnover by 29% reaching 6 million euro. The reporting year closed with a profit of EUR 1,490,360. The financial stability of the Company is supported by a thorough balance sheet structure. Long-term investments amount to 82% of total assets of the Company. Equity amounts to 68% of the total balance sheet amount.

In 2018, the Group continued to strengthen its position on the Baltic rental market and still keeps a stable position among top 3 largest rental companies. An increase in construction volumes was observed in all the three Baltic countries, allowing also to increase equipment rental prices. Rental revenue in the Baltic countries region increased by 13% with the highest increase in revenue being observed in Latvia, where Storent is the equipment rental market leader. Baltic region accounts for approximately 70% of Group's rent incomes.

In 2018 construction market in Estonia grew by 21% with increase in all segments – residential, non-residential and civil engineering. Market is expected to demonstrate modest growth in construction volumes in 2019, although there's wide pipeline of various construction projects to be realized through the year.

Latvian construction market increased by 22% in 2018. Highest growth rate was achieved in specialized construction works with almost 28% and in building construction with 26%. There is a number of large and medium scale projects including ones financed under EU programs to be started in 2019, which provide confidence in further construction market positive trend. Labour shortage drives up wage level making construction industry more attractive for jobseekers.

Lithuanian construction market grew by 17% in 2018. Largest increase was in civil engineering segment with 21% growth. Residential and non-residential segments had grown by 16% and 15%, respectively. There are many EU financed construction related projects to be realized in 2019.

Favourable construction markets caused emerging of new rental market players in the region, which have been luring customers with low pricing strategy. This fact slowed down our pace in Lithuania, where customers especially appreciate an opportunity of low-price offerings.

Nordic operations have increased by 25% compared to 2017. There's been decrease of residential construction in Sweden, but growth in non-residential and civil engineering construction. Swedish construction market expected to decline by 3,8% in 2019 with highest decline in residential sector. Finnish market showed growth of 3,5% in 2018 and it's expected to decline by 1,2% in 2019.

Finnish operation (Leinlift Oy) showed good growth dynamics and Swedish one continued with rapid rate through the year. We have started to evaluate geographical expansion opportunities in both countries. Our main focus has been on structuring sales

process, enlarging sales teams and shipping additional fleet as these are important factors in order to continue to grow and enter new market segments.

Kaliningrad operation has seen revenues decrease. Although official sources report construction market growth, construction activities are ensured mostly by state financed projects. Customers' insolvencies remains to be one of key factors for reduced rent incomes. We see number of large construction projects started in December, which should serve as driver for rent incomes growth in 2019.

Investment plan for rental assets for 2018 in amount of 7 million euros has been realized and new machines have been delivered to designated countries. Flexible approach to fleet rotation among Storent group companies ensured quicker response to construction market changes and overall more efficient fleet usage.

The future development of the Group

The Group management plans to continue development of its activities supporting its subsidiaries and fostering growth of the entire Group. The Company management offers to leave profit of the reporting year undistributed.

Financial risk management

The Company's key principles of finance risk management are laid out in Note 23.

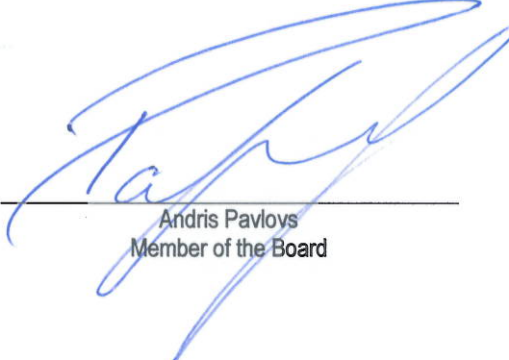
Conditions and events after the end of the reporting year

In order to meet minimal capital requirements in Estonia, Lithuania and Sweden, where subsidiaries of Storent are located, the Group's parent company will make investments to share capital of the subsidiaries in amount of EUR 2,427,265 in April 2019.

During the period between the last day of the financial year and the date of signing of these financial statements there have been no other significant events that would have require adjustments or disclosure in the financial statements.

The management report was signed on 23 April 2019 on the Company's behalf by:



Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

The annual report was approved at the general shareholders' meeting on 25 April 2019.


Statement of management's responsibility

The management of Storent Investments AS confirms that the financial statements present fairly the financial position of Storent Investments AS at 31 December 2018 and 2017 and its financial performance and cash flows for 2018 and 2017. The above-mentioned financial statements have been prepared according to the Law On the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia. During the preparation of the financial statements of Storent Investments AS the management:


- ♦ used and consequently applied appropriate accounting policies;
- ♦ provided reasonable and prudent judgements and estimates;
- ♦ applied a going concern principle except where the application of this principle was not grounded.

The management of Storent Investments AS is responsible for maintaining appropriate accounting records that would provide a fair presentation of the financial position of Storent Investments AS at a particular date and financial performance and cash flows and enable the management to prepare the financial statements according to the Law On the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia.

This statement of management's responsibility was signed on 23 April 2019 by:



Andris Bisnieks
Member of the Board



Andris Pavlovs
Member of the Board

Income Statement

	Note	2018 EUR	2017 EUR
Net revenue	3	6 090 902	4 727 013
Personnel costs	9	(2 096 098)	(1 770 158)
<i>a) remuneration for work</i>		(1 340 417)	(1 292 860)
<i>b) mandatory state social insurance contributions</i>		(323 025)	(210 507)
<i>c) other social insurance contributions</i>		(432 656)	(266 791)
Other operating expenses	4	(1 485 795)	(1 061 872)
Depreciation and amortization	5	(520 201)	(343 727)
Interest and similar income	6	563 720	474 868
<i>a) from related parties</i>		558 435	474 868
<i>b) from other persons</i>		5 285	-
Interest payments and similar expenses	7	(1 062 168)	(1 244 705)
<i>a) from related parties</i>		(31 437)	(24 170)
<i>b) from other persons</i>		(1 030 731)	(1 220 535)
Profit before tax		1 490 360	781 419
Corporate income tax	8	-	(7 322)
Profit after calculation of the corporate income tax		1 490 360	774 097
(Expenses) from changes in deferred corporate income tax	8	-	(858 841)
Profit (loss) of the reporting year		1 490 360	(84 744)

The notes are an integral part of these financial statements.

These financial statements were signed on 23 April 2019 on the Company's behalf by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Balance Sheet

ASSETS

		31.12.2018	31.12.2017
	Notes	EUR	EUR
NON-CURRENT ASSETS			
Intangible assets			
Licences and similar rights		231 600	264 235
Other intangible investments		891 233	506 138
TOTAL	10	1 122 833	770 373
Property, plant and equipment			
Other fixed assets		130 896	72 194
TOTAL	10	130 896	72 194
Other non-current assets			
Investments in subsidiaries	11	30 202 757	28 916 982
Loans to related parties	20 b	10 257 949	10 607 736
Deferred expenses	13	-	3 349
TOTAL		40 460 706	39 528 067
TOTAL NON-CURRENT ASSETS		41 714 435	40 370 634
CURRENT ASSETS			
Inventories			
TOTAL		-	2 200
Trade and other receivables			
Trade receivables		5 183	63 231
Trade receivables from related parties	20 a	6 175 384	4 319 954
Other receivables	12	16 770	24 128
Deferred expenses	13	21 356	18 201
TOTAL		6 218 693	4 425 514
Cash and cash equivalents	14	3 185 057	4 693 599
TOTAL CURRENT ASSETS		9 403 750	9 121 313
TOTAL ASSETS		51 118 185	49 491 947

The notes are an integral part of these financial statements.

These financial statements were signed on 23 April 2019 on the Company's behalf by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Balance Sheet**EQUITY AND LIABILITIES**

	Note	31.12.2018	31.12.2017
EQUITY			
Share capital	15	33 316 278	33 316 278
Previous reporting periods' retained earnings		75 765	160 509
Profit (loss) of the reporting year		1 490 360	(84 744)
TOTAL EQUITY		34 882 403	33 392 043

PROVISIONS

Other provisions	16	422 302	475 629
TOTAL PROVISIONS		422 302	475 629

LIABILITIES**Long-term liabilities**

Financial lease liabilities		46 657	-
Borrowings from related parties	20c	732 234	1 370 818
Other borrowings	21	3 597 885	4 710 297
Issued bonds	22	8 091 389	6 507 402
TOTAL		12 468 165	12 588 517

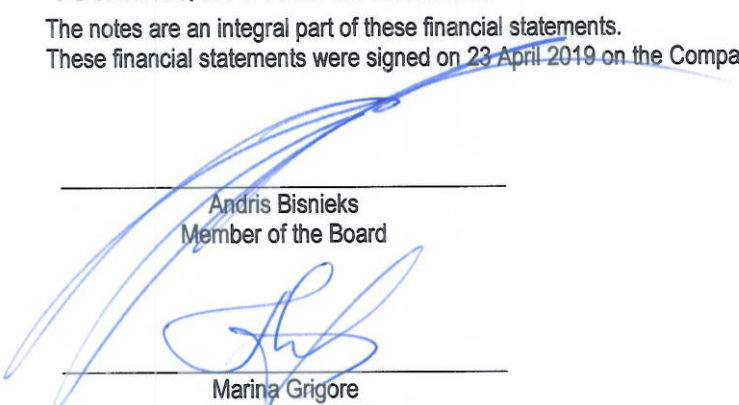
Short-term liabilities

Financial lease liabilities		8 268	-
Other borrowings	21	2 784 028	2 024 564
Trade payables		206 153	676 975
Payables to related parties	20a	36 723	25 286
Taxes and mandatory state social insurance contributions	19	60 663	43 819
Other liabilities	17	55 062	47 541
Accrued liabilities	18	194 418	217 573
TOTAL		3 345 315	3 035 758
TOTAL LIABILITIES		15 813 480	15 624 275

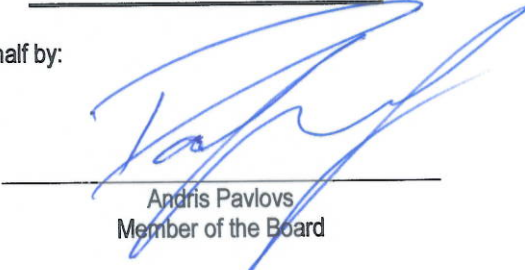
TOTAL EQUITY AND LIABILITIES**51 118 185 49 491 947**

The notes are an integral part of these financial statements.

These financial statements were signed on 23 April 2019 on the Company's behalf by:



Andris Bisnieks
Member of the Board



Andris Pavlovs
Member of the Board



Marina Grigore
Chief Accountant

Cash Flow Statement

	2018 EUR	2017 EUR
Cash flow from operating activities		
Profit before tax of the reporting period	1 490 360	781 419
Adjustments:		
Amortisation of intangible assets and depreciation of fixed assets	520 201	344 001
Interest payments and similar expenses	1 062 168	1 244 177
Interest and similar income	(558 435)	(474 868)
Result of operations before changes in working capital	2 514 294	1 894 729
Decrease / (increase) of inventories	2 200	(2 200)
(Increase) in receivables	(1 231 397)	(1 467 154)
(Reduction) / increase in payables	(511 501)	770 122
Gross cash flow from operations	773 596	1 195 497
Interest expenses	(944 706)	(488 314)
Net cash flow from operating activities	(171 110)	707 183
Cash flow from investing activities		
Acquisition of intangible investments and fixed assets	(931 363)	(425 004)
Interest received	479 787	474 868
Loan repayment	-	1 555 000
Acquisition of shares of subsidiaries	(1 285 775)	(5 785 229)
Loans issued	(130 000)	(4 486 736)
Net cash flow from investing activities	(1 867 351)	(8 667 101)
Cash flow from financing activities		
Income from issued bonds	3 120 000	6 644 597
Loans received	2 156 984	5 703 714
Repayment of borrowings and bonds	(4 725 240)	(2 151 577)
Lease payments	(21 825)	(28 844)
Net cash flow from financing activities	529 919	10 167 890
Net (Decrease) / increase in cash	(1 508 542)	2 207 972
Cash at the beginning of the reporting year	4 693 599	2 485 627
Cash at the end of the reporting year	3 185 057	4 693 599

The notes are an integral part of these financial statements.

These financial statements were signed on 23 April 2019 on the Company's behalf by:

Andris Bisnieks
Member of the Board

Marina Grigore
Chief Accountant

Andris Pavlovs
Member of the Board

Statement of changes in equity

	Share capital	Previous years' retained earnings / (uncovered losses)	Profit / (loss) of the reporting year	Total
31 December 2016	7 142 858	476 367	73 071	7 692 296
Share capital increase	26 173 420	(388 929)	-	25 784 491
Carrying over of profit of the previous year	-	73 071	(73 071)	-
Losses of the reporting year	-	-	(84 744)	(84 744)
31 December 2017	33 316 278	160 509	(84 744)	33 392 043
Carrying over of loss of the previous year	-	(84 744)	84 744	-
Profit for the reporting year	-	-	1 490 360	1 490 360
31 December 2018	33 316 278	75 765	1 490 360	34 882 403

The remaining costs of raising of investor funding of EUR 388,929 were written down in 2017, because in the reporting year these borrowings from owners were invested in the share capital, see note No. 15.

The notes are an integral part of these financial statements.

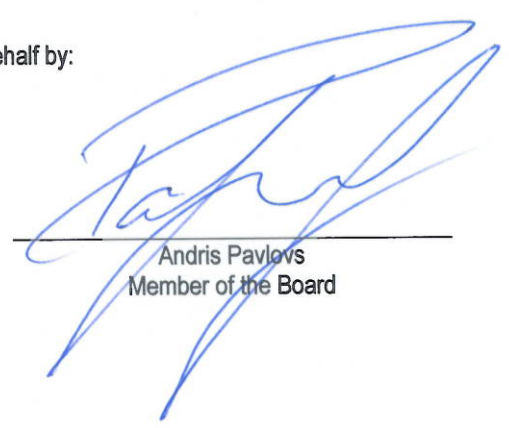
These financial statements were signed on 23 April 2019 on the Company's behalf by:



Andris Bisnieks
Member of the Board



Marina Grigore
Chief Accountant



Andris Pavlovs
Member of the Board

Notes to the financial statements

1. General information about the Company

STORENT INVESTMENTS AS (hereinafter – the Company) was registered in the Register of Enterprises of the Republic of Latvia on 7 October 2014. Registered address of the Company is Matrožu iela 15a, Rīga. In November 2014 the Company became the Parent company of the Storent Group. Starting from 20 November 2014 the largest shareholder of the Parent company of the Storent Group is LEVINA INVESTMENTS S.A.R.L (Luxembourg).

The main type of activity of the Company is related to provision of all the companies of the Storent group with financial resources, maintenance of the Storent brand and information technology systems, as well as provision of management services of related companies.

The financial statements of the Company for 2018 were approved by the decision of the Board of the Company on 25 April of 2019.

2. Summary of significant accounting policies

(a) The framework for the preparation of financial statements

The financial statements of STORENT INVESTMENTS AS have been prepared according to laws of the Republic of Latvia On Accounting, the Law On the Annual Financial Statements and Consolidated Financial Statements, with the exception of the "Deferred tax liabilities", which has been recognised and evaluated in accordance with the requirements of the International Accounting Standard No.12 "Income Taxes".

The financial statements were prepared according to the initial cost principle. The monetary unit used in the financial statements are the official currency of the Republic of Latvia – the Euro. The financial statements cover the period from 1 January 2018 until 31 December 2018. The financial statements have been prepared in accordance with below mentioned accounting and evaluation principles. These principles were also used in the previous reporting year, unless stated otherwise.

The consolidated financial statements of STORENT INVESTMENTS AS are prepared separately.

(b) Use of estimates

Requirements of the Latvian legislation set out that the preparation of financial statements requires the management of Company to make assumptions that affect the amounts of assets, liabilities reported in the statements and off-balance at the day of preparation of financial statements, as well as shown income and expenses of the reporting period. Actual results could differ from these estimates.

The following are the critical judgments and key estimates concerning the future, and other key sources of estimation uncertainty, which exist at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next reporting period:

Carrying amounts of investments in subsidiaries and issued loans

The Company management evaluates the carrying amounts of investments in subsidiaries and issued loans and assesses whenever indications exist that assets' recoverable amounts are lower than their carrying amounts. The Company management calculates and records an impairment loss on investments in subsidiaries and issued loans based on the estimates related to the future return on them. The Company management believes that no significant adjustments to the carrying amounts of investments in subsidiaries and issued loans are necessary as of 31 December 2018.

Carrying amounts of intangible assets and fixed assets

The Company's management evaluates the carrying amounts of intangible assets and fixed assets, and assesses whenever indications exist that the assets' recoverable amounts are lower than their carrying amounts. The Company's management calculates and records an impairment loss on intangible assets and fixed assets based on the estimates related to the expected future use, alienation or sale of the assets. Taking into consideration the Company's planned level of activities and the estimated market value of the assets, the Company's management considers that no significant adjustments to the carrying amounts of intangible assets fixed assets are necessary as of 31 December 2018.

Useful lives of intangible investments and fixed assets

Useful lives of intangible investments and fixed assets are reviewed at each balance sheet date and changed, if necessary, to reflect the Company's management current view on their remaining useful lives in the light of changes in technology, the remaining prospective economic utilization of the assets and their physical condition.

2. Summary of significant accounting policies (cont.)**(c) Foreign currency conversion**

The monetary unit used in the financial statements is the official currency of the European Union (hereinafter – “EUR”), which is Company’s functional and presentation currency.

All transactions in foreign currency are converted to EUR based on the European Central Bank exchange rate on trade date. On the balance sheet date, foreign currency monetary assets and liabilities are translated at the European Central Bank exchange rate as at 31 December.

European Central Bank exchange rates:

	31.12.2018	31.12.2017
	EUR	EUR
1 USD	0.87305	0.83382
1 GBP	1.10775	1.12710
1 NOK	0.10026	0.10162
1 SEK	0.09730	0.10158

Profit or losses from these transactions, as well as from the foreign currency monetary assets and liabilities denominated in EUR, are recognized in the income statement.

(d) Intangible assets

Intangible assets are measured at historical cost amortised on a straight-line basis over the useful life of the assets, and taking into account that useful life is 3-5 years. If some events or a change in conditions indicates that the carrying value of an intangible asset may not be recoverable, the value of the respective intangible asset is reviewed for impairment. Impairment loss is recognised if the carrying value of the intangible assets exceeds its recoverable amount.

(e) Fixed assets

Fixed assets are carried in their initial value less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives:

Plant and equipment	4 - 12 years;
Other fixed assets	2 - 5 years.

Depreciation is charged in the month following the month when an item of property, plant or equipment was put into operation or used for business purposes. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total costs of the item shall be depreciated separately. If the company depreciates some parts of a fixed asset individually, the remaining parts of this fixed asset are also depreciated individually. The balance consists of those parts of the fixed asset, which are not important by themselves. Depreciation of the remaining parts is calculated, using approximation methods in order to genuinely reflect their useful life.

If some events or a change in conditions indicates that the carrying value of a fixed asset may not be recoverable, the carrying value of the respective asset is reviewed for impairment. If impairment indications exist and if the carrying value of the asset exceeds the estimated recoverable amount, the carrying value of the asset or the cash-generating unit is reduced to the recoverable amount. The recoverable amount on an item of property, plant or equipment is the higher of net disposal value and value in use. When estimating the value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money of the asset value changes and related risks. If an asset does not generate significant cash flows, to estimate its recoverable amount the recoverable amount of the cash generating unit to which an asset belongs must be determined. Impairment loss is recognised in the income statement.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss (calculated as a difference between net disposal proceeds and the carrying amount of the item of fixed asset) arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss in the period when the item is derecognised.

2. Summary of significant accounting policies (cont.)

(f) Impairment of non-financial assets

At the end of each reporting period, the Company reviews whether there is any indication that an asset may be impaired. If any such indication exists or if the annual impairment test needs to be done, the Company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of an asset's fair value less costs to sell or its value in use. For value impairment testing purposes the assets are grouped at the lowest possible level for which the planned usage can be calculated separately. If the carrying value of an asset is higher than the recoverable amount, the impairment loss is recognised and the carrying value of the asset is reduced to its recoverable amount. When determining value in use, the estimated usage of the equipment and the average rental price is considered for the purposes of the calculation of the budgeted revenue and payback period of the initial investments. To determine the fair value less costs to sell appropriate valuation model is used. Impairment losses are recognised in income statement in the cost category corresponding to the function of the respective asset.

At each balance sheet date the Company reviews whether there is any indication that impairment loss recognised for an asset, except for goodwill, in prior periods may, could have reduced or no longer exist. If such indications exist the Company estimates the recoverable amount of the respective asset. Previously recognised impairment loss is reversed when and only when the estimates on the basis of which the recoverable amount of the asset was determined have changed since the last time the impairment loss was recognised. In such a case the carrying amount of an asset is increased to its recoverable amount. Where the value of an asset has increased, the carrying amount of the asset may not exceed as a result of the increase in the carrying value which would have resulted less depreciation were impairment loss not recognised in respect of the asset in prior years. Such increase in value is recognised in income statement.

(g) Impairment of financial assets

At each balance sheet date the Company reviews whether there is any indication that a financial assets or a group of financial assets may be impaired. The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The reversal of the previously recognised impairment loss is made only if the estimates that were the basis for the impairment from the last recognition of impairment have changed. Such a reversal is recognised in the income statement.

(h) Trade and other receivables

Trade receivables are carried and reflected in the balance sheet according to the initial amount of invoices less allowances created for doubtful debts. Allowances for doubtful debts are estimated, when it is no longer likely for the full debt amount to be received. Debts are written off, if they are deemed impossible to recover.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in bank and in hand, deposits held at call with banks with original maturities of three months or less.

(j) Loans and borrowings

Loans and borrowings are initially reflected at their initial value, which is determined by adding costs related to the issue of the loan or subtracting costs related to the receiving of the borrowing to/from the fair value of the loan or borrowing amount.

After initial recognition, loans and borrowings are carried at their amortised value using the effective interest method. Amortized cost is calculated by taking into account any loan or borrowing issue costs, and any discount or premium related to loans or borrowings.

Gains or losses arising on amortisation are recognised in the income statement as income and expenses.

(k) Provisions

Provisions are recognised, when the Company has present obligation (legal or constructive) due to any past event and there is a probability that an outflow of resources from the Company including economic benefits will be required to settle this obligation, and the amount of the obligation can be measured reliably.

2. Summary of significant accounting policies (cont.)

(l) Accrued liabilities for carry-over vacations

The amount of accrued liabilities is determined by multiplying average daily earnings of employees in the last 6 months by the number of carry-over vacation days accumulated at the end of the reporting year, in additional calculating employer's mandatory state social insurance contributions.

(m) Derecognition of financial assets and financial liabilities

Financial assets

A financial asset is derecognised if

- the contractual rights to the cash flows from the financial asset expire;
- the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay cash flows without material delay to a third party based on and earlier arrangement without any profit arising,
- the Company transfers the contractual rights to receive the cash flows of the and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset to a third party, or (b) it neither transfers no retains substantially all the risks and rewards of ownership of these assets but has transferred control over the item of financial asset.

If the Company transfers the contractual rights to receive cash flows from the respective financial assets but does not transfer nor retains the risks and rewards, nor transfers control over the respective financial asset, the asset continues to be recognised to the extent of the Company's continuing involvement. When the Company's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Company's continued involvement is the lower of the amount of the asset and the maximum amount of the consideration received that the Company may be required to repay.

Financial liabilities

A financial liability is derecognised, if the obligation specified in the contract is discharged or cancelled or expired.

Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the respective carrying amounts is recognised in profit or loss.

(n) Contingent liabilities and assets

No contingent liabilities are recognised in these financial statements. Contingent liabilities are recognised only if it the probability that an outflow of resources will be required is reasonably certain. Contingent assets in these financial statements are not recognised, yet they are reflected solely where the possibility that economic benefits related to operations will reach the Company is sufficiently substantiated.

(o) Leases

Finance lease transactions under which substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the Company, are recognised in the balance sheet as fixed assets at an amount that at the inception of the lease is equal to the fair value of the lease asset or, if lower, the present value of the minimum lease payments. Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is included in the income statement as interest expense.

If there are reasonable grounds to expect that at the end of the lease term the ownership to the leased asset will be transferred to the lessee, it is assumed that the useful life of the asset shall be lease term. In all the other cases depreciation of capitalised leased assets is calculated using the straight-line method, during the estimated useful life or in the lease period, whichever period is shorter.

Lease of assets under which substantially all risks and rewards incidental to ownership remains with the lessor is classified as an operating lease. Lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term. The Company's liabilities arising on operating leases are disclosed as off balance sheet liabilities.

2. Summary of significant accounting policies (cont.)

(p) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and to the extent its amounts can be measured reliably, net of value added tax and trade discounts. Upon recognising income, the following must be complied with:

Sale of goods

Revenue from sales is recognised, if the following conditions are met:

- The Company has transferred to the buyer significant risks and remunerations related to ownership rights to goods;
- The Company does not keep further management rights related to ownership rights and real control over the sold goods;
- the amount of revenue may be credibly evaluated; and
- it is credible that the company will receive transaction related economic benefits; those expenses can be credibly evaluated, which have occurred or will occur in relation to the transaction.

Provision of services

Income is recognised in the period when the services are provided. Revenue from service rendering is recognised, if the following conditions are met:

- the amount of revenue may be credibly evaluated;
- it is probable that there will be an inflow of transaction related economic benefits to the Company;

(q) Corporate income tax and deferred corporate income tax

The corporate income tax for 2017 consists of the corporate income tax calculated for the reporting year and deferred income tax. The corporate income tax for the reporting year has been calculated, by applying the corporate income tax rate of 15% to the taxable income for the tax year.

In accordance with the Law on Corporate Income Tax adopted in the Republic of Latvia in 2017, starting from 1 January 2018 corporate income tax will be applied only to calculated dividends and certain expenses equivalent to profit distribution. Retained earnings are not subject to corporate income tax. The tax rate increased from 15% to 20%.

In accordance with International Financial Reporting Standard No.12 "Income Taxes", which the Company applies on the basis of Section 13 of the Latvian Law On Annual Reports, when income tax is to be paid at higher or lower rate depending on whether profits is or is not distributed, corporate income tax and deferred corporate income tax should be calculated using the rates applied to retained earnings. The corporate income tax rate for retained earnings in the reporting periods from 1 January 2018 is 0%. Thus, any previously recognised deferred tax assets and liabilities are included in the Company's income statement for 2017.

In the previous periods, deferred corporate income tax arising due to temporary differences between the tax bases of assets and liabilities and their carrying amounts in these financial statements have been calculated, using the liability method.

(r) Transactions with related parties

Related parties include the subsidiaries of the Company, as well as shareholders, who have significant influence or control on the activities of the Company, council and board members, their close relatives and entities in which the aforementioned persons have significant influence or control.

(s) Post balance sheet events

Only such post balance sheet events are presented in the financial statements which provide additional information on the Company's financial position at balance sheet date (adjusting events). If post balance sheet events are not adjusting, they are disclosed in the financial statements only if they are material.

3. Net revenue

<i>By segment</i>	2018 EUR	2017 EUR
Management and consultancy services	6,088,537	4,725,789
Rental revenue	2,365	1,224
TOTAL:	6,090,902	4,727,013

<i>By geographical area</i>	2018 EUR	2017 EUR
Latvia	2,103,074	1,456,768
Lithuania	1,408,783	1,392,562
Estonia	1,034,386	1,001,214
Finland	1,118,414	817,125
Sweden	356,384	47,344
Russia	69,861	12,000
TOTAL:	6,090,902	4,727,013

4. Other operating expenses

	2018 EUR	2017 EUR
IT expenses	691,339	390,885
Consultancy services *	254,426	124,697
Insurance costs	156,416	118,447
Marketing expenses	127,370	79,456
Administration transport costs	92,430	87,163
Legal services	81,277	170,134
Rent of offices and areas and maintenance costs	51,365	49,556
Communication expenses	10,003	12,732
Other administration expenses	21,169	28,802
TOTAL:	1,485,795	1,061,872

* including payments for audit and non-audit services to Deloitte companies:

	2018	2017
Financial statement auditing services	9,750	14,558
Payments for permitted tax services	70,173	43,200
TOTAL:	79,923	57,758

5. Depreciation and amortisation

	2018 EUR	2017 EUR
Depreciation of intangible assets	474,471	308,692
Depreciation of fixed assets for own needs	45,730	35,035
TOTAL:	520,201	343,727

6. Interest and similar income

	2018 EUR	2017 EUR
Interest income	558,435	474,868
Income from foreign exchange fluctuations, net	5,285	-
TOTAL:	563,720	474,868

7. Interest and similar expenses

	2018 EUR	2017 EUR
Interest on borrowings	767,516	1,056,857
Interest for raised funding	294,652	187,320
Net foreign exchange losses	-	528
TOTAL:	1,062,168	1,244,705

8. Corporate income tax**8.(a) Key components of corporate income tax:**

	2018 EUR	2017 EUR
Corporate income tax calculated for the reporting year	-	7,322
Deferred corporate income tax as a result of changes in temporary differences	-	858,841
Corporate income tax reflected in the income statement:	-	866,163

Corporate income tax differs from the theoretically calculated tax amount, which would have to be paid, if 15% rate defined in the law was applied to Company's profit before tax:

	2017 EUR
Profit before tax	781,419
The calculated theoretical corporate income tax – at 15%	117,213
Permanent differences:	
Non-deductible expenses for tax purposes	120,740
Trademark sale transfer price effect	(195,000)
Unrecognised deferred tax change	(37,942)
Written-off deferred tax asset	858,841
Other	2,311
Actual corporate income tax of the accounting year:	866,163

Effective tax rate: 111%

Tax losses accumulated as at 31 December 2018 are:

Tax losses carried forward:	Tax losses
Tax losses of 2015	1,244,690
Tax losses of 2016	634,139
TOTAL:	1,878,829

The Company may use accumulated tax losses over the next five years in the amount of 50% to taxable income, if dividends are paid from the profits that occurred in reporting periods after 1 January 2018.

8. Corporate income tax for the reporting year (cont.)**8. (b) Deferred tax assets are attributable to the following temporary differences:**

	Balance Sheet		Income Statement	
	31.12.2018	31.12.2017	2018	2017
	EUR	EUR	EUR	EUR
Deferred income tax liabilities				
Accelerated depreciation for tax purposes	-	-	-	544,622
Gross deferred income tax liabilities	-	-	-	544,622
Deferred income tax assets				
Tax losses carried forward	-	-	-	296,559
Carry-over vacation liabilities	-	-	-	17,660
Gross deferred income tax asset	-	-	-	314,219
Net deferred income tax (assets)	-	-	-	858,841

8. (c) Deferred tax (assets) changes

	2018	2017
	EUR	EUR
Deferred tax (assets) at the beginning of the reporting year	-	(858,841)
Deferred tax costs in the income statement	-	858,841
Deferred tax (assets) at the end of the reporting year:	-	-

9. Personnel expenses and number of employees

	2018	2017
	EUR	EUR
Salaries	1,340,417	892,097
National social security mandatory contributions	323,025	210,507
Remuneration to contractors	204,900	115,050
Provisions for premiums (change)	(53,324)	400,763
Other personnel costs	281,080	151,741
TOTAL:	2,096,098	1,770,158

Personnel costs by function:	2018	2017
	EUR	EUR
Administration and finance staff	2,096,098	1,770,158
TOTAL:	2,096,098	1,770,158

Incl. executive management remuneration:	2018	2017
	EUR	EUR
Members of the Board		
Salaries	788,958	484,512
National social security mandatory contributions	189,854	114,089
TOTAL:	978,812	598,601

The Council does not receive remuneration.

9. Personnel expenses and number of employees (cont.)

	2018	2017
Average number of employees during the reporting year	10	10
TOTAL:	10	10

10. Intangible assets and fixed assets

	Licences and similar rights EUR	Other intangible assets EUR	Other fixed assets and inventory EUR	TOTAL EUR
2017				
Net carrying value, opening	309,961	368,499	83,104	761,564
Additions	32,947	367,661	24,397	425,005
Disposals	-	-	(272)	(272)
Amortisation and depreciation	(78,673)	(230,021)	(35,035)	(343,729)
Net carrying value, closing	264,235	506,139	72,194	842,568
31 December 2017				
Historical cost	411,867	1,112,602	160,215	1,684,684
Accumulated depreciation	(147,632)	(606,463)	(88,021)	(842,116)
Net carrying value	264,235	506,139	72,194	842,568
2018				
Net carrying value, opening	264,235	506,139	72,194	842,568
Additions	53,101	773,829	104,432	931,362
Amortisation and depreciation	(85,736)	(388,735)	(45,730)	(520,201)
Net carrying value, closing	231,600	891,233	130,896	1,253,729
31 December 2018				
Historical cost	464,968	1,886,431	264,647	2,616,046
Accumulated amortisation and depreciation	(233,368)	(995,198)	(133,751)	(1,362,317)
Net carrying value	231,600	891,233	130,896	1,253,729

Fully depreciated long-term investments and depreciated fixed assets

On 31 December 2018 long-term investments and fixed assets of the Company included assets with acquisition value of EUR 946,557 (31.12.2017: EUR 916,625), which were completely written down into depreciation costs and are still actively used in economic activity.

11. Investments in subsidiaries

Company	Address	%	31.12.2018 EUR	31.12.2017 EUR
STORENT LLC	Zolitudes iela 89, Riga, LV-1046, Latvia	100	10,921,613	10,921,613
STORENT UAB	Titango g. 10, Vilnius, LT 02300, Lithuania	100	9,010,429	9,010,429
STORENT OU	Betooni 15 / Paneeli 5, Tallinn, 11415, Estonia	100	9,190,203	8,390,203
STORENT OY	Virkatie 16, Vantaa, FI-01510, Finland	100	2,500	2,500
STORENT AS	Pb 1441 Vika, N-0116, Oslo, Norway	100	3,700	3,700
STORENT AB	Arrendevägen 50, 163 44, Spanga, Stockholm, Sweden	100	491,375	5,600
STORENT OOO	4 Bolshaja Okruznaja ulica 33, 236009, Kaliningrad, Russian Federation	100	582,937	582,937
TOTAL:			30,202,757	28,916,982

The Company management has evaluated the recoverable amount of each investment. It has been evaluated whether ownership interest in subsidiaries has impaired. When performing an impairment test for ownership interest in subsidiaries, the recoverable amount – value in use – is determined by discounting the future cash flow of each subsidiary. The calculation is based on the following assumption: each subsidiary is considered to be a separate cash-generating unit. Cash flows are planned based on actual results and 5-year business plan. Cash flows were extrapolated using growth rates of 5% in Baltics, 37% in Kaliningrad, Russia, 14% in Finland and 24% in Sweden. A post-tax discount rate of 10% was applied to determine the recoverable present value of assets. Discounted rate forecasts are based on the actual capital price of Storent group companies. As a result of the tests, no impairment of long-term investments was identified. The recoverable amount of long-term investments largely depends on the assumptions used in the assessment relating to net turnover growth and growth time, as well as the ability of Company's management to implement these assumptions and the development of the Baltic construction market in general. Any unfavourable changes in these assumptions that may be caused by volatility of the market, where the Company is operating, may have a negative influence of the book value of Company's ownership reflected in the balance sheet as at 31 December 2018.

12. Other receivables

	31.12.2018 EUR	31.12.2017 EUR
Guarantee deposits	10,850	10,850
Overpaid value added tax	-	7,358
Other receivables	5,920	5,920
TOTAL:	16,770	24,128

13. Deferred expenses

	31.12.2018 EUR	31.12.2017 EUR
First instalments for cars	-	2,183
Other deferred expenses	21,356	19,367
Long-term deferred expenses:	-	3,349
Short-term deferred expenses:	21,356	18,201

14. Cash and cash equivalents

	31.12.2018 EUR	31.12.2017 EUR
Cash in bank, EUR	3,185,057	4,693,599
TOTAL:	3,185,057	4,693,599

15. Share capital

The registered and fully paid in share capital of the Company as at 31 December 2016 was EUR 7,142,858, and consisted of 7,142,858 shares. In May 2017 it was decided to increase the share capital to EUR 33,316,278 by capitalising long-term borrowings from owners. On 31 December 2017 and 2018 the registered and fully paid in share capital of the Company was EUR 33,316,278, and consisted of 33,316,278 shares. The nominal value of a share is EUR 1. All shares have equal voting right and dividend entitlement.

On 31 December 2016 equity reduced by EUR 167,340 – capitalised borrowing financing costs, increasing accumulated losses from previous years by this amount.

On 31 December 2017 equity reduced by EUR 556,269 – capitalised borrowing financing costs, increasing accumulated losses from previous years by this amount.

	EUR
Paid in share capital as at 01.10.2014	35,000
Share capital increase	7,107,858
Raising funding costs *	(167,340)
Share capital increase, net	6,940,518
Share capital as at 31.12.2014	6,975,518
Share capital as at 31.12.2015	6,975,518
Share capital as at 31.12.2016	6,975,518
Share capital increase	26,173,420
Raising funding costs **	(388,929)
Share capital increase, net	25,784,491
Share capital as at 31.12.2017	32,760,009
Share capital as at 31.12.2018	32,760,009

* In November 2014 the Company attracted new investor Darby financial investment fund, which issued a significant loan to the Company. The total costs associated with attracting an investor amounted to EUR 712,140. The Company defined these costs as incremental costs associated with raising funding. These costs are written off progressively over the entire borrowing period. In 2014, by part of the received loan was increased the Company's share capital, and the amount of additional costs of EUR 167,340, in proportion to the capitalized amount, was attributed to the Company's equity.

** In 2017, equity was increased by capitalizing the remaining amount of the loan from the investor, and thus the residual amount of additional costs was written off, increasing the accumulated losses of the Company by EUR 388,929.

Shareholder of the Company as at 31 December 2018:

Shareholder	Country	Number of shares	Amount EUR	Participating interest
Levina Investments S.A.R.L.	Luxembourg	24,320,882	24,320,882	73%
Supremo SIA	Latvia	4,497,698	4,497,698	13.5%
Bornaria SIA	Latvia	4,497,698	4,497,698	13.5%
TOTAL:		33,316,278	33,316,278	100%

15. Share capital (cont.)

Shareholder of the Company as at 31 December 2017:

Shareholder	Country	Number of shares	Amount EUR	Participating interest
Levina Investments S.A.R.L.	Luxembourg	24,320,882	24,320,882	73%
Perle Consultancy LTD	Cyprus	4,497,698	4,497,698	13.5%
TORRINI LTD	Cyprus	4,497,698	4,497,698	13.5%
TOTAL:		33,316,278	33,316,278	100%

16. Other provisions

	31.12.2018 EUR	31.12.2017 EUR
Provisions for premiums	422,302	475,629
TOTAL:	422,302	475,629

17. Other payables

	31.12.2018 EUR	31.12.2017 EUR
Salaries	55,062	47,541
TOTAL:	55,062	47,541

18. Accrued liabilities

	31.12.2018 EUR	31.12.2017 EUR
Provisions for carry-over vacations	154,478	81,829
Other accrued liabilities	39,940	135,744
TOTAL:	194,418	217,573

19. Tax and national social insurance mandatory contributions

	31.12.2018 EUR	31.12.2017 EUR
Corporate income tax	5,920	7,322
Social insurance contributions	34,759	22,942
Personal income tax	20,073	13,554
Value added tax	(84)	-
Risk duty	(5)	1
TOTAL:	60,663	43,819

20. Transactions with related parties

Related parties are subsidiaries of the Company, as well as its shareholders who can control the Company or who have a significant influence on the Company by taking decisions related to its principal activity, executives of the Company or its subsidiary and a close family member of any of the aforementioned private persons, as well as companies which are controlled by these persons or which have a significant influence on them.

20. (a) Transactions with related parties:

(a) Transactions with related parties.

Related party	Year	Goods sold and services provided	Goods purchased and services received	Debts to related parties	Debts of related parties
		EUR	EUR	EUR	EUR
Subsidiaries:					
STORENT LLC	2017	1,794,666	(13,476)	-	1,295,897
	2018	2,590,777	(28,662)	-	2,425,467
CRENT SIA	2017	100,094	(2,988)	-	-
	2018	-	-	-	-
STORENT UAB	2017	1,392,562	(55,050)	-	1,424,550
	2018	1,409,441	(66,125)	-	962,866
STORENT OU	2017	1,012,773	-	-	716,182
	2018	1,034,630	-	-	604,698
STORENT Oy	2017	365	(24,170)	(24,170)	901
	2018	365	(31,437)	(35,607)	1,266
STORENT AB	2017	59,818	-	-	59,924
	2018	356,428	-	-	316,352
STORENT AS	2017	1,217	-	-	2,388
	2018	1,482	-	-	3,870
STORENT OOO	2017	13,665	-	-	13,666
	2018	70,007	-	-	12,253
Leinolift Oy	2017	817,125	(1,116)	(1,116)	806,446
	2018	1,188,414	-	(1,116)	1,848,612
TOTAL 2017:		5,192,285	(96,800)	(25,286)	4,319,954
TOTAL 2018:		6,651,544	(126,224)	(36,723)	6,175,384

20. Transactions with related parties (cont.)**20. (b) Loans to related parties**

	Maturity date	Loan amount	Actual interest rate (%)	31.12.2018 EUR	31.12.2017 EUR
STORENT LLC	31.12.2020	8,400,000	6	8,400,000	8,400,000
STORENT LLC	31.12.2020	1,684,673	6	1,684,673	1,684,673
STORENT OY	31.12.2020	6,000	6	6,000	6,000
STORENT AB	31.12.2020	430,000	6	75,213	430,000
STORENT AS	31.12.2020	20,000	6	25,000	20,000
STORENT OOO	31.12.2020	67,063	6	67,063	67,063
Long-term liabilities:				10,257,949	10,607,736
Short-term liabilities:				-	-

Loans to related parties issued without security.

20. (c) Borrowings from related parties

	Maturity date	Loan amount	Actual interest rate (%)	31.12.2018 EUR	31.12.2017 EUR
Bomaria SIA	31.12.2021	6,680,872	6	291,117	295,409
Supremo SIA	31.12.2021	6,680,872	6	291,117	295,409
STORENT OY	31.12.2019	940,000	6	150,000	780,000
Long-term liabilities:				732,234	1,370,818
Short-term liabilities:				-	-

Borrowings from related parties received without security.

20. (d) Terms and conditions applicable to transactions with related parties

Unsettled liabilities have not been secured in any way at the end of the year, and settlements are made in cash. No guarantees have been provided or received for any receivables from related parties with the exception of those listed in note 24.

20. (e) Interest on loans to related parties and borrowings from related parties

	Loan interest income		Borrowing interest expenses	
	31.12.2018 EUR	31.12.2017 EUR	31.12.2018 EUR	31.12.2017 EUR
Shareholders of the Company	-	-	34,417	662,665
Subsidiaries of the Company	558,435	474,868	31,437	24,170
TOTAL:	558,435	474,868	65,854	686,835

21. Other loans

In 2015 Storent Investments AS received the first supplier's loan from crane manufacturers in Europe – Haulotte Group AB. Total loan amounted to EUR 5,500,000 with interest rate 3% per annum. Loan repayment date is 1 October 2020.

In 2017 Storent Investments AS received new loan from crane manufacturers in Europe – Haulotte Group AB and Yanmar Construction Equipment Europe S.A.S. Total loan amounted to EUR 3,993,546 with interest rate 4% per annum. Loan repayment date is 1 December 2021 and 1 December 2020.

In 2018 Storent Investments AS received the third loan from crane manufacturers in Europe – Haulotte Group AB and Yanmar Construction Equipment Europe S.A.S. Total loan amounted to EUR 2,080,234 with interest rate 4% per annum. Loan repayment date is 15 December 2021.

Bills of exchange for each payment have been registered as an additional collateral for these borrowings from Haulotte Group AB and Yanmar Construction Equipment Europe S.A.S.

	Maturity	Amount	Actual interest rate (%)	31.12.2018 EUR	31.12.2017 EUR
Haulotte Group AB	01.10.2020	5,500,000	2.49	2,004,450	2,995,856
Haulotte Group AB	01.12.2021	1,003,836	3.94	604,259	803,069
Haulotte Group AB	01.12.2021	1,994,007	3.94	1,275,191	1,694,746
Haulotte Group AB	01.12.2020	1,006,969	4	538,840	805,575
Haulotte Group AB	15.12.2021	1,004,278	4	806,100	-
Yanmar construction equipment Europe SAS	01.12.2020	995,703	4	532,812	796,564
Yanmar construction equipment Europe SAS	15.12.2021	1,075,956	4	863,635	-
Raising funding costs				(294,885)	(441,678)
Aston Baltic SIA	31.12.2020	109,575	-	51,511	80,730
Long-term liabilities:				3,597,885	4,710,297
Short-term liabilities:				2,784,028	2,024,564

22. Issued bonds

In 2017, Storent Investments issued bonds with maturity 30.06.2020 and annual interest rate 8%.

	Maturity	Amount	Actual interest rate (%)	31.12.2018 EUR	31.12.2017 EUR
Issued bonds	30.06.2020	8,245,000	8	8,245,000	6,644,597
Incremental cost allocation*				(153,611)	(137,195)
TOTAL:				8,091,389	6,507,402

* Costs related to issuing of bonds will be written down progressively over the borrowing period. The residual incremental costs amount as at 31.12.2018 is EUR 153,611.

23. Financial risk management

The Company's operations are subject to the following financial risks: currency risk, credit risk and liquidity risk.

Foreign currency risk

Foreign currency risk is the risk of financial losses incurred by the Company due to adverse fluctuations in foreign currency exchange rates. This risk arises when financial assets denominated in a foreign currency do not match financial liabilities in that currency which results in open currency positions for the Company. The Company does not have any material financial assets and liabilities denominated in currencies other than the Euro. Therefore, during the reporting year the Company's exposure to foreign currency risk was not significant.

Credit risk

Credit risk is the risk that the Company incurred a financial loss if counterparties fail to fulfil their obligations to the Company. The Company has credit risk exposure related to cash, trade receivables and issued loans.

Cash

Credit risk in relation to cash in bank is managed by evaluating the banks to cooperate with, this reducing the probability of losing financial resources.

Trade receivables

The Company monitors outstanding trade receivables on a regular basis.

Loans issued

The Company controls the credit risk by evaluating financial performance indicators of loan recipients.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to timely and in full to ensure fulfilling its own commitments. Liquidity risk arises when terms of payments of financial assets and liabilities are not correlating. The Company's liquidity risk management is to maintain adequate cash and cash equivalent amount and provide sufficient financing in order to be able to fulfil its obligations in time. The Company management considers that the Company will have sufficient cash resources and its liquidity will not be compromised.

24. Contingent liabilities

Issued guarantees

On 27 June 2017 Storent Investments issued guarantee to Luminor Liising AS due to factoring contract between Storent OU and Luminor Liising AS. The amount of the guarantee is 400,000 EUR and guarantee is valid till full liability repayment. At the preparation of the financial statements it is unlikely that an outflow of economic benefits from the Company will be required to settle the obligation.

In 2016, 2017 and 2018 Storent Investments AS issued a guarantee to Luminor Līzings SIA due to concluded financial lease contracts between Storent SIA and Luminor Līzings SIA. The amount of the guarantee is 10,794,073 EUR and guarantee is valid till 31 December 2023. At the preparation of the financial statements it is unlikely that an outflow of economic benefits from the Company will be required to settle the obligation.

In 2014 Storent Investments AS issued a guarantee to Luminor Līzings SIA due to concluded factoring contracts between: Storent SIA and Luminor Līzings SIA, the guarantee is valid till full liability repayment. At the preparation of the financial statements it is unlikely that an outflow of economic benefits from the Company will be required to settle the obligation.

In 2016, 2017 and 2018 Storent Investments AS issued a guarantee to UniCredit Leasing SIA due to concluded financial lease contracts between Storent SIA and UniCredit Leasing SIA. The amount of the guarantee is 3,624,850 EUR and guarantee is valid till 30 September 2023. At the preparation of the financial statements it is unlikely that an outflow of economic benefits from the Company will be required to settle the obligation.

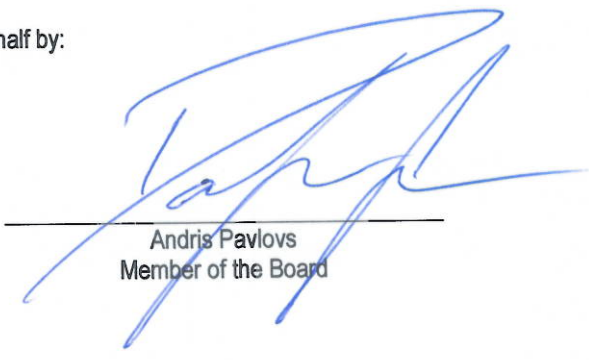
25. Post balance sheet events

In order to meet minimal capital requirements in Estonia, Lithuania and Sweden, where subsidiaries of Storent are located, the Group's parent company will make investments to share capital of the subsidiaries in amount of EUR 2,427,265 in April 2019.

During the period between the last day of the financial year and the date of signing of these financial statements there have been no other significant events that would have require adjustments or disclosure in the financial statements.

These financial statements were signed on 23 April 2019 on the Company's behalf by:



Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Independent Auditor's Report

To the shareholders of AS "STORENT INVESTMENTS"

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of AS "STORENT INVESTMENTS" ("the Company") set out on pages 7 to 28 of the accompanying annual report, which comprise:

- the balance sheet as at 31 December 2018,
- the income statement for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AS "STORENT INVESTMENTS" as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and Law on Audit Services of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How the matter was addressed in the audit
Judgments and estimates with respect to valuation of investments in subsidiaries and loans issued to subsidiaries	
<p>As disclosed in Note 11 and 20. (b) the Company has recorded a significant amount of investments in subsidiaries and loans to subsidiaries that is subject to an annual impairment test. As at 31 December 2018, the investment and loan balance amounts to 40.5 m EUR that represents 79% of total assets and 116% of total equity.</p> <p>The Company performs an annual impairment test of investment and issued loan value to identify impairment losses, arising when the recoverable amount of cash generating unit is lower than the carrying amount recorded. Based on the impairment test, no impairment losses have been identified as at 31 December 2018.</p> <p>The cash flow projections and discount rates applied to the projected future cash flows involve significant management judgement. The recoverable value significantly depends on the assumptions used with respect to sales growth, timing of this growth, profitability targets as well as the Group management's ability to realize those assumptions and overall development of the Baltics, Scandinavian and Russian construction market. Any adverse changes to these assumptions caused by volatility of the market the Group operates in may negatively influence the carrying value of investments and loans issued to subsidiaries presented in the Company's statements of financial position as of 31 December 2018.</p> <p>Accordingly, the impairment test of investments and loans issued to subsidiaries is considered to be a key audit matter.</p>	<p>Our audit procedures were focused on the assessment of key assumptions used by the management in calculations, including the cash flow projections and discount rates.</p> <p>We assessed assumptions used in cash flow projections which the outcome of impairment test is most sensitive to, and evaluated the reasonableness of assumptions made by management by comparing them to internal sources of information available within the group and also to externally available industry, economic and financial data.</p> <p>Furthermore, we evaluated management's budgeting process by comparing actual results to previously forecasted results.</p> <p>We assessed the completeness and accuracy of the disclosures relating to investments and loans issued to subsidiaries to assess compliance with disclosure requirements included in the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.</p>

Reporting on Other Information

The Company management is responsible for the other information. The other information comprises:

- Information about the Company, as set out on page 3 of the accompanying Annual Report,
- the Management Report, as set out on pages 4 and 5 of the accompanying Annual Report,
- the Statement on Management Responsibility, as set out on page 6 of the accompanying Annual Report,
- the Statement of Corporate Governance, which will be submitted to "Nasdaq Riga" AS together with the accompanying annual report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia related to other information* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia related to other information

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required in section 56.2 third paragraph, clause 1 of the Financial Instruments Market Law.

In our opinion, the Statement of Corporate Governance includes the information required in section 56.2, third paragraph, clause 1 of the Financial Instruments Market Law.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and objectivity, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other reporting responsibilities and confirmations required by the legislation of the Republic of Latvia and the European Union when providing audit services to public interest entities

We were appointed by those charged with governance on 29 October 2018 to audit the financial statements of Storent group for the year ended 31 December 2018. Our total uninterrupted period of engagement is five years.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Supervisory Board of the Company;
- as referred to in the paragraph 37.6 of the Law on Audit Services of the Republic of Latvia we have not provided to the Company the prohibited non-audit services (NASs) referred to of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

The responsible certified auditor on the audit resulting in this independent auditors' report is Inguna Staša.

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Inguna Staša
Member of the Board
Certified Auditor of Latvia
Certificate No.145

Riga, Latvia
April 23, 2019

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