

**LIMITED LIABILITY COMPANY “STORENT”**  
(UNIFIED REGISTRATION NUMBER 40103164284)

**ANNUAL REPORT FOR 2022**

(15<sup>th</sup> financial year)

**PREPARED IN  
ACCORDANCE WITH THE LAW ON THE ANNUAL  
REPORTS OF THE REPUBLIC OF LATVIA  
AND INDEPENDENT AUDITOR'S REPORT  
Riga, 2023**

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### General information

Name of the company	"STORENT"
Legal status	Limited Liability Company
Registration number, place and date	40103164284 Rīga, 17 April 2008
Registered address	Zolitūdes iela 89 Rīga, Latvia, LV-1046
NACE code	77.32 Rental and leasing of construction and civil engineering machinery and equipment
Shareholder	AS "STORENT Investments" (100%) Matrožu iela 15a, Rīga, Latvia, LV-1048
Board	Andris Pavlovs, Member of the Board Andris Bisnieks, Member of the Board, until 02.01.2023
Annual report prepared by	Aiga Grāvele SIA "Storent" Chief accountant
Reporting year	1 January 2022 – 31 December 2022
Previous reporting year	1 January 2021 – 31 December 2021
Independent auditors	SIA "KPMG Baltics" Roberta Hirša iela 1, Rīga Latvia, LV – 1045 License No. 55  Armine Movsisjana Sworn auditor Certificate No. 178

## Management report

### Type of activity

SIA "STORENT" (hereinafter referred to as the "Company") was established on 17 April 2008 and its controlling parent company is AS "Storent Investments". This is the fifteenth reporting year of the Company. The purpose of the Company is to become one of the leading and most efficient industrial machinery rental companies in Latvia.

### Activity of the Company in the reporting year

In 2022, the Company had to face the challenges of the geopolitical situation. It also had a direct impact on the overall construction sector. The development of digitisation and the online order platform in the Company successfully continued. The Company continued to increase the share of the rented (split-rent) machinery in the Company's services portfolio. In 2022, we continued to sell the older machinery units to split-rent suppliers, as well a part was sold at auction. The sale of fixed assets made it possible for the Company to improve its solvency and settle its liabilities more quickly. The sale of fixed assets resulted in a profit of EUR 930,322.

During the reporting year, the Company continued to offer its services at 12 rental points throughout Latvia. Despite the impact of COVID-19 and decreasing construction volumes in the market, the Company ended the year with a profit.

During the reporting year, the Company's revenue increased by 4%, while the turnover from rental services decreased by 1%, the financial result is positive – with a profit of more than EUR 1.7 million. The financial stability of the Company is ensured by a sound balance sheet structure. Long-term investments account for 52% of the total assets on the balance sheet. Some security for creditors is ensured by equity of EUR 6.8 million. Equity accounts for 71% of total equity and liabilities of the balance sheet.

### Future perspective

In 2023, a continuation of absorption of EU funds is expected, which will contribute to the increase of construction volume. The Company management anticipates the growth of the sector as Rail Baltica, the residential sector and other strategic and civil construction projects continue. Against this backdrop, the Company management is planning its income to be stable in 2023 and to conclude the year with a profit.

### Risk management policy

The Company's key principles of finance risk management are laid out in Note 26.

### Conditions and events after the end of the reporting year

After the end of the reporting year, Storent Holding Group, to which the Company is a part of, started the legal reorganisation process approved at the end of 2022 in order to merge SIA "SEL Investments" with AS "Storent Investments" and SIA "Selectia", SIA "Selectia Plus" with SIA "Storent" by the end of 2023 to save administrative expenses, excluding mutual transactions and the related costs with their accounting and simplifying internal processes in subsidiaries. Since January 2023, the machinery owned by SIA "Selectia" and SIA "Selectia Plus" is rented to subsidiaries of AS "Storent Investments", including the Company, without the intermediation of the PreferRent platform, which creates savings for the companies of the group .

In the period from the last day of the reporting year to the date of signing these financial statements, there have been no other events, which would require adjustments to these financial statements or should be explained in these financial statements.

The annual report was approved at the full meeting of shareholders.

This statement has been signed electronically with a secure electronic signature and contains a time stamp.

Andris Pavlovs, Member of the Board

10 May 2023

**Profit and loss statement**

		<b>2022</b>	<b>2021</b>
		<b>EUR</b>	<b>EUR</b>
Net turnover	3	18 353 010	17 679 185
Other operating income	4	4 794 825	6 427 216
Costs of materials and services, incl.	5	(13 415 258)	(13 566 426)
<i>a) Costs of raw materials and consumables</i>		<i>(3 962 083)</i>	<i>(5 789 221)</i>
<i>b) Other external costs</i>		<i>(9 453 175)</i>	<i>(7 777 205)</i>
Personnel costs, incl.	10	(2 033 071)	(2 070 419)
<i>a) remuneration for work</i>		<i>(1 590 122)</i>	<i>(1 629 264)</i>
<i>b) mandatory state social insurance contributions</i>		<i>(380 705)</i>	<i>(391 689)</i>
<i>c) other social insurance costs</i>		<i>(62 244)</i>	<i>(49 466)</i>
Other operating expenses	6	(3 185 955)	(3 059 637)
Depreciation of assets	7	(2 684 363)	(3 660 297)
Interest and similar income	8	289 070	122 048
Interest payments and similar expenses	9	(404 806)	(552 288)
<b>Profit before tax</b>		<b>1 713 452</b>	<b>1 319 382</b>
Corporate income tax		(293)	-
<b>Profit (loss) of the reporting year</b>		<b>1 713 159 *</b>	<b>1 319 382</b>

Notes from page 10 to 22 are an integral part of these financial statements.

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Andris Pavlovs, Member of the Board

Aiga Grāvele, Chief accountant

10 May 2023

**Balance sheet**  
**ASSETS**

	Note	31.12.2022	31.12.2021
<b>LONG-TERM INVESTMENTS</b>			
<b>Intangible assets</b>			
Other intangible investments		1 059	602
TOTAL	11	<b>1 059</b>	<b>602</b>
<b>Fixed assets</b>			
Land, buildings and structures and perennial crops		188 868	203 915
Investments into leased fixed assets		207	2 995
Equipment and machinery		10 574 007	15 797 680
Other fixed assets and inventory		415 509	279 021
TOTAL	12	<b>11 178 591</b>	<b>16 283 611</b>
<b>TOTAL LONG-TERM INVESTMENTS</b>		<b>11 179 650</b>	<b>16 284 213</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Consumables and goods for sale		494 736	472 600
TOTAL	13	<b>494 736</b>	<b>472 600</b>
<b>Receivables</b>			
Trade receivables	14	1 845 958	2 936 457
Receivables from related parties	25	1 580 083	1 536 003
Other receivables	15	57 253	51 406
Next period expenses		24 518	14 600
TOTAL		<b>3 507 812</b>	<b>4 538 466</b>
<b>Short-term financial investments</b>			
Loans to related parties	25	6 079 000	1 935 000
TOTAL		<b>6 079 000</b>	<b>1 935 000</b>
<b>Cash and cash equivalents</b>			
	17	88 842	46 086
<b>TOTAL CURRENT ASSETS</b>		<b>10 170 390</b>	<b>6 992 152</b>
<b>TOTAL ASSETS</b>		<b>21 350 040</b>	<b>23 276 365</b>

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Andris Pavlovs, Member of the Board

Aiga Grāvele, Chief accountant

10 May 2023

**Balance sheet**  
**EQUITY AND LIABILITIES**

	Note	31.12.2022	31.12.2021
<b>EQUITY</b>			
Share capital	18	6 811 133	6 811 133
Retained earnings:			
previous years' retained earnings		6 772 795	5 403 413
profit (loss) of the reporting year		1 713 159	1 319 382
<b>TOTAL EQUITY</b>		<b>15 247 087</b>	<b>13 533 928</b>
<b>PROVISIONS</b>			
Other provisions	19	12 045	5 571
<b>TOTAL PROVISIONS</b>		<b>12 045</b>	<b>5 571</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Finance lease liabilities	20	1 267 915	3 844 491
Trade payables		124 643	9 051
<b>TOTAL</b>		<b>1 392 558</b>	<b>3 853 542</b>
<b>Short-term liabilities</b>			
Finance lease liabilities	20	2 280 877	3 874 728
Advance payments from customers		73 585	99 197
Trade payables		1 845 739	1 081 406
Payables to related parties	25	93 437	37 120
Taxes and mandatory state social insurance contributions	21	65 196	382 520
Other liabilities	22	130 371	131 701
Deferred income	24	49 540	79 443
Accrued liabilities	23	159 605	197 209
<b>TOTAL</b>		<b>4 698 350</b>	<b>5 883 324</b>
<b>TOTAL LIABILITIES</b>		<b>6 090 908</b>	<b>9 736 866</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21 350 040</b>	<b>23 276 365</b>

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Andris Pavlovs, Member of the Board

Aīga Grāvele, Chief accountant

10 May 2023

**Statement of cash flows**

	Note	2022 EUR	2021 EUR
<b>I. Cash flows from operating activities</b>			
Profit before corporate income tax.		1 713 452	1 319 382
Adjustments:			
a) fixed assets and intangible investments value adjustments	7	2 710 538	3 712 892
b) (profit) or loss from FA sale/write-off		(923 857)	(334 203)
c) creation of provisions (except provisions for bad debts)		6 480	(9 100)
d) write-off of deferred income related to fixed assets	7	(29 903)	(57 107)
e) other interest and similar income	8	(289 070)	(22 048)
f) interest payments and similar expenses	9	404 806	552 149
<b>Profit or loss before changes in current assets and short-term liabilities</b>		<b>3 592 446</b>	<b>5 161 965</b>
Adjustments:			
a) (increase) or decrease in balances of receivables		1 319 724	1 438 188
b) (increase) or decrease in balances of inventories		(22 136)	7 538
c) (increase) or decrease in balances of trade and other payables		409 305	(101 662)
<b>Gross cash flows from operating activities</b>		<b>5 299 339</b>	<b>6 506 029</b>
Interest expenses		(404 806)	(552 149)
<b>Net cash flows from operating activities</b>		<b>4 894 533</b>	<b>5 953 880</b>
<b>II. Cash flows from investing activities</b>			
Acquisition of fixed assets and intangible investments	11,12	(1 032 623)	(884 292)
Income from sale of fixed assets and intangible investments		4 350 269	5 838 114
Loans issued		(6 079 000)	(1 935 000)
Income from repayment of loans		1 935 000	-
<b>Net cash flows from investing activities</b>		<b>(826 354)</b>	<b>3 018 822</b>
<b>III. Cash flows from financing activities</b>			
Borrowings received		230 082	27 826
Repayment of borrowings		-	(2 614 673)
Payments for purchase of leased fixed assets		(4 255 505)	(5 099 833)
Dividends paid		-	(1 935 452)
<b>Net cash flows from financing activities</b>		<b>(4 025 423)</b>	<b>(9 622 132)</b>
<b>IV. Net cash flows for the reporting year</b>		<b>42 756</b>	<b>(649 430)</b>
V. Balance of cash and its equivalents at the beginning of the reporting year	17	46 086	695 516
<b>VI. Balance of cash and its equivalents at the end of the reporting year</b>		<b>88 842</b>	<b>46 086</b>

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Andris Pavlovs, Member of the Board

Aiga Grāvele, Chief accountant

10 May 2023

**Statement of changes in equity**

	Share capital	Retained earnings	Profit/(loss) of the reporting year	Total
<b>31 December 2020</b>	<b>6 811 133</b>	<b>7 628 033</b>	<b>(289 168)</b>	<b>14 149 998</b>
Carrying over of loss of the previous year	-	(289 168)	289 168	-
Profit distribution	-	(1 935 452)	-	(1 935 452)
Profit for the reporting year	-	-	1 319 382	1 319 382
<b>31 December 2021</b>	<b>6 811 133</b>	<b>5 403 413</b>	<b>1 319 382</b>	<b>13 533 928</b>
Carrying over of profit of the previous year	-	1 319 382	(1 319 382)	-
Profit for the reporting year	-	-	1 713 159	1 713 159
<b>31 December 2022</b>	<b>6 811 133</b>	<b>6 722 795</b>	<b>1 713 159</b>	<b>15 247 087</b>

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Andris Pavlovs, Member of the Board

Aiga Grāvele, Chief accountant

10 May 2023

## Notes to the financial statements

### 1. General information about the Company

SIA "STORENT" (hereinafter referred to as the "Company") was registered in the Register of Enterprises of the Republic of Latvia on 17 April 2008. Registered address of the Company is Zolitūdes iela 89, Rīga. The parent company of the Company is AS "STORENT INVESTMENTS". The Company's main operations are rental of industrial machinery.

The financial statements of the Company for 2022 has been approved by a decision of the Board of the Company on 10 May 2023.

### 2. Summary of significant accounting principles

#### ***Basis of preparation of financial statements***

These financial statements have been prepared in accordance with the Accounting Law and the Law On the Annual Reports and Consolidated Annual Reports of the Republic of Latvia and Regulations of the Cabinet of Ministers of the Republic of Latvia No.775 Regulations Regarding the Application of the Law On the Annual Reports and Consolidated Annual Reports adopted on 22 December 2015.

The financial statements were prepared in accordance with the historical cost principle. The profit and loss statement is classified according to the types of expenses. The statement of cash flows was prepared according to the indirect method.

The monetary unit of the Republic of Latvia – Euro (hereinafter referred to as "EUR") is used as the monetary unit in the financial statements. The financial statements cover the time period from 1 January 2022 to 31 December 2022. These financial statements have been prepared based on the recognition and measurement principles listed below. These principles were also used in the previous reporting year, unless otherwise specified.

#### ***Use of estimates***

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

Below is the list (in the order of significance) of the most important assumptions and estimates with regard to the future, as well as main reasons of uncertainty in the estimates on the balance sheet date, which causes a significant risk of making significant adjustments to the carrying amounts of balance sheet assets or liabilities:

#### ***Recoverable amount of fixed assets***

The Company management evaluates the carrying amounts of 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 fixed assets based on the estimates related to the expected future use, disposal 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 fixed assets are necessary as of 31 December 2022.

#### ***Provisions for doubtful and bad debtors***

The Company's management regularly evaluates the carrying amount of receivables and assesses their recoverability, making provisions for doubtful and bad debts, if necessary. Receivables are assessed once a month and each receivable with a payment delay of more than 60 days is assessed separately. The Company management has evaluated receivables and believes that no significant additional provisions are necessary as at 31 December 2022.

#### ***Useful lives of fixed assets***

Useful lives of fixed assets are reviewed on each balance sheet date, and changed, if necessary, to reflect current views of the management of the Company on the residual useful life of assets, taking into account technology changes, residual economic life of the assets and their physical condition.

#### ***Net realisable value of inventories***

The Company's management evaluates the net realisable value of inventories based on information about expected sales prices and selling expenses, as well as evaluates the physical condition of inventories during the annual stocktaking. In cases when the net realisable value of inventories is lower than the cost of inventories, provisions are made for inventories to write them down to the net realisable value. The Company management has evaluated net realisable value of inventories and believes that no significant additional provisions are necessary as at 31 December 2022.

**2. Summary of significant accounting principles (continued)****Foreign currency translation**

EUR, the currency of the European Union, which is the functional and presentation currency of the Company, is used as the monetary unit in the financial statements. Starting from 1 January 2014 all transactions in a foreign currency are translated according to the reference exchange rate published by the European Central Bank at the date of the transaction. On the balance sheet date, all the monetary assets and liabilities in a foreign currency are revaluated to euro according to the reference exchange rate published by the European Central Bank on December 31<sup>st</sup>.

Reference exchange rates published by the European Central Bank:

	31.12.2022	31.12.2021
	EUR	EUR
1 USD	0.93756	0.88292
1 GBP	1.12748	1.19008
1 NOK	0.09511	0.10011
1 SEK	0.08991	0.09756

Profit or loss resulting from these transactions, as well as from revaluation of monetary assets and liabilities in a foreign currency into EUR, is shown in the profit and loss statement.

**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 the period of use is 3-5 years. Whenever events or changes in circumstances indicate that the book value of intangible assets may not be recoverable, the value of the respective intangible assets is revised to determine its impairment. Impairment loss is recognised, if the book value of intangible assets exceeds their recoverable amount.

**Fixed assets**

Fixed assets are carried at historical cost less accumulated depreciation and impairment. Depreciation is calculated over the useful life of such asset on a straight-line basis:

Equipment and machinery	4 - 12 years;
Other fixed assets	2 - 5 years;
Buildings and engineering structures	20 years.

Depreciation is calculated starting from the month after commissioning of the fixed asset or its engagement in the economic activity. To the extent that the Company depreciates separately some parts of a fixed asset, it also depreciates separately the remainder of the fixed asset.

Whenever events or changes in circumstances indicate that the book value of fixed assets may not be recoverable, the value of the respective fixed assets is revised to determine its impairment. An impairment loss is recognised in the profit or loss statement.

The accounting value of an item of fixed assets is derecognised on disposal or when no future economic benefits are expected from its use. Any profit or loss resulting from derecognition of a fixed asset (calculated as the net difference between the disposal proceeds and the book value of the fixed asset), is recognised in the profit and loss statement in the period, when the fixed asset was derecognised. Taking into account the volumes of sale of fixed assets in recent years, as well as the fact that they were mainly sold to split-rent suppliers, the Company presents separately income from the sale of fixed assets and book value of sold fixed assets.

**Impairment of non-financial assets**

At the end of each reporting year the Company assesses whether there is any indication that an asset may be impaired. If such indications exist or if the annual assessment of impairment of the asset should be performed, the Company estimates the recoverable amount of the asset concerned. The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and its value in use. To determine impairment, assets are grouped at the lowest possible level, for which planned efficiency of use can be determined separately. If the book value of an asset is higher than its recoverable value, impairment of the asset is recognised and the carrying amount of the asset is written down to its recoverable amount.

When determining the value in use, the planned utilization and the average lease price of the equipment are taken into account, and thus the planned income and the payoff period of initial investments are calculated. A proper pricing model is used to determine the fair value less costs to sell. Impairment losses are recognised in profit or loss in cost categories corresponding to the function of the respective asset.

## 2. Summary of significant accounting principles (continued)

### ***Impairment of non-financial assets (continued)***

The Company assesses at each balance sheet date whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may have decreased or may no longer exist. If any such indication exists, the Company estimates the recoverable amount of that asset. A previously recognised impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The amount resulting from an increase in the book value of an asset cannot exceed the book value that would have been determined net of depreciation had no impairment loss been recognised for the asset in prior years. Such an increase in value is recognised in the profit or loss statement.

### ***Inventories***

Inventories are carried at the lower of cost or net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- consumables and finished goods are carried according to their purchase costs based on the "first in, first out" (FIFO) method;

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is reflected as cost less any created provisions.

### ***Trade and other receivables***

Trade receivables are carried and reflected in the balance sheet according to the initial amount of invoices less provisions created for doubtful debts. Provisions 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.

### ***Cash and cash equivalents***

Cash and cash equivalents include cash at bank and short-term investments the initial repayment term of which does not exceed three months.

### ***Loans and borrowings***

Loans and borrowings are initially recognized at their initial value, which is determined by taking the fair value of loans and borrowings and adding related loan issuance expenses or subtracting borrowing expenses.

After initial recognition, loans and borrowings are carried at their amortised value using the effective interest method. Amortised value is calculated taking into account costs of issuance of the loan or receipt of the borrowings, as well as any discounts or bonuses related to the loan or borrowings.

Profit or loss resulting from amortisation is reflected in the profit and loss statement as interest income and expenses.

### ***Provisions***

Provisions are recognised, when the Company has a 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.

### ***Contingent liabilities and assets***

Contingent liabilities are not recognised in these financial statements. They are recognised as liabilities only if the probability that an outflow of resources will be required is reasonably certain. Contingent assets are not recognised in these financial statements but are reflected solely where the possibility that economic benefits related to operations will reach the Company is reasonably certain.

## 2. Summary of significant accounting principles (continued)

### **Leases**

Finance lease transactions, within the framework of which all risks and rewards arising from ownership rights to the leased object are transferred, are recognised in the balance sheet as assets for the amount at the inception of the lease corresponding to the fair value of the property leased within the framework of the lease, or, if lower, the present value of the minimum lease payments. Finance lease payments are allocated between finance charges and a decrease in liabilities so as to achieve a constant interest rate on the liabilities balance outstanding for each period. Finance costs are included in the profit and loss statement as interest expenses.

If there are reasonable grounds for believing that at the end of the lease period the leased object will become property of the lessee, then useful life of this asset is assumed as its anticipated usage period. 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 remain 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. Liabilities of the Company arising from operating lease agreements are reflected as off-balance liabilities.

### **Revenue recognition**

Revenue is recognised based on confidence that the Company may gain economic benefit and the extent this can be established in a justified way, less value added tax and sales discounts. When recognising revenues, the following conditions are also taken into account:

#### *Sale of goods*

Revenues are recognised when the Company has transferred to the buyer most significant risks and rewards related to ownership of the goods.

#### *Provision of services*

The Company mainly provides industrial machinery rental services. Revenues from services are recognised in the period, when the services were provided.

#### *Re-rental of machinery (Split-rent)*

When the Company rents machinery owned by its suppliers to its customers, the rental income as well as the re-rental costs are recognised in full over the period, when the services are provided. The Company regards itself as a principal rather than an agent in those transactions because it fully assumes the credit risk associated with the customers and sets prices for the rental services provided.

#### *Discount program Rental Points*

With a view to promote customer loyalty and the use of the online platform, the Company has launched the Rental Points discount program, under which customers are given the opportunity to receive Rental Points by fulfilling the terms of the program. In this case, an accrual for unused discounts is created. The accrued Rental Points discounts may be applied to the receipt of the services provided by the Company within 12 months, when this period is over, the unused Rental Points are included in the revenue at the end of that period.

### **Corporate income tax**

Corporate Income Tax Law has been in force in the Republic of Latvia since 1 January 2018, which provided for a new payment regime of this tax. The tax rate is 20% of the taxable base, which is determined by dividing the value of the taxable object of corporate income tax by coefficient 0.8, and it includes:

- distributed profits (calculated dividends, costs equivalent to dividends, conditional dividends), and
- conditionally distributed profit (for example, expenses not related to economic activity, and other specific cases defined in the law).

**2. Summary of significant accounting principles (continued)****Deferred income**

If a finance lease is formed as a result of a refinancing transaction and income from the asset sale exceeds the carrying amount of this asset, then this surplus is considered deferred income, which are gradually included in income for the respective period over the lease period.

Fixed assets are refinanced based on the valuation of fixed assets by an independent invited company. The market value of each asset is determined separately in the valuation. Lease agreements are concluded based on this valuation.

**Events after the balance sheet date**

Subsequent events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. If post balance sheet events are not adjusting, they are disclosed in the financial statements only if they are material.

**3. Net turnover**

	<b>2022</b>	<b>2021</b>
<b>Business segment</b>	<b>EUR</b>	<b>EUR</b>
Rental income	14 796 551	14 896 606
Revenue from transport and other services	2 937 437	2 377 315
Revenue from the sale of inventories	654 353	438 278
Skonto discounts used by customers	(35 331)	(33 014)
<b>TOTAL:</b>	<b>18 353 010</b>	<b>17 679 185</b>
<b>Geographical market</b>	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Latvia	15 290 361	13 900 393
Lithuania	1 160 447	1 450 969
Estonia	645 877	938 942
Finland	753 364	819 072
Sweden	493 042	517 559
Russia	9 919	52 250
<b>TOTAL:</b>	<b>18 353 010</b>	<b>17 679 185</b>

**4. Other operating income**

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Income from sale of fixed assets for lease	4 350 269	5 838 114
Compensation of expenses*	369 557	469 780
Unused Rental Points	30 746	57 876
Insurance indemnities received	20 340	54 728
Income from penalties	16 740	11 694
Discounts received	7 173	(4 976)
<b>TOTAL:</b>	<b>4 794 825</b>	<b>6 427 216</b>

\* The compensation of expenses is related to redistribution of functions of Storent Group, for which invoices are issued to related parties in Lithuania, Estonia, Finland and Sweden, it includes compensation for insurance, lease %, GPS subscription, etc.

**5. Costs of materials and services**

a) Cost of raw materials and consumables	2022 EUR	2021 EUR
Cost of sold and written-off inventories	542 136	333 723
Cost of sold fixed assets for lease	3 419 947	5 455 498
<b>TOTAL:</b>	<b>3 962 083</b>	<b>5 789 221</b>

b) Other external costs	2022 EUR	2021 EUR
Equipment rental expenses	6 834 819	5 366 362
Transport and assembly services	1 603 883	1 463 621
Repair and maintenance expenses	1 014 473	947 222
<b>TOTAL:</b>	<b>9 453 175</b>	<b>7 777 205</b>

**6. Other operating expenses**

	2022 EUR	2021 EUR
Management services	1 076 213	964 640
Lease and operating expenses of premises and territories	774 719	761 379
IT expenses	644 043	713 434
Written-off receivables	128 767	172 957
Administrative expenses	122 342	117 914
Transport expenses for administration	145 129	109 580
Marketing expenses	72 861	71 899
Change in provisions for doubtful debtors	122 002	55 853
Insurance expenses	61 842	49 636
Communication expenses	38 037	42 345
<b>TOTAL:</b>	<b>3 185 955</b>	<b>3 059 637</b>

**7. Depreciation of assets**

	2022 EUR	2021 EUR
Depreciation of fixed assets	2 710 071	3 712 031
Residual value of written-off fixed assets	3 728	4 512
Depreciation of intangible assets	467	861
Recognised deferred income	(29 903)	(57 107)
<b>TOTAL:</b>	<b>2 684 363</b>	<b>3 660 297</b>

\*Residual value of written-off fixed assets includes the adjustments made during stocktaking.

Total fixed assets depreciation costs are divided as follows:

	2022 EUR	2021 EUR
Depreciation of fixed assets for lease	2 548 530	3 562 158
Depreciation of fixed assets for own needs	161 541	149 873
<b>TOTAL:</b>	<b>2 710 071</b>	<b>3 712 031</b>

**8. Interest and similar income**

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Grant to secure flow of current assets	-	100 000
Interest income	289 070	22 048
<b>TOTAL:</b>	<b>289 070</b>	<b>122 048</b>

**9. Interest payments and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Interest payments for finance lease	302 611	516 229
Other costs	83 794	22 879
Interest payments for borrowings	-	7 018
Interest payments for factoring	5 128	5 112
Interest payments for lease liabilities	13 256	911
Losses from foreign currency fluctuations, net	17	139
<b>TOTAL:</b>	<b>404 806</b>	<b>552 288</b>

**10. Personnel costs and number of staff**

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Remuneration for work	1 590 122	1 629 264
Mandatory state social insurance contributions	380 705	391 689
Other personnel expenses	54 356	41 353
Remuneration under contractor agreements	7 888	8 113
<b>TOTAL:</b>	<b>2 033 071</b>	<b>2 070 419</b>

	<b>2022</b>	<b>2021</b>
Average number of staff in the reporting period	73	75
<b>TOTAL:</b>	<b>73</b>	<b>75</b>

In 2021 and 2022, the Company had 1 Chairman of the Board and 1 Member of the Board, who did not receive remuneration for the performance of their job duties.

**11. Intangible investments**

	Concessions, patents, licenses, trade marks and similar rights	Other intangible investments	Total
	EUR	EUR	EUR
<b>Initial value</b>			
<b>01.01.2022</b>	2 900	163 021	165 921
Acquired	-	924	924
<b>31.12.2022</b>	2 900	163 945	166 845
<b>Depreciation</b>			
<b>01.01.2022</b>	2 900	162 419	165 319
Calculated depreciation	-	467	467
<b>31.12.2022</b>	2 900	162 886	165 786
<b>Book value as at 01.01.2022</b>	-	602	602
<b>Book value as at 31.12.2022</b>	-	1 059	1 059

**12. Fixed assets**

	Buildings and structures	Investments into leased fixed assets	Equipment and machinery	Other fixed assets and inventory	Total
	EUR	EUR	EUR	EUR	EUR
<b>Initial value</b>					
<b>01.01.2022</b>	306 884	116 061	32 969 903	1 775 366	35 168 214
Acquired	-	-	741 991	289 708	1 031 699
Disposed	-	-	(9 200 767)	(127 182)	(9 327 949)
Transferred from/to other post	-	-	(20 962)	20 962	-
<b>31.12.2022</b>	306 884	116 061	24 490 165	1 958 854	26 871 964
<b>Depreciation</b>					
<b>01.01.2022</b>	102 969	113 066	17 172 223	1 496 345	18 884 603
Calculated depreciation	15 047	2 788	2 548 530	143 706	2 710 071
Depreciation of disposed fixed assets	-	-	(5 778 393)	(122 908)	(5 901 301)
Transferred from/to other post	-	-	(26 202)	26 202	-
<b>31.12.2022</b>	118 016	115 854	13 916 158	1 543 345	15 693 373
<b>Book value as at 01.01.2022</b>	203 915	2 995	15 797 680	279 021	16 283 611
<b>Book value as at 31.12.2022</b>	188 868	207	10 574 007	415 509	11 178 591

Leased assets are pledged as a security to secure liabilities of the respective finance leases. Please see also note 20.

**Fully depreciated fixed assets**

On 31 December 2022, fixed assets of the Company included assets with purchase value of EUR 3,857,740 (31.12.2021: EUR 4,170,177), which were fully written-down into depreciation costs and which are still used actively in economic activity.

**13. Inventories**

	31.12.2022 EUR	31.12.2021 EUR
Goods for sale in their carrying amount	225 003	237 317
Consumables in their carrying amount	269 733	235 283
<b>TOTAL:</b>	<b>494 736</b>	<b>472 600</b>

**14. Trade receivables**

	31.12.2022 EUR	31.12.2021 EUR
Trade receivables in their carrying amount	2 934 744	3 903 241
Provisions for bad debts	(1 088 786)	(966 784)
<b>TOTAL:</b>	<b>1 845 958</b>	<b>2 936 457</b>

No interest is calculated for trade receivables, and they are usually repaid within 15-45 days. Provisions for doubtful debts are recognized by evaluating receivables of individual debtors. Trade receivables are not secured with pledges.

Changes in provisions for bad debts are reflected as follows:

	31.12.2022 EUR	31.12.2021 EUR
<b>Balance at the beginning of the reporting year:</b>	<b>966 784</b>	<b>910 931</b>
Written-off receivables during the reporting year	(128 767)	(172 987)
Provisions for bad debts created during the reporting year	250 767	228 840
Net change in provisions for doubtful debtors (note 6)	122 002	55 853
<b>Balance as at the end of the reporting year:</b>	<b>1 088 786</b>	<b>966 784</b>

**15. Other receivables**

	31.12.2022 EUR	31.12.2021 EUR
Accrued income	2 667	4 192
Advance payments to suppliers	24 072	19 067
Guarantee deposits	30 514	28 147
<b>TOTAL:</b>	<b>57 253</b>	<b>51 406</b>

**16. Next period expenses**

This item includes expenses for different services, incl. insurance, relating to future reporting years:

	31.12.2022 EUR	31.12.2021 EUR
Other next period expenses	24 518	14 600
<b>TOTAL:</b>	<b>24 518</b>	<b>14 600</b>

**17. Cash and cash equivalents**

	31.12.2022 EUR	31.12.2021 EUR
Cash at bank and in hand, EUR	88 842	46 086
<b>TOTAL:</b>	<b>88 842</b>	<b>46 086</b>

**18. Share capital**

As at 31 December 2021 and 2022, the registered and paid-up capital of the Company was EUR 6,811,133 and consisted of 6,811,133 shares. The par value of each share is EUR 1.

**19. Other provisions**

	31.12.2022 EUR	31.12.2021 EUR
Provisions for bonuses	12 045	5 571
<b>TOTAL:</b>	<b>12 045</b>	<b>5 571</b>

**20. Finance lease liabilities**

By type of asset	Maturity of liabilities	Amount	Annual interest rate (%)	Long-term portion	Short-term portion
Finance lease of different assets from leasing companies	(2023-2027)	3 548 792	1.8%-5% + 6M EURIBOR	1 267 915	2 280 877
<b>Total 31.12.2022:</b>				<b>1 267 915</b>	<b>2 280 877</b>
<b>Total 31.12.2021:</b>				<b>3 844 491</b>	<b>3 874 728</b>

The currency of all financial liabilities is EUR.

Minimum future lease payments under the finance leases together with the present value of net minimum lease payments may be reflected as follows:

	31.12.2022		31.12.2021	
	Minimum payments	Current payment value	Minimum payments	Current payment value
In one year	2 447 530	2 280 877	4 168 554	3 874 728
After one year, but not longer than in five years	1 331 810	1 267 915	4 011 426	3 844 491
Total minimum lease payments	3 779 340	3 548 792	8 179 980	7 719 219
Less financial costs	(230 548)	-	(460 761)	-
Present value of minimum lease payments	<b>3 548 792</b>	<b>3 548 792</b>	<b>7 719 219</b>	<b>7 719 219</b>

**21. Taxes and mandatory state social insurance contributions**

	31.12.2022	31.12.2021
	EUR	EUR
Value added tax	(7 964)	298 213
Mandatory state social insurance contributions	45 946	52 585
Personal income tax	21 898	25 197
Company car tax	4 996	6 497
Corporate income tax	293	-
Business risk state fee	27	28
<b>TOTAL:</b>	<b>65 196</b>	<b>382 520</b>

**22. Other liabilities**

	31.12.2022	31.12.2021
	EUR	EUR
Remuneration for work	85 427	86 775
Other payables	44 944	44 926
<b>TOTAL:</b>	<b>130 371</b>	<b>131 701</b>

**23. Accrued liabilities**

	31.12.2022	31.12.2021
	EUR	EUR
Unused vacation reserve	76 063	80 779
Other accrued liabilities	59 477	78 266
Unused <i>Rental Points</i>	24 065	38 164
<b>TOTAL:</b>	<b>159 605</b>	<b>197 209</b>

**24. Deferred income**

	31.12.2022	31.12.2021
	EUR	EUR
<b>Long-term portion</b>		
Deferred income from sale-and-leaseback	-	-
<b>Total long-term portion of deferred income</b>	<b>-</b>	<b>-</b>
<b>Short-term portion</b>		
Deferred income from sale-and-leaseback	49 540	79 443
<b>Total short-term portion of deferred income</b>	<b>49 540</b>	<b>79 443</b>
<b>TOTAL:</b>	<b>49 540</b>	<b>79 443</b>

**Sale-and-leaseback transactions**

In 2019, 2018, 2017 and 2016, the Company performed sale-and-leaseback transactions, as a result of which income from sale of sold assets exceeded the residual book value of these assets, which is gradually included in income for the respective reporting periods over the lease period.

	2022	2021
	EUR	EUR
<b>Balance at the beginning of the reporting year:</b>	<b>79 443</b>	<b>136 550</b>
Included in income for the reporting year (see note 7)	(29 903)	(57 107)
<b>Balance as at the end of the reporting year:</b>	<b>49 540</b>	<b>79 443</b>

**25. Transactions with related parties**

Related parties are associates 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.

The only shareholder of the Company is AS "STORENT Investments".

**25. (a) Transactions with related parties:**

Related party		Products and services sold	Loans issued	Goods and services received	Payables to related parties	Receivables from related parties
AS "STORENT Investments"	2022	360 765	4 489 000	(1 778 711)	(11 485)	4 489 000
	2021	107 290	1 935 000	(1 732 487)	(37 120)	1 935 000
UAB "STORENT"	2022	1 161 239	1 590 000	(55 072)	-	2 051 088
	2021	1 450 969	-	(63 701)	-	48 609
OU "STORENT"	2022	645 877	-	(8 945)	-	635 267
	2021	938 942	-	(25 330)	-	1 021 834
Oy "Storent Holding Finland"	2022	-	-	-	-	-
	2021	-	-	-	-	-
AS "STORENT"	2022	-	-	-	-	-
	2021	-	-	-	-	-
AB "STORENT"	2022	493 042	-	(9 727)	-	483 728
	2021	439 463	-	(2 488)	-	439 463
Oy "STORENT"	2022	753 364	-	(3 692)	(8 652)	-
	2021	819 072	-	(612 094)	-	26 097
OOO "STORENT"	2022	9 919	-	(8 179)	(73 300)	-
	2021	52 250	-	(4 284)	-	-
<b>TOTAL 2022:</b>		<b>3 424 206</b>	<b>6 079 000</b>	<b>(1 864 326)</b>	<b>(93 437)</b>	<b>7 659 083</b>
<b>TOTAL 2021:</b>		<b>3 807 986</b>	<b>1 935 000</b>	<b>(2 440 384)</b>	<b>(37 120)</b>	<b>3 471 003</b>

**25. (b) Loans to related parties**

Related party	Maturity	Interest rate	31.12.2022 EUR	31.12.2021 EUR
Loan issued to AS "STORENT Investments"	2022	6%	-	1 935 000
Loan issued to AS "STORENT Investments"	2023	6%	4 489 000	-
Loan issued to UAB "STORENT"	2023	6%	1 590 000	-
<b>TOTAL:</b>			<b>6 079 000</b>	<b>1 935 000</b>

**25. (c) 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 persons.

## 26. Financial risk management

The Company's most significant financial instruments comprise cash and finance lease. The main purpose of these financial instruments is to finance the Company's operations. The Company also uses various other financial instruments such as trade and other receivables, trade and other payables which arise directly from its operations. The main financial risks arising from the Company's financial instruments are credit risk, interest rate risk and liquidity risk. Risk management policies with regard to each of these risks described below are reviewed and adopted by the Board.

### *Interest rate risk*

The Company is mostly exposed to interest rate risk, mainly due to its short-term and long-term finance lease liabilities. The Company's policy provides that most of its liabilities would have a fixed interest rate. The average interest rate of the Company's liabilities is reflected in note 20.

### *Liquidity risk*

The Company controls its liquidity risk by keeping an appropriate amount of cash and cash equivalents, planning the maturities for repayment of amounts due to suppliers, as well as developing and analysing future cash flows. The budget preparation system successfully used by the Company assists in liquidity risk management and control.

Risk analysis and the development of risk management plans are performed at the level of executive management.

### *Credit risk*

The Company is exposed to credit risk due to its trade receivables. The Company controls its credit risk constantly evaluating the customers' debt settlement history and laying down crediting conditions for each customer individually. Moreover, the Company constantly oversees the balances of accounts receivable to reduce the possibility of bad debt emergence.

As at 31 December 2022, the Company has no significant concentration of credit risk in respect of any transaction partner or any group of transaction partners of similar nature, other than receivables from related parties.

## 27. Going concern of the Company

The Company closed the reporting year with a profit in the amount of EUR 1,713,159. As at 31 December 2022, short-term assets of the Company exceed short-term liabilities of the Company by EUR 5,472,040 (31.12.2021: assets exceeded liabilities by EUR 1,108,828). The Company management has prepared a lease budget for the next year, which is planned to be closed with a profit to justify the assumptions used in preparing these financial statements that the Company will be able to continue as a going concern.

## 28. Events after the balance sheet date

After the end of the reporting year, Storent Holding Group, to which the Company is a part of, started the legal reorganisation process approved at the end of 2022 in order to merge SIA "SEL Investments" with AS "Storent Investments" and SIA "Selectia", SIA "Selectia Plus" with SIA "Storent" by the end of 2023 to save administrative expenses, excluding mutual transactions and the related costs with their accounting and simplifying internal processes in subsidiaries. Since January 2023, the machinery owned by SIA "Selectia" and SIA "Selectia Plus" is rented to subsidiaries of AS "Storent Investments", including the Company, without the intermediation of the PreferRent platform, which creates savings for the companies of the group.

In the period from the last day of the reporting year to the date of signing these financial statements, there have been no other events, which would require adjustments to these financial statements or should be explained in these financial statements.

This statement has been signed electronically with a secure electronic signature and contains a time stamp.

Andris Pavlovs, Member of the Board

Aiga Grāvele, Chief accountant

10 May 2023



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## Independent Auditors' Report

### To the shareholder of Storent SIA

#### *Our Opinion on the Financial Statements*

We have audited the accompanying financial statements of Storent SIA ("the Company") set out on pages 5 to 22 of the accompanying Annual Report, which comprise:

- the balance sheet as at 31 December 2022,
- the profit and loss 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 Storent SIA as at 31 December 2022, 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 *Auditors' Responsibility 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (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 the '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.

#### *Reporting on Other Information*

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

- General information, as set out on page 3 of the accompanying Annual Report,
- the Management Report, as set out on page 4 of 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* 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.

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*

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, in all material respects:

- 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.

#### *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.

#### *Auditors' 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 auditors' 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.
- 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 auditors' 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 auditors' 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.

KPMG Baltics SIA  
Licence No. 55

*Armine Movsisjana*

Armine Movsisjana  
Chairperson of the Board  
Latvian Sworn Auditor  
Certificate No. 178  
Riga, Latvia  
10 May 2023

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails.