

SIA STORENT HOLDINGS INTERIM REPORT

OCTOBER – DECEMBER
2023





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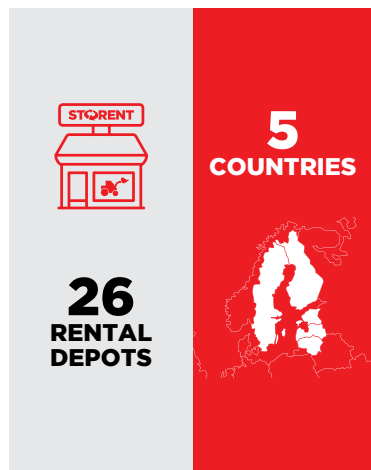
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MANAGEMENT REPORT

Storent was founded in Latvia in 2008 with the primary goal of establishing itself as the most efficient construction equipment rental company in the Baltics and the Nordic countries. Currently it is the most innovative rental company, operating in Europe with 26 rental depots over five countries. In 2023, the turnover of the Group reached 43.8 million euros.

**STORENT
GROUP
TOTAL
TURNOVER
IN 2023**

**43,8
MILLION
EUROS**



The fourth quarter of the Storent Group was at a stable level, reaching 11.6 million euros in total turnover, 3.8 million euros in EBITDA and 1.5 million euros in net profit. Compared to the fourth quarter of last year, the net turnover increased by 13%, while the net profit was higher by one million euros.

2023 was the first year for the Storent Group with the new ownership structure and the main emphasis was on the further growth of the rental business. Although there was a rather significant decline in the construction of residential buildings, Storent made significant investments in the fleet by investing 13 million euros in new equipment and continued to invest in the improvement of ERP systems, digitization and automation of processes. Net turnover for the reporting year increased by 2%, EBITDA by 5%, and profit before taxes doubled, reaching 4.8 million euros.

In 2023, Storent successfully completed its bond issue program, raising 15 million euros. The funds from this bond issue were utilized to fully settle liabilities with the previous owner, Levina Investments S.a.r.l., refinance the preceding bond program, and invest in expanding and renewing our fleet. This equipment was selected through close collaboration among country managers, taking into account each market's unique characteristics, customer needs, and future strategies. We renewed a diverse range of lifts and earthmoving equipment, and made significant investments in the telescopic handler segment.

The management of the Group decided to introduce changes in the accounting policy of fixed assets, introducing scrap value, as its necessity was confirmed by the sale of equipment on the secondary market. Storent Group conducted several large machinery sales auctions in Europe with very good profit indicators. That gave additional confirmation that the depreciation of fixed assets applied in the previous accounting policy reduces the value of the fixed assets balance too quickly. The depreciation of fixed assets by month was recalculated for the whole year 2023, which brought about changes in the quarterly results.

In addition, in the consolidated statement, the Storent Group switched to measuring fixed assets at their fair value. The fair value of the assets was determined by engaging certified independent appraisers. As of December 31, 2023, the revaluation of rental fixed assets created a revaluation reserve of 46.4 million euros, which is reflected in companies' equity. This substantial difference can be attributed to high inflation and an even more significant increase in prices for new and used equipment, which has increased by 10 to 20% each year. Notably, a significant portion of the value increase is due to the rising price of metal.

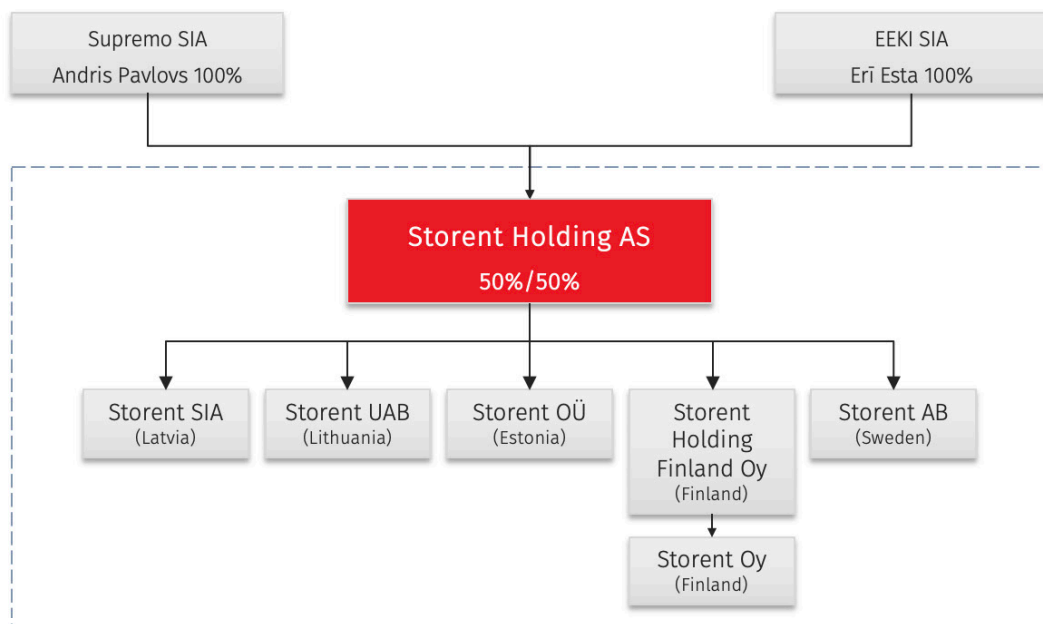
Throughout 2023, the implementation of the new ERP system was completed, and since January 2024, all countries in the Storent Group have fully transitioned to this new cloud-based system. The financial accounting process has also migrated to the cloud environment, along with an integrated business analytics system. In March 2024, we plan to launch a new customer website featuring a more modern design and enhanced functionality for equipment ordering.

In the Baltic States, a generally positive trend can be observed in the construction sector in the second half of 2023. Construction volumes are gradually increasing in Latvia and Lithuania. Although the growth of construction volumes in the Estonian market is not so rapid, the results of

Storent can be considered positive. The development is promoted by large industrial projects, such as the implementation of the Rail Baltic project and related infrastructure construction, and the military sector. Thanks to the favourable market trends and the focused work of the Storent team, Storent's rental income in the Baltic States increased by 8% in the fourth quarter, compared to the same period in 2022. Especially the demand for large machinery, forklifts, telescopic loaders, etc., has risen. Forecasts of the construction industry indicate that the positive market trends will continue in 2024 as well.

In the Nordic countries, because of the strategy to focus on specific product groups, Storent has been able to maintain its position in the market of individual rental products. The total net turnover decreased by 16% in the fourth quarter as a result of the stagnation of construction industries, compared to the same period last year. In Sweden, Storent focused more on the rental of telescopic handlers and the sale of related services. The Finnish company continued to adapt to the situation of falling construction volumes, refocusing attention on industrial customers, and greater activity was observed specifically in the Northern region of Finland. Future market forecasts show that the construction sector in the Nordic countries will start to grow again in 2024 and will increase by 1-2%.

In 2023, Storent Holdings completed two internal reorganizations within the Storent Group. SIA "SEL Investments" was merged into SIA "Storent Investments", and indirect subsidiaries SIA "SELECTIA" and SIA "SELECTIA PLUS" were merged into SIA "Storent". In 2024 it is contemplated to further simplify Storent group's legal structure. The reorganization plan includes a proposed transfer of shares in SIA "Storent" (Latvia), Storent OÜ (Estonia), UAB "Storent" (Lithuania), Storent Holding Finland Oy (Finland), and Storent AB (Sweden) from Storent Investments to Storent Holdings by the end of February. Reorganisation plan also includes the disposal of all equity interests owned by the Storent Group in Storent OOO, a company registered in the Kaliningrad region, Russia. As a result of this reorganization, the share capital of Storent Holdings will be increased to 33.5 million euros. Additionally, in the first quarter of 2024, we plan to change the corporate name of Storent Holdings to Storent Holding and alter its corporate form from a limited liability company (sabiedrība ar ierobežotu atbildību or SIA) to a joint-stock company (akciju sabiedrība or AS). These changes will positively affect Storent's creditors, including noteholders. The structure of the Storent Group after the anticipated completion of the reorganization is illustrated below.



The management of the Storent Group predicts that in 2024 the turnover will continue to grow, as a result of system improvements, structural changes and investments in the fleet worth 10-20 million euros. The development of the construction market will have a big impact, which is largely influenced by financing costs. The focus of the Storent Group in 2024 will be increasing the market share and improving the company's profitability. After careful evaluation of the market trends and its strategies, the company plans to launch its next bond issue in the first quarter of the year 2024. The goal of this issue is to accelerate the company's expansion, continue enlarging the equipment park, and open new rental depots.



STATEMENT OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim report October – December 2023 is true and complete. Consolidated financial statement gives a true and fair view of the actual financial position and results of operations.

Consolidated financial statements in the report for the period October – December 2023 is not yet audited.

Andris Pavlovs

Chairman of the Management Board

CONSOLIDATED INCOME STATEMENT

(unaudited) EUR

	2023-Q4 EUR	2022-Q4* EUR	2023 total EUR	2022 total EUR
NET REVENUE	11 117 353	9 849 452	42 363 616	41 751 027
OTHER OPERATING INCOME	463 659	2 289 700	1 413 337	3 195 593
COST OF MATERIALS AND SERVICES	(4 006 873)	(3 580 834)	(15 125 016)	(15 558 516)
PERSONNEL COSTS	(2 407 414)	(2 481 307)	(8 830 068)	(8 377 792)
OTHER OPERATING EXPENSES	(1 714 299)	(2 157 107)	(6 188 595)	(6 725 134)
IMPAIRMENT GAIN / (LOSS) ON TRADE RECEIVABLES AND CONTRACT ASSET	299 287	84 471	475 170	(458 046)
IMPAIRMENT LOSS ON GOODWILL	-	(329 585)	-	(329 585)
EBITDA	3 751 712	3 674 790	14 108 445	13 497 547
EBITDA %	32%	30%	32%	30%
DEPRECIATION AND AMOTRIZATION	(1 862 238)	(2 287 033)	(7 367 686)	(8 930 272)
EBIT	1 889 475	1 387 757	6 740 759	4 567 275
EBIT %	16%	11%	15%	10%
FINANCE INCOME	668 031	(58 510)	680 404	28 582
FINANCE EXPENSES	(730 566)	(431 224)	(2 633 064)	(2 358 820)
PROFIT / (LOSS) BEFORE INCOME TAX	1 826 940	898 023	4 788 098	2 237 037
PROFIT / (LOSS) BEFORE INCOME TAX, %	16%	7%	11%	5%
INCOME TAX INCOME / (EXPENSES)	(349 605)	619	(692 447)	(3 426)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	1 477 335	898 641	4 095 651	2 233 611
PROFIT/(LOSS) FROM DISCONTINUING OPERATION, NET OF TAX	74 218	(347 500)	205 550	(31 987)
PROFIT / (LOSS) FOR THE PERIOD	1 551 553	551 141	4 301 201	2 201 624
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
EXCHANGE DIFFERENCES ON FOREIGN CURRENCY OPERATIONS	(35 808)	-	(35 808)	16 335
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(35 808)	-	(35 808)	16 335
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	1 515 745	551 141	4 265 393	2 217 959

* Presented numbers for Y2022 are the adjusted results for the Group as if it existed from the 1 January 2022, which combine Storent Holdings SIA, Storent Investments AS (consolidated) and SEL Investments SIA and its subsidiaries SELECTIA SIA and SELECTIA PLUS SIA statements of comprehensive income for 2022. The Group management considers these numbers to provide a reference point for comparison of the results of the Group in future periods. For detailed information please see SIA Storent Holdings consolidated annual report for Y2022 note 35.

CONSOLIDATED BALANCE SHEET

(unaudited) EUR

ASSETS

NON-CURRENT ASSETS	31 / 12 / 2023 EUR	31 / 12 / 2022 EUR
INTANGIBLE ASSETS		
LICENCES AND SIMILAR RIGHTS	44 084	57 708
COMPUTER SOFTWARE	2 364 665	2 018 611
INTANGIBLE ASSETS IN PROCESS	252 950	-
GOODWILL	10 987 123	10 987 122
TOTAL INTANGIBLE ASSETS	13 648 822	13 063 441
PROPERTY, PLAT AND EQUIPMENT		
LANDS AND BUILDINGS	176 051	459 498
MACHINERY AND EQUIPMENT	80 666 518	26 888 304
OTHER FIXED ASSETS	1 393 146	1 042 737
TOTAL PROPERTY, PLAT AND EQUIPMENT	82 235 715	28 390 539
OTHER NON-CURRENT ASSETS		
LOANS TO COMPANY'S SHAREHOLDERS	3 000 000	-
TOTAL OTHER NON-CURRENT ASSETS	3 000 000	-
TOTAL NON-CURRENT ASSETS	98 884 537	41 453 980
CURRENT ASSETS		
INVENTORIES	1 513 565	1 155 604
RECEIVABLES		
TRADE RECEIVABLES	5 768 378	7 417 358
CONTRACT ASSETS	1 143	2 667
OTHER RECEIVABLES	360 902	280 352
PREPAID EXPENSES	320 117	227 830
TOTAL RECEIVABLES	6 450 540	7 928 207
CASH AND CASH EQUIVALENTS	1 717 088	675 051
NON-CURRENT ASSETS HELD FOR SALE	188 750	217 933
TOTAL CURRENT ASSETS	9 869 943	9 976 795
TOTAL ASSETS	108 754 480	51 430 775

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CONSOLIDATED BALANCE SHEET

(unaudited) EUR | EQUITY AND LIABILITIES

EQUITY	BEFORE EQUITY INCREASE	EQUITY INCREASE	AFTER EQUITY INCREASE	
	31 / 12 / 2023	31 / 12 / 2023	31 / 12 / 2023	31 / 12 / 2022
	EUR	EUR	EUR	EUR
SHARE CAPITAL	18 150 000	15 350 000	33 500 000	18 150 000
RESERVES:				
FOREIGN CURRENCY TRANSLATION RESERVE	(35 808)	-	(35 808)	(31 801)
OTHER RESERVES	46 413 829	(15 350 000)	31 063 829	26 774
RETAINED EARNINGS:				
RETAINED EARNINGS/ (ACCUMULATED LOSSES)	6 815 111	-	6 815 111	4 912 380
TOTAL EQUITY	71 343 132	-	71 343 132	23 057 353
CREDITORS				
LONG-TERM LIABILITIES				
ISSUED BONDS	14 609 965	-	14 609 965	-
LEASE LIABILITIES	9 947 007	-	9 947 007	3 488 376
OTHER BORROWING	75 391	-	75 391	5 685 286
TOTAL LONG-TERM LIABILITIES	24 632 363	-	24 632 363	9 173 662
SHORT-TERM LIABILITIES				
ISSUED BONDS	-	-	-	4 898 735
BORROWINGS FROM RELATED PARTIES	-	-	-	1 339 536
LEASE LIABILITIES	4 041 112	-	4 041 112	3 561 067
OTHER BORROWING	1 722 497	-	1 722 497	1 372 568
CONTRACT LIABILITIES	286 135	-	286 135	337 402
TRADE PAYABLES	3 903 062	-	3 903 062	5 162 359
CORPORATE INCOME TAX	36 835	-	36 835	531
TAXES AND MANDATORY STATE SOCIAL INSURANCE CONTRIBUTIONS	541 407	-	541 407	680 110
DEFERRED INCOME	19 636	-	19 636	49 540
OTHER PROVISIONS	251 826	-	251 826	128 956
OTHER LIABILITIES	390 625	-	390 625	356 645
ACCURED LIABILITIES	1 497 099	-	1 497 099	1 194 378
LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD FOR SALE	88 750	-	88 750	117 933
TOTAL SHORT-TERM LIABILITIES	12 778 985	-	12 778 985	19 199 760
TOTAL LIABILITIES	37 411 348	-	37 411 348	28 373 422
TOTAL EQUITY AND LIABILITIES	108 754 480	-	108 754 480	51 430 775

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FINANCIAL COVENANTS

(unaudited) EUR

Storent has fulfilled both financial covenants at the end of December 2023.

31 / 12 / 2023

EBITDA 2023 TOTAL	14 108 445
ISSUED BONDS	14 609 965
LEASE LIABILITIES	9 947 007
OTHER BORROWING	75 391
LONG-TERM LIABILITIES	24 632 363
LEASE LIABILITIES	4 041 112
OTHER BORROWING	1 722 497
SHORT-TERM LIABILITIES	5 763 609
CASH AND CASH EQUIVALENTS	(1 717 088)
NET DEBT	28 678 884
NET DEBT /EBITDA RATIO	2
TOTAL EQUITY	71 343 132
TOTAL ASSETS	108 754 480
SHAREHOLDER EQUITY TO ASSETS	66%

STORENT
RENTAL EQUIPMENT EXPERTS



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