



Jsc Storent Investments Interim report

October - December 2022

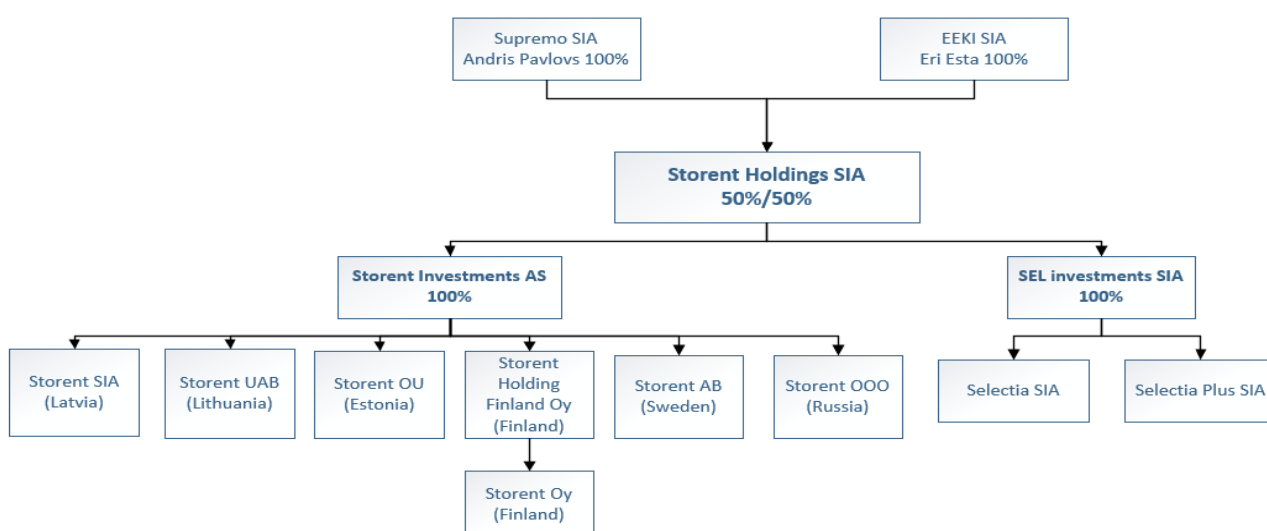
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Management report

Storent was founded in Latvia in 2008 with the aim of becoming the most efficient construction equipment rental company in Baltic states and Nordic countries. Currently Storent group operates in 6 countries with 28 rental depots. Group's annual turnover reached 47.8 million euros in 2022.

On December 28, 2022, changes were made in the composition of AS "Storent Investments" shareholders, and SIA "Storent Holdings" became its sole shareholder. Consequently, Storent Investments and its subsidiary companies become part of the newly established holding, which, in addition to the Storent group, also includes equipment rental companies SIA "SELECTIA" and SIA "SELECTIA PLUS". The structure of the newly created company group is as follows:



SIA "SELECTIA" and SIA "SELECTIA PLUS" are long-term cooperation partners of the Storent group and 99% of the rental turnover of both companies is made from rental to Storent group, which further rents it to the end user. Total rent income is divided in the proportion of 70% SIA "SELECTIA" and SIA "SELECTIA" PLUS" and 30% for the Storent group. The newly formed structure of the Storent Holdings group will give the companies in the group, including AS "Storent Investments", the opportunity to work much more efficiently and to develop with better and more stable financial indicators. The adjusted consolidated financial indicators of the new holding for 2022 are as follows:

Total sales	43 453
EBITDA	14 188
EBITDA %	33%
Net Income	2 848
Net Income %	7%

Net debt	20 068
Net debt /EBITDA raio	1.41

Shareholder equity	23 297
Total assets	49 200
Shareholder equity to Assets	47%

In the 4th quarter of 2022 net turnover of Storent group increased by 3.5%, while the total income increased by 14%. The group's profit indicators improved, EBITDA increased by 18% and the amount of losses decreased by half compared to the same period in 2021. In the 4th quarter of 2022, the situation in the construction industry stabilized and the negative impact of the sanctions continued to decrease, especially in the Baltic States. The price level and availability of raw materials became more predictable; therefore, the activity of the construction industry was stable. A general rise in prices in construction industry and the economy as a whole allowed to increasing rental prices of equipment. Storent group continued to implement digitalization and improve efficiency of rental operations.

Rental income increased by 4% In the **Baltic States** in the 4th quarter compared to the same period last year. The rental volumes remained steady in the Baltics, the rental income in Latvia increased slightly, but decreased in Lithuania and Estonia. The number of online orders has stabilized and makes up to 50% of total rental transactions in the Baltic States. More than 90% of rental income comes from deals with a digital signature, which makes the rental process much easier.

In the **Nordic region**, construction market was stable, as a result of which the rental turnover of the 4th quarter increased by 7% compared to the 4th quarter of 2021. Finnish operations shows particularly good results, where the overall construction market also shows a growth in 2022. In Finland, the gradual implementation of the digital strategy continues, with online transactions accounting for 15% of total transaction value by the end of 2022 and more than 50% of all orders being signed digitally.

The revenue level of the company in Kaliningrad in the 4th quarter of 2022 decreased compared to the 4th quarter of 2021. This was influenced by the difficult situation in the region, insufficient quantities of building materials and limited opportunities to find new supply chains. It is expected that the economic situation will gradually stabilize and construction volumes will gradually return to the previous level. The revenue of the subsidiary in Kaliningrad is less than 2% of the total revenue of the Storent group and the company operates independently of the Storent group.

In 2023, Storent group will continue to focus on an improvement of sales process efficiency, renewal and addition of new rental fleet, as well as develop online sales and digitalization. The management of the company expects that the total rent revenues of the new holding will increase by 10%, which will be facilitated by new investments in rental equipment, increase of rental prices and online sales. In the summer of 2023, it is planned to introduce a new website that will be more convenient for the end user. The goal of Storent group is to keep the volume of online orders close to 60% of the total rental income and 90% digitally signed transactions. In December 2022, implementation of new IT system was started and it is expected that IRMS (Intelligent Rental Management System) will be implemented in all Storent group companies by the end of 2023. It will allow to improve efficiency and ensure convenient and up-to-date rental process. The Group also continue earlier established cooperation with PreferRent and Cargopoint platforms.

Management Board report

The financial and other supplementary information published in the October-December 2022 interim report is true and complete. The consolidated financial statement provides a true and fair picture of the actual financial position and performance.

The audit for consolidated financial statements in the report for October - December 2022 has not been carried out.

A handwritten signature in black ink, appearing to be 'Andris Pavlovs', written in a cursive style.

Andris Pavlovs

Board member

Consolidated statement of income (not audited) EUR

Description	4Th quarter 2022	4Th quarter 2021	01.01.2022- 31.12.2022	01.01.2021- 31.12.2021
INCOME	13 042 695	11 399 302	47 812 741	44 222 122
Net turnover	11 623 947	11 232 743	45 568 954	42 917 107
Other revenue from operating charges	1 418 747	166 560	2 243 787	1 305 015
COSTS	(11 886 419)	(10 422 062)	(42 534 353)	(38 461 116)
Costs of materials and services	(7 144 670)	(6 437 437)	(26 701 776)	(23 781 296)
Personnel costs	(1 796 261)	(2 083 096)	(7 189 593)	(8 777 053)
Other operating charges	(2 945 488)	(1 901 529)	(8 642 984)	(5 902 767)
EBITDA	1 156 276	977 240	5 278 388	5 761 005
EBITDA %	9%	9%	11%	13%
Depreciation and amortization	(1 185 883)	(1 502 654)	(5 254 430)	(6 687 147)
EBIT	(29 608)	(525 413)	23 959	(926 142)
EBIT %	0%	-5%	0%	-2%
OTHER INCOME AND CHARGES	(489 602)	(551 175)	(2 157 615)	(2 419 054)
Other interest and similar revenue	6	1 159	3 613	23 597
Interest payable and similar charges	(489 608)	(552 334)	(2 161 228)	(2 442 651)
EBT	(519 210)	(1 076 589)	(2 133 656)	(3 345 196)
EBT %	-4%	-9%	-4%	-8%
Corporate income tax	(13 185)	(50 627)	(39 183)	(57 655)
Profit (loss) for the reporting period	(532 395)	(1 127 215)	(2 172 839)	(3 402 850)
Profit (loss) % for the reporting period	-4%	-10%	-5%	-8%

Consolidated balance sheet (not audited) EUR

Description	31.12.2022	31.12.2021
TOTAL ASSETS	37 027 465	45 501 340
LONG-TERM INVESTMENTS	29 703 871	36 737 058
Intangible investments	13 393 457	13 352 947
Fixed assets	16 310 414	23 384 111
CURRENT ASSETS	7 323 594	8 764 282
Reserves	1 154 125	1 565 312
Debts of buyers and contracting authorities (external)	5 403 071	6 277 516
Deferred tax assets	898	1 186
Cash	765,500	920,268
TOTAL LIABILITIES	37 027 465	45 501 340
Equity capital	9 972 760	12 131 234
Equity capital	33 316 278	33 316 278
Asset revaluation reserves	12 749	17 385
Reserves	(2 361)	(21 362)
Accrued profit/(loss)	(23 353 906)	(21 181 067)
DEFERRED LIABILITIES	897 816	1 086 859
Deferred tax liabilities	936	1 286
Other reserves	896 880	1 085 573
LIABILITIES	26 156 889	32 283 247
Long-term creditors	9 725 166	8 295 364
Short-term creditors	16 431 723	23 987 883

Financial reservations (not audited)

At the end of December 2022, Storent has fulfilled financial reservations.

	31.12.2022
EBITDA for 12 months	5 278 388
Net debt	18 041 304
Net debt/EBITDA ratio	3.4
Adjusted equity	10 622 760
Total assets	37 027 465
Ratio of adjusted equity to assets	29%

*Since December 28, 2022, Levina Investments S.a.r.l. the loan is not included in adjusted equity