STORENT
RENTAL EQUIPMENT EXPERTS

SIA Storent Holdings
Interim report

April – June 2023

Contents

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 Baltic and Nordic countries. Currently, the Storent group has 26 rental depos in 5 countries. In 2022, the turnover of the Group reached 45 million euros.

The first half of 2023 was successful for the Storent group. In Q2, despite high inflation and measures to slow it down, Storent group managed to increase its level of profitability, with EBITDA in absolute numbers being by 15% higher, reaching a rate of 34%. The net profit in the Q2 of 2023 exceeded 1 million euros, which is by 73% more compared to the same period last year. The Storent group has managed to close the first half of the year with a profit of half a million, in contrast to the losses made in the same period last year, and the EBITDA was by 13% higher, reaching 5.8 million euros, which is in line with the Group's annual plan. Under the influence of seasonality, the main profit-generating periods is the Q3, as well as the subsequent Q4, which contribute significantly to the company's profit indicators. In the first half of 2023, the Storent Group increased its total income by 2%, while in Q2 of 2023 the total income of the Storent Group decreased by 1% compared to the same period last year. The latest activities in the equipment rental market, as well as the active efforts of Storent, indicate that the rental income will gradually increase in the following periods.

The Storent group is working with great capacity on the renovation of the fleet. Older machines are being sold and replaced by modern equipment that meets the current requirements of customers. The company has almost doubled the amount of investments in the fleet, supplementing the initially planned 6 million euros with another 5 million euros for the purchase of new equipment in the next six months. The machines to be purchased have been selected with the close cooperation of the management of all Storent countries, taking into account the specific demands of each country's market and the needs of customers. The new equipment is gradually being ordered, and part of it is already at the disposal of Storent customers. Storent's partners also see potential in the company developments and have invested 5 million euros in new equipment, which will be transferred to Storent's management through the splitrent business model.

In June, Storent Holdings issued new bonds worth 10.5 million euros. Of these, bonds worth 3.3 million euros were exchanged for previous bonds. On July 19, 2023, Storent Investments canceled the previous bond program and repaid the previous bonds three months ahead of the deadline. In September 2023, Storent Holdings plans to come up with an additional issue of Storent Holdings bonds in the amount of up to 4.5 million euros, reaching the initially planned total amount of 15 million. Currently, there are ongoing negotiations of M&A with several companies in Storent's countries. Storent aims to expand both geographically and by increasing its market share in existing markets.

The Storent group is proud of its online platform, which has become a stable order channel, and more than 90% of all Baltic customers prefer to sign digitally. Also, in the Nordic countries, Storent continues to actively introduce the digital signing of orders and the online platform. By simplifying the process of ordering equipment, Storent has not only improved its efficiency but has also created a significant competitive advantage for customers. Storent is also constantly developing its tools and processes to provide the highest possible quality and smoothest services to its customers. A new ERP system with a CRM module is currently being implemented in the companies of the Baltic States, and a significant part of the orders goes through it. By the end of the year, the group's management plans to complete the implementation of the new system in all companies of the Group.

In the **Baltics**, the total turnover in the Q2 increased by 7%, and rental income increased by 8%, compared to the same period last year. In Latvia and Lithuania, the construction market showed growth of 16% and 17% in Q1 2023, compared to the same period in 2022. The housing market activity has decreased, but the construction of engineering buildings continues to develop steadily. Estonian construction market volumes fell by 11% according to calendar-adjusted data at comparable prices. To balance the result, Storent is intensifying its activities in projects related to the construction of civil engineering structures since no negative trends were observed in this segment. Storent's cooperation with military infrastructure projects and specialized construction works in all Baltic countries is equally promising.

The construction market in **Finland and Sweden** fell by 4% in Q1 2023, and housing construction volumes fell by 14%. This circumstance directly affected the level of Storent's revenue, as a significant part of Storent's customers work in this segment. Moreover, several large construction projects were completed in Q1 of 2023, after which the new construction season started with a delay. Thus, Storent's rental income in the Nordic countries decreased by 5% in the first half of 2023 compared to the first half of 2022. It is predicted that the total construction volumes in Finland and Sweden will decrease slightly during 2023, so Storent is looking for new niches in the market, adapting its equipment fleet and focusing on industrial projects while reducing the housing construction segment in its customer portfolio. Highter activity is observed in the Northern part of Finland, where Storent is represented by a rental point in Oulu. Overall, Storent has started Q3 of 2023 promisingly, and revenues are gradually returning to the previously planned volume.

Statement of the Management Board

The financial and other additional information published in the Interim report April – June 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 April – June 2023 is not yet audited.

Andris Pavlovs
Member of the Management Board

Consolidated income statement (unaudited) EUR

	2023 - Q2	2022 - Q2*	2023-06	2022-06*	2022 total*
	EUR	EUR	EUR	EUR	EUR
Net revenue	10 713 368	10 912 410	19 447 907	18 769 924	41 751 027
Other operating income	170 884	94 133	403 603	616 988	3 195 593
Cost of materials and services	(3 804 585)	(4 183 566)	(7 149 983)	(7 109 287)	(15 558 516)
Personnel costs	(2 122 213)	(1 828 752)	(4 178 875)	(4 226 245)	(8 377 792)
Other operating expenses	(1 529 045)	(1 703 692)	(3 021 823)	(2 879 901)	(6 725 134)
Impairement gain / (loss) on trade receivables and contract asset	248 819	(89 272)	281 488	(60 503)	(458 046)
Impairement loss on goodwill	-	-	-	-	(329 585)
EBITDA	**3 677 228**	**3 201 262**	**5 782 317**	**5 110 976**	**13 497 547**
EBITDA %	**34%**	**29%**	**29%**	**26%**	**30%**
Depreciation and amotrization	(2 211 458)	(2 198 913)	(4 408 341)	(4 463 878)	(8 930 272)
EBITDA	**1 465 770**	**1 002 348**	**1 373 977**	**647 098**	**4 567 275**
EBIT %	**13%**	**9%**	**7%**	**3%**	**10%**
Finance income	-	684	435	83 127	28 582
Finance expenses	(508 080)	(563 846)	(986 432)	(1 178 360)	(2 358 820)
Profit / (loss) before income tax	**957 690**	**439 186**	**387 979**	**(448 135)**	**2 237 037**
Profit / (loss) before income tax, %	**9%**	**4%**	**2%**	**-2%**	**5%**
Income tax income / (expenses)	-	-	1 687	911	(3 426)
Profit/(loss) from continuing operations	957 690	439 186	389 667	(447 224)	2 233 611
Profit/(loss) from discontinuing operation, net of tax	84 201	162 215	149 830	141 401	(31 987)
Profit / (loss) for the period	**1 041 890**	**601 401**	**539 497**	**(305 823)**	**2 201 624**
Items that may be reclasified subsequently to profit or loss					
Exchange differences on foreign currency operations	-	-	(26 478)	-	16 335
Other comprehensive income/(loss) for the period	**-**	**-**	**(26 478)**	**-**	**16 335**
Total comprehensive income/(loss) for the period	**1 041 890**	**601 401**	**513 019**	**(305 823)**	**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	30.06.2023 EUR	30.06.2022* EUR	31.12.2022 EUR
Intangible assets			
Licences and similar rights	50 689	22 485	57 708
Computer software	1 908 452	769 443	2 018 611
Intangible assets in process	-	1 222 863	-
Goodwill	10 987 122	11 316 708	10 987 122
TOTAL Intangible assets	**12 946 263**	**13 331 499**	**13 063 441**
Property, plat and equipment			
Lands and buildings	337 256	607 487	459 498
Machinery and equipment	26 717 338	30 603 935	26 888 304
Other fixed assets	1 090 419	845 772	1 042 737
TOTAL Property, plat and equipment	**28 145 013**	**32 057 194**	**28 390 539**
Other non-current assets			
Loans to Company's shareholders	484 100	143 063	-
TOTAL Other non-current assets	**484 100**	**143 063**	**-**
TOTAL NON-CURRENT ASSETS	**41 575 376**	**45 531 756**	**41 453 980**

CURRENT ASSETS			
Inventories	3 757 164	1 125 800	1 155 604
Receivables			
Trade receivables	6 031 359	8 294 349	7 417 358
Contract assets	1 905	3 429	2 667
Other receivables	242 788	584 937	280 352
Prepaid expenses	265 539	183 703	227 830
TOTAL Receivables	**6 541 591**	**9 066 418**	**7 928 207**
Cash and cash equivalents	7 757 127	91 013	675 051
Non-current assets held for sale	214 110	276 754	217 933
TOTAL CURRENT ASSETS	**18 269 992**	**10 559 985**	**9 976 795**
TOTAL ASSETS	**59 845 368**	**56 091 741**	**51 430 775**

*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

EQUITY AND LIABILITIES

EQUITY	30.06.2023 EUR	30.06.2022* EUR	31.12.2022 EUR
Share capital	18 150 000	18 150 000	18 150 000
Reserves:			
Foreign currency translation reserve	(26 478)		(31 801)
Other reserves	26 774	26 774	26 774
Retained earings:			
Retained earings/ (accumulated losses)	5 451 877	1 900 996	4 912 380
TOTAL EQUITY	**23 602 173**	**20 077 770**	**23 057 353**
CREDITORS			
Long-term liabilities			
Issued bonds	10 243 915	-	-
Lease liabilities	3 732 810	5 100 669	3 488 376
Other borrowing	4 238 613	7 789 827	5 685 286
TOTAL Long-term liabilities	**18 215 338**	**12 890 496**	**9 173 662**
Short-term liabilities			
Issued bonds	1 659 613	4 790 272	4 898 735
Borrowings from related parties	902 300	1 955 700	1 339 536
Lease liabilities	3 343 654	4 661 716	3 561 067
Other borrowing	1 795 523	1 671 275	1 372 568
Contract liabilities	217 304	242 379	337 402
Trade payables	5 992 640	6 273 366	5 162 359
Corporate income tax	650	170	531
Taxes and mandatory state social insurance contributions	591 470	1 235 408	680 110
Deferred income	34 588	64 491	49 540
Other provisions	165 295	325 416	128 956
Other liabilities	370 881	383 637	356 645
Accured liabilities	2 839 828	1 342 891	1 194 378
Liabilities directly associated with the assets held for sale	114 110	176 754	117 933
TOTAL Short-term liabilities	**18 027 857**	**23 123 475**	**19 199 760**
TOTAL LIABILITIES	**36 243 195**	**36 013 971**	**28 373 422**
TOTAL EQUITY ND LIABILITIES	**59 845 368**	**56 091 741**	**51 430 775**

*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.

Financial covenants (unaudited)

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

	30.06.2023
EBITDA 2022 total	13 497 547
EBITDA 2022 6 month	(5 110 976)
EBITDA 2023 6 month	5 782 317
EBITDA 12 month	**14 168 888**
Issued bonds	10 243 915
Lease liabilities	3 732 810
Other borrowing	4 238 613
Long-term liabilities	**18 215 338**
Issued bonds	1 659 613
Borrowings from related parties	902 300
Lease liabilities	3 343 654
Other borrowing	1 795 523
Short-term liabilities	**7 701 089**
Cash and cash equivalents	**(7 757 127)**
Net debt	**18 159 300**
Net Debt /EBITDA Ratio	**1.3**
Total Equity	23 602 173
Total assets	59 845 368
Shareholder equity to Assets	**39%**