

SIA STORENT HOLDINGS INTERIM REPORT

**JULY - SEPTEMBER
2023**





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

**STORENT
GROUP
TOTAL
REVENUE
IN 2022**

**45
MILLION
EUROS**



The third quarter of 2023 was stable for the Storent group, with a net turnover of 12 million euros, 4.5 million euros in EBITDA, and 1.2 million euros in net profit. Due to seasonality, the main profit-generating period is the third quarter. Compared to the second quarter, net sales increased by 12%, while net profit increased by 20%. Compared to the first 9-month period of 2022, in the same period this year, net turnover increased by 2%, reaching 31.5 million euros, EBITDA growth was 4%, reaching 10.3 million euros, and profit before taxes increased by 43%, reaching 2 million euros.

In September, Storent Holdings launched a second bond issue offer worth 4.5 million euros. The total demand for the bonds was 7,273,300 euros from 1,325 unique investors located in 10 different countries, exceeding the offered subscription volume by 62%. With this issue, Storent fully realized its bond issue program in the amount of 15 million euros. The funds raised in the bond issue were used to fully cover the liabilities to the previous owner Levina Investments S.a.r.l.

Storent aims to increase its market share in existing markets. The Storent group continues to work on renewing the equipment fleet with great capacity. So far, during the first 9 months of this year, equipment worth 9 million euros has been purchased, and in the following months, an additional 4 million euros will be invested in the fleet. The purchased equipment has been selected through close cooperation among country management, taking into account the peculiarities of each country's market and the needs of customers. Storent group has initiated cooperation with a new equipment manufacturer, LGMG, by purchasing lifts worth 3 million euros. Additionally, negotiations are underway for possible acquisitions of several companies in Storent's countries of operation.

The Storent group continues to be proud of its online platform, which has now become a commonly used order channel. Currently, 95% of all Baltic customers choose to sign rental documents digitally. 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 constantly developing its tools and processes in order to provide the highest possible quality and smoothest services to its customers. The new ERP system, which also includes a CRM module, is currently being implemented in the companies of the Baltic States, and a significant portion 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 third quarter of this year, a positive trend can be observed in the Baltics. There is a lot of activity in military, wind and solar park projects, and the construction of the largest project in the Baltics, Rail Baltic, is also ongoing. In Estonia, the trend is positive, as the amount of new issued building permits is increasing indicating the growth of the construction sector in the future. Storent actively follows the growing construction industries and strengthens its cooperation for the next season.

In the Nordic countries, the largest decline continues in the residential construction sector. However, there is a lot of activity in industrial projects, particularly in the northern regions.

The management of the Storent group expects that the market situation will be stable in the 4th quarter of this year, and they anticipate achieving the planned results to a large extent. Work is underway on annual budget planning, with the main priorities being the improvement of the company's work efficiency through digitalization innovations, strengthening its position in the market, and expanding into several cities in the Baltic region and the Nordic countries.

STATEMENT OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim report July - September 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 July - September 2023 is not yet audited.



Andris Pavlovs

Member of the Management Board

CONSOLIDATED INCOME STATEMENT

(unaudited) EUR

	2023-Q3 EUR	2022-Q3* EUR	2023-Q9 EUR	2022-09* EUR	2022 kopā EUR
NET REVENUE	12 031 826	12 119 161	31 479 733	30 889 085	41 751 027
OTHER OPERATING INCOME	446 064	700 712	849 667	1 317 699	3 195 593
COST OF MATERIALS AND SERVICES	(4 165 145)	(4 204 850)	(11 315 128)	(11 314 137)	(15 558 516)
PERSONNEL COSTS	(2 492 066)	(2 289 204)	(6 670 942)	(6 515 449)	(8 377 792)
OTHER OPERATING EXPENSES	(926 830)	(1 253 811)	(3 948 653)	(4 133 712)	(6 725 134)
IMPAIRMENT GAIN / (LOSS) ON TRADE RECEIVABLES AND CONTRACT ASSET	(383 206)	(329 045)	(101 718)	(389 548)	(458 046)
IMPAIRMENT LOSS ON GOODWILL	-	-	-	-	(329 585)
EBITDA	4 510 643	4 742 963	10 292 959	9 853 939	13 497 547
EBITDA %	36%	37%	32%	31%	30%
DEPRECIATION AND AMOTRIZATION	(2 125 190)	(2 216 913)	(6 533 531)	(6 680 791)	(8 930 272)
EBIT	2 385 453	2 526 050	3 759 428	3 173 148	4 567 275
EBIT %	19%	20%	12%	10%	10%
FINANCE INCOME	11 910	85 728	12 345	84 808	28 582
FINANCE EXPENSES	(759 232)	(746 952)	(1 745 664)	(1 841 265)	(2 358 820)
PROFIT / (LOSS) BEFORE INCOME TAX	1 638 131	1 864 826	2 026 110	1 416 691	2 237 037
PROFIT / (LOSS) BEFORE INCOME TAX, %	13%	15%	6%	4%	5%
INCOME TAX INCOME / (EXPENSES)	(344 529)	(4 045)	(342 842)	(3 134)	(3 426)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	1 293 602	1 860 781	1 683 268	1 413 557	2 233 611
PROFIT/(LOSS) FROM DISCONTINUING OPERATION, NET OF TAX	(48 274)	125 644	101 556	267 045	(31 987)
PROFIT / (LOSS) FOR THE PERIOD	1 245 328	1 986 425	1 784 824	1 680 602	2 201 624
ITEMS THAT MAY BE RECLASSIFIED 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	1 245 328	1 986 425	1 758 346	1 680 602	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 / 09 / 2023 EUR	30 / 09 / 2022* EUR	31 / 12 / 2022 EUR
INTANGIBLE ASSETS			
LICENCES AND SIMILAR RIGHTS	47 289	7 182	57 708
COMPUTER SOFTWARE	2 059 629	565 917	2 018 611
INTANGIBLE ASSETS IN PROCESS	25 664	1 394 788	-
GOODWILL	10 982 857	11 316 708	10 987 122
TOTAL INTANGIBLE ASSETS	13 115 438	13 284 595	13 063 441
PROPERTY, PLAT AND EQUIPMENT			
LANDS AND BUILDINGS	279 335	192 777	459 498
MACHINERY AND EQUIPMENT	29 884 721	28 613 475	26 888 304
OTHER FIXED ASSETS	1 052 646	1 489 574	1 042 737
TOTAL PROPERTY, PLAT AND EQUIPMENT	31 216 702	30 295 826	28 390 539
TOTAL NON-CURRENT ASSETS	44 332 140	43 580 421	41 453 980
CURRENT ASSETS			
INVENTORIES	946 258	1 200 372	1 155 604
RECEIVABLES			
TRADE RECEIVABLES	7 088 613	7 564 758	7 417 358
LOANS TO COMPANY'S SHAREHOLDERS	3 000 000	143 063	-
CONTRACT ASSETS	1 524	3 048	2 667
OTHER RECEIVABLES	239 016	199 023	280 352
PREPAID EXPENSES	243 861	159 802	227 830
TOTAL RECEIVABLES	10 573 014	8 069 693	7 928 207
CASH AND CASH EQUIVALENTS	1 917 250	492 917	675 051
NON-CURRENT ASSETS HELD FOR SALE	210 090	246 814	217 933
TOTAL CURRENT ASSETS	13 646 611	10 009 796	9 976 795
TOTAL ASSETS	57 978 751	53 590 217	51 430 775

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CONSOLIDATED BALANCE SHEET

(unaudited) EUR

EQUITY AND LIABILITIES

EQUITY	30 / 09 / 2023 EUR	30 / 09 / 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 EARNINGS:			
RETAINED EARNINGS/ (ACCUMULATED LOSSES)	5 413 726	3 887 419	4 912 380
TOTAL EQUITY	23 564 022	22 064 193	23 057 353
CREDITORS			
LONG-TERM LIABILITIES			
ISSUED BONDS	10 200 911	-	-
LEASE LIABILITIES	7 284 475	4 365 406	3 488 376
OTHER BORROWING	3 859 329	7 927 281	5 685 286
TOTAL LONG-TERM LIABILITIES	21 344 715	12 292 688	9 173 662
SHORT-TERM LIABILITIES			
ISSUED BONDS	-	4 805 315	4 898 735
BORROWINGS FROM RELATED PARTIES	901 717	1 605 000	1 339 536
LEASE LIABILITIES	3 957 238	3 871 375	3 561 067
OTHER BORROWING	1 734 750	869 012	1 372 568
CONTRACT LIABILITIES	215 277	317 199	337 402
TRADE PAYABLES	3 199 928	4 549 363	5 162 359
CORPORATE INCOME TAX	238 757	170	531
TAXES AND MANDATORY STATE SOCIAL INSURANCE CONTRIBUTIONS	761 092	1 042 559	680 110
DEFERRED INCOME	27 112	57 015	49 540
OTHER PROVISIONS	202 981	172 294	128 956
OTHER LIABILITIES	371 073	376 084	356 645
ACCURED LIABILITIES	1 349 999	1 421 136	1 194 378
LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD FOR SALE	110 090	146 814	117 933
TOTAL SHORT-TERM LIABILITIES	13 070 014	19 233 336	19 199 760
TOTAL LIABILITIES	34 414 729	31 526 024	28 373 422
TOTAL EQUITY AND LIABILITIES	57 978 751	53 590 217	51 430 775

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FINANCIAL COVENANTS

(unaudited) EUR

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

30 / 09 / 2023

EBITDA 2022 TOTAL	13 497 547
EBITDA 2022 9 MONTH	(9 853 939)
EBITDA 2023 9 MONTH	10 292 959
EBITDA 12 MONTH	13 936 567
ISSUED BONDS	10 200 911
LEASE LIABILITIES	7 284 475
OTHER BORROWING	3 859 329
LONG-TERM LIABILITIES	21 344 715
ISSUED BONDS	-
BORROWINGS FROM RELATED PARTIES	901 717
LEASE LIABILITIES	3 957 238
OTHER BORROWING	1 734 750
SHORT-TERM LIABILITIES	6 593 705
CASH AND CASH EQUIVALENTS	(1 917 250)
NET DEBT	26 021 170
NET DEBT / EBITDA RATIO	1,9
TOTAL EQUITY	23 564 022
TOTAL ASSETS	57 978 751
SHAREHOLDER EQUITY TO ASSETS	41%

STORENT
RENTAL EQUIPMENT EXPERTS



www.storent.com