



# **Jsc Storent Investments Interim report**

**January - March 2023**

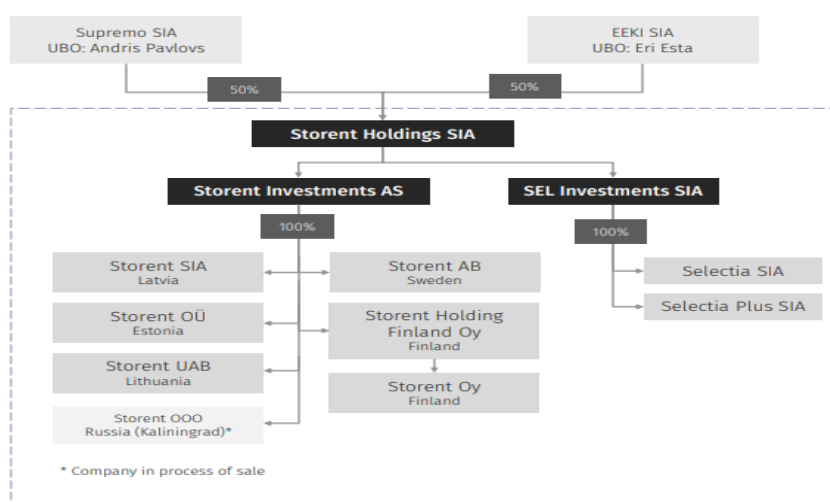
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## Management report

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 5 countries with 26 rental depots. Group's annual turnover reached 47.2 million euros in 2022.

On December 28, 2022, changes were made in the composition of Companies shareholders, and SIA "Storent Holdings" became its sole shareholder. Consequently, AS "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:



**Storent Group operation showed increase** in reporting period and **total revenue for Q1 increased by 8%** compared to the same period last year. Despite low season in construction industry, activity in the market was sufficient with the highest growth in Latvia. Group has improved financial result in AS "Storent Investments" and also in new SIA "Storent Holdings" level.

Thousands of euros	SIA "Storent Investments" consolidated			SIA "Storent Holdings" consolidated		
	2023 Q1	2022 Q1	difference %	2023 Q1	2022 Q1	difference %
<b>Total revenue</b>	<b>9 578</b>	<b>8 837</b>	<b>8.4%</b>	<b>8 856</b>	<b>8 479</b>	<b>4.4%</b>
<b>Net revenue</b>	<b>9 502</b>	<b>8 726</b>	<b>8.9%</b>	<b>8 510</b>	<b>8 381</b>	<b>1.5%</b>
<b>EBITDA</b>	<b>273</b>	<b>306</b>	<b>-10.8%</b>	<b>2 118</b>	<b>1 835</b>	<b>15.4%</b>
EBITDA %	3%	3%		24%	22%	
<b>Net result</b>	<b>-1 323</b>	<b>-1 647</b>	<b>-19.7%</b>	<b>-502</b>	<b>-1 008</b>	<b>-50.2%</b>
Net Income %	-14%	-19%		-6%	-12%	

The general rise in prices in construction and in the economy as a whole allowed for a slight increase in the price of equipment rental and other services. The Storent group continued to work on increasing online sales volumes and the improvement of efficiency, as well as the cooperation with the PreferRent and Cargopoint online platforms. Implementation of new ERP system IRMS continued and it will help to optimize internal processes and serve customer even faster.

In **Baltic countries**, total revenues increased by 8% compared to the same period last year. Rental revenues significantly increased in Latvia, but were lower than a year ago in Lithuania. Despite slowdowns in Estonian construction market, Storent revenues increase slightly during Q1 compared to the same period last year. The construction market forecast is still modest in 2023, with small increase in Latvia and Lithuania and decrease in Estonia.

Construction total (EUR, billion)				
Year	2021	2022	2023,est	Change
<b>Baltic</b>	9.8	11.5	11.3	-1.6%
EE	3.6	4.2	3.8	-9.5%
LV	2.4	2.6	2.7	4.6%
LT	3.8	4.7	4.8	2.0%

Beside more and more customers are coming from other industries like entertainment industry with different size project for generators, NATO army's division and also industrial projects. In 2023, several large and medium-scale projects are planned, some of which will be implemented within the framework of EU programs and also Rail Baltica project has significant impact on construction market activity.

In the **Nordic region**, total revenues were by **5% higher** compared to the 1st quarter of 2022. Both Finland and Sweden showed good results. Forecast for 2023 for construction market in Nordic countries is with small decrease, Storent market share is very small in these countries so it should not affect sales results.

The Groups owners has decided to sell subsidiary in Russia (Kaliningrad) and currently it is in process of legal procedures.

In 2023, Storent group will continue to focus on an improvement of sales process efficiency, as well as develop online sales and digitalization. The management of the company expects that the rental revenues 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. The

Company will continue to transform its IT strategy to comply with the scalability needs. A new cloud-based ERP system implementation is expected to be finalized by the end of 2023.

In April 2022, SIA “Storent Holdings”, the sole shareholder of AS “Storent Investments” announced new bond issue of up to EUR 15 million which will for the first time be open to both retail and institutional investors. The Company will use the proceeds for new investments, further mergers and acquisition and to refinance its liabilities.

The Group has initiated a reorganization process to merge SIA “SEL Investments” with AS “Storent Investments” and SIA “Selectia”, SIA “Selectia Plus” with SIA “Storent” by the end of 2023.

## Management Board report

The financial and other supplementary information published in the January-March 2023 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 January - March 2023 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	Q 1 2023	Q 1 2022	2022 total
<b>REVENUE</b>	<b>9 577 885</b>	<b>8 836 641</b>	<b>47 196 259</b>
Net revenue	9 502 005	8 726 227	44 952 746
Other operating income	75 879	110 414	2 243 513
<b>EXPENSES</b>	<b>(9 305 256)</b>	<b>(8 530 996)</b>	<b>(42 356 160)</b>
Costs of material and services received	(5 840 734)	(5 030 118)	(26 587 864)
Personnel expenses	(1 844 081)	(1 769 693)	(8 647 743)
Other operating expenses	(1 620 440)	(1 731 186)	(7 120 552)
<b>EBITDA</b>	<b>272 629</b>	<b>305 645</b>	<b>4 840 099</b>
<b>EBITDA %</b>	<b>3%</b>	<b>3%</b>	<b>10%</b>
Depreciation and amortization	(1 223 424)	(1 459 055)	(5 187 395)
<b>EBIT</b>	<b>(950 795)</b>	<b>(1 153 410)</b>	<b>(347 296)</b>
<b>EBIT %</b>	<b>-10%</b>	<b>-13%</b>	<b>-1%</b>
<b>OTHER INCOME AND EXPENSES</b>	<b>(442 944)</b>	<b>(569 995)</b>	<b>(2 113 246)</b>
Interest and similar income	446	680	24 284
Interest and similar expenses	(443 391)	(570 675)	(2 137 530)
<b>EBT</b>	<b>(1 393 740)</b>	<b>(1 723 405)</b>	<b>(2 460 542)</b>
<b>EBT %</b>	<b>-15%</b>	<b>-20%</b>	<b>-5%</b>
Income tax expense	0	0	(3 426)
<b>Profit / (loss) for the period from continuing operations</b>	<b>(1 393 740)</b>	<b>(1 723 405)</b>	<b>(2 463 968)</b>
<b>Profit / (loss) for the period %</b>	<b>-15%</b>	<b>-20%</b>	<b>-5%</b>
<b>Profit / (loss) for the period from discounted operations, net of tax</b>	<b>71 086</b>	<b>76 378</b>	<b>(31 987)</b>
<b>Profit / (loss) for the period</b>	<b>(1 322 654)</b>	<b>(1 647 027)</b>	<b>(2 495 955)</b>

\* The numbers for 2022 have changed as a result of the adjustment of Russia ruble exchange rates.

## Consolidated balance sheet (not audited) EUR

Description	31.03.2023	31.03.2022	31.12.2022
<b>ASSETS TOTAL</b>	<b>36 179 720</b>	<b>43 490 517</b>	<b>36 768 845</b>
<b>NON-CURRENT ASSETS</b>	<b>28 848 525</b>	<b>35 802 742</b>	<b>29 282 450</b>
Intangible assets	13 009 266	13 335 104	13 063 441
Property, plant and equipment	15 839 259	22 467 638	16 219 009
<b>CURRENT ASSETS</b>	<b>7 331 195</b>	<b>7 687 775</b>	<b>7 486 395</b>
Inventories	1 463 067	1 207 786	1 375 606
Trade receivables	5 412 986	5 602 033	5 609 228
Deferred income tax assets	0	1 126	0
Cash	455 142	876 830	501 562
<b>LIABILITY TOTAL</b>	<b>36 179 720</b>	<b>43 490 517</b>	<b>36 768 846</b>
<b>Equity</b>	<b>8 408 975</b>	<b>10 485 402</b>	<b>9 646 977</b>
Share capital	33 316 278	33 316 278	33 316 278
Assets revaluation reserves	11 590	16 226	12 749
Reserves	80 783	(19 006)	(5 028)
Retained earnings	(24 999 676)	(22 828 096)	(23 677 022)
<b>DEFERRED LIABILITIES</b>	<b>956 009</b>	<b>1 082 869</b>	<b>889 555</b>
Deferred income tax liabilities	0	1 213	0
Other provisions	956 009	1 081 656	889 555
<b>LIABILITIES</b>	<b>26 814 736</b>	<b>31 922 246</b>	<b>26 232 314</b>
Non-current liabilities	10 685 242	18 800 950	9 725 166
Current liabilities	16 129 494	13 121 296	16 507 148

\*The numbers for 2022 have changed as a result of the adjustment of Russia ruble exchange rates.



## Financial reservations (not audited)

At the end of March 2023, Storent has fulfilled financial reservations.

	<b>31.03.2023</b>
<b>EBITDA 12 months</b>	<b>4 807 083</b>
<b>Net debt</b>	<b>17 590 502</b>
<b>Net Debt / EBITDA Ratio</b>	<b>3.7</b>
<b>Shareholder equity and owners subordinated loan</b>	<b>10 888 975</b>
<b>Total assets</b>	<b>36 179 720</b>
<b>Shareholder equity to Assets</b>	<b>30%</b>