



# **AS Storent Investments Interim report**

**July – September 2022**

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## Management report

Storent was established in 2008 in Latvia with an objective to become the most efficient construction equipment rental company in the Baltics and the Nordic countries. Currently Storent group operates in 6 countries with 28 rental depots. Group annual turnover reached 42.9 million euros in 2021.

Storent Group operation was profitable in reporting period and total revenue for Q3 increased by half a percentage point compared to the same period last year. In the 3rd quarter of 2022, the negative impact of the geopolitical situation was observed in the construction industry, market activity decreased and there was higher uncertainty about the future in our main region, the Baltic States. Several major construction projects were halted or postponed indefinitely, but the prices of raw material stabilized as a result of new supply chains established by builders. The general rise in prices in construction and 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 the implementation of the digital strategy and the improvement of efficiency, as well as the cooperation started with the PreferRent and Cargopoint online platforms.

In Baltic countries, despite a significant drop in construction market rental revenues decreased by 4% only compared to the same period last year. Rental revenues slightly increased in Latvia, but were lower than a year ago in Lithuania and Estonia. The level of online orders has stabilized and it accounts for about 50% of total income of the company in the Baltic States. More than 85% of rental income comes from the deals with a digital signature. Digital signing of rental contracts improves efficiency of daily operations and it makes the equipment rental process much easier.

In the Nordic region, geopolitical situation and the impact of sanctions in the construction market are less visible than in the Baltics, and rental results were by 1% higher compared to the 3rd quarter of 2021. Finland shows particularly good results, where it has also been possible to increase equipment rental prices. In Finland, the implementation of the digital strategy continues, online transactions account for 11% of the total transaction value and more than 60% of all orders are signed digitally.

Revenues in Kaliningrad decreased by 4% in the 3rd quarter of 2022 compared to the 3rd 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. Uncertainty is expected to continue in the coming months, promoted by the geopolitical situation and the impact of sanctions. Subsidiary in Kaliningrad revenue is less than 2% from Storent groups total revenue and operations are running independently from Storent group.

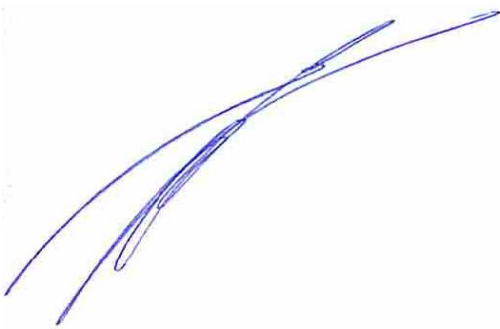
In the 4th quarter of this year, the company will continue to focus on the development of online sales, digital transformation and increasing efficiency. Company aims to reach 50% sales online and 90%

deals signed digitally by the end of 2022. The group will continue to develop its IT solutions to meet future needs and to allow the rental process to be carried out even faster and more conveniently. It is expected to test first functionalities of the new IRMS (Intelligent Rental Management System) in late autumn 2022. Despite the very high level of inflation, especially in the Baltic countries, construction companies continue to work and implement projects. The realization of the largest Baltic project "Rail Baltica" is also actively continuing.

## Statement of the management board

The financial and other additional information published in the Interim report July – September 2022 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 2022 is not yet audited.



Andris Bisnieks

Member of the Management Board



Andris Pavlovs

Member of the Management Board

## Consolidated income statement (unaudited) EUR

Description	Q 3 2022	Q 3 2021	01.01.2022- 30.09.2022	01.01.2021- 30.09.2021	2021 total
<b>REVENUE</b>	<b>13 098 099</b>	<b>13 033 241</b>	<b>34 246 129</b>	<b>32 716 160</b>	<b>44 222 122</b>
Net revenue	13 009 065	12 877 213	33 945 007	32 380 406	42 917 107
Other operating income	89 033	156 029	301 122	335 754	1 305 015
<b>EXPENSES</b>	<b>(11 442 492)</b>	<b>(10 611 537)</b>	<b>(30 380 937)</b>	<b>(28 039 055)</b>	<b>(38 461 116)</b>
Costs of material and services received	(7 782 544)	(7 095 398)	(19 557 106)	(17 343 859)	(23 781 296)
Personnel expenses	(1 766 900)	(1 820 914)	(5 393 332)	(5 622 835)	(8 777 053)
Other operating expenses	(1 893 048)	(1 695 226)	(5 430 499)	(5 072 361)	(5 902 767)
<b>EBITDA</b>	<b>1 655 607</b>	<b>2 421 704</b>	<b>3 865 193</b>	<b>4 677 105</b>	<b>5 761 005</b>
<b>EBITDA %</b>	<b>13%</b>	<b>19%</b>	<b>11%</b>	<b>14%</b>	<b>13%</b>
Depreciation and amortization	(1 308 191)	(1 559 589)	(4 068 546)	(5 184 493)	(6 687 147)
<b>EBIT</b>	<b>347 416</b>	<b>862 115</b>	<b>(203 353)</b>	<b>(507 388)</b>	<b>(926 142)</b>
<b>EBIT %</b>	<b>3%</b>	<b>7%</b>	<b>-1%</b>	<b>-2%</b>	<b>-2%</b>
<b>OTHER INCOME AND EXPENSES</b>	<b>(302 626)</b>	<b>(587 774)</b>	<b>(1 411 097)</b>	<b>(1 761 220)</b>	<b>(2 419 054)</b>
Interest and similar income	1 683	1 982	3 955	108 106	23 597
Interest and similar expenses	(561 227)	(589 756)	(1 671 970)	(1 869 326)	(2 442 651)
Extraordinary income	256 918	0	256 918	0	0
<b>EBT</b>	<b>44 790</b>	<b>274 341</b>	<b>(1 614 450)</b>	<b>(2 268 608)</b>	<b>(3 345 196)</b>
<b>EBT %</b>	<b>0%</b>	<b>2%</b>	<b>-5%</b>	<b>-7%</b>	<b>-8%</b>
Income tax expense	(13 275)	(5 826)	(25 998)	(7 029)	(57 655)
<b>Profit / (loss) for the year</b>	<b>31 515</b>	<b>268 515</b>	<b>(1 640 448)</b>	<b>(2 275 637)</b>	<b>(3 402 850)</b>
<b>Profit / (loss) for the year %</b>	<b>0%</b>	<b>2%</b>	<b>-5%</b>	<b>-7%</b>	<b>-8%</b>

## Consolidated Balance sheet (unaudited) EUR

Description	30.09.2022	30.09.2021	31.12.2021
<b>ASSETS TOTAL</b>	<b>39 097 351</b>	<b>50 728 571</b>	<b>45 501 340</b>
<b>NON-CURRENT ASSETS</b>	<b>30 563 370</b>	<b>38 358 407</b>	<b>36 737 058</b>
Intangible assets	13 285 665	13 318 672	13 352 947
Property, plant and equipment	17 277 705	25 039 735	23 384 111
<b>CURRENT ASSETS</b>	<b>8 533 981</b>	<b>12 370 164</b>	<b>8 764 282</b>
Inventories	1 273 174	1 141 655	1 565 312
Trade receivables	6 539 971	10 462 109	6 277 516
Deferred income tax assets	898	0	1 186
Cash	719 938	766 400	920 268
<b>LIABILITY TOTAL</b>	<b>39 097 351</b>	<b>50 728 571</b>	<b>45 501 340</b>
<b>Equity</b>	<b>10 496 534</b>	<b>13 276 072</b>	<b>12 131 234</b>
Share capital	33 316 278	33 316 278	33 316 278
Assets revaluation reserves	13 908	18 544	17 385
Reserves	(12 138)	(4 894)	(21 362)
Retained earnings	(22 821 515)	(20 053 856)	(21 181 067)
<b>DEFERRED LIABILITIES</b>	<b>837 260</b>	<b>851 750</b>	<b>1 086 859</b>
Deferred income tax liabilities	936	0	1 286
Other provisions	836 324	851 750	1 085 573
<b>LIABILITIES</b>	<b>27 763 557</b>	<b>36 600 749</b>	<b>32 283 247</b>
Non-current liabilities	16 319 808	20 771 374	8 295 364
Current liabilities	11 443 749	15 829 375	23 987 883

## Financial covenants (unaudited)

Storent has fulfilled financial covenants at the end of September 2022.

	30.09.2022
<b>EBITDA 12 months</b>	<b>4 949 093</b>
<b>Net debt</b>	<b>13 957 966</b>
<b>Net Debt / EBITDA Ratio</b>	<b>2.8</b>
<b>Adjusted shareholder equity</b>	<b>16 862 250</b>
<b>Total assets</b>	<b>39 097 351</b>
<b>Shareholder equity to Assets</b>	<b>43%</b>