

# AS STORENT HOLDING INTERIM REPORT

**JANUARY – MARCH  
2024**





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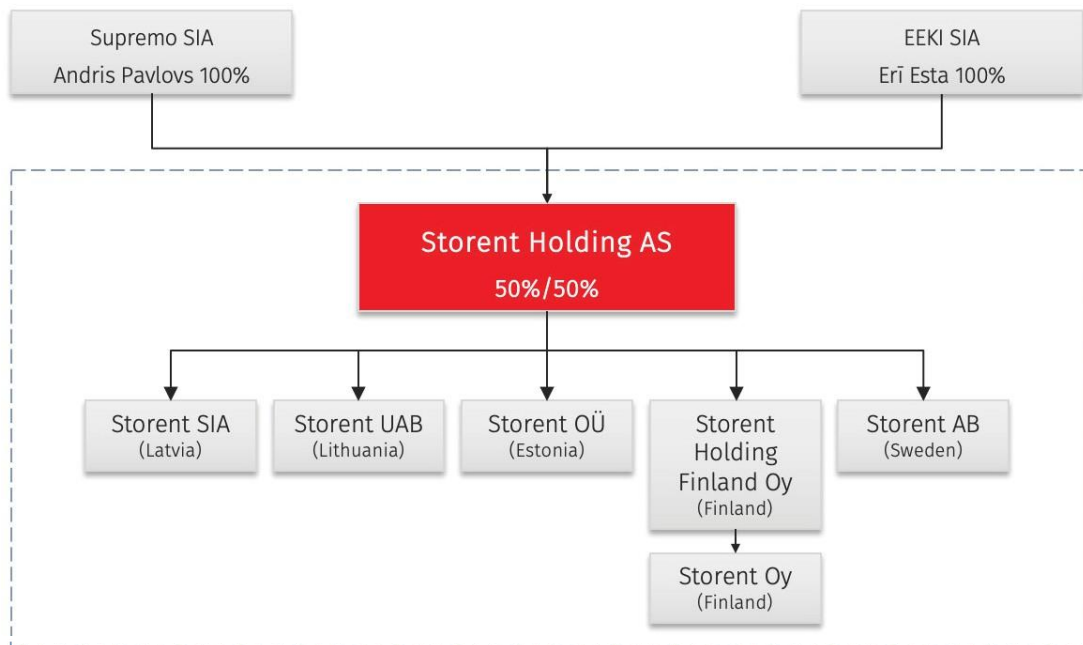
# MANAGEMENT REPORT

Storent was founded in Latvia in 2008 with the primary goal of establishing itself as the most efficient and innovative construction equipment rental company in the Baltics and the Nordic countries. Currently it is operating in Europe with 27 rental depots over five countries. In 2023, the turnover of the Group reached 43.8 million euro.

In Q1 of 2024 the Group reached turnover of 8.46 million euro, EBITDA 1.67 million euros. In accordance with the Group's strategic framework, as of January 1st, the Group has completed very complicated transition from existing ERP systems to the new cloud-based systems in all 5 operating countries and Holding company consisting of Intelligent Rental Management System (IRMS), Microsoft Dynamics 365 for finance and operations, business intelligent system Microsoft Power BI, Private web shop and GPS Telemetry with integration with PreferRent Marketplace, PreferRent Equipment sharing, PreferRent Equipment provision and Cargopoint Digital Freight Platform. Group was preparing to this transition for 2 years since existing system that was in use starting from 2008 when Group was established, the previous ERP systems was a bottle neck for planned rapid growth of the Group. Taking in account complexity and size of rental business, the main focus from all team was for implementation process. The change of ERP systems was planned for the low season to ensure that there are no issues during the high season to make rental process as smoothly as possible and to have the lower implementation effect on Group results. Although the transition turned out to be more challenging than anticipated, the teams from all Groups operational countries have worked closely with IT support leading to significant progress in overcoming technical obstacles. The biggest part of implementation process is already done and management estimates to finish full ERP systems implementation by the end of Q2. Despite of challenging implementation of ERP systems the rental income increased by 2%, compared to Q1 of 2023 with the highest income growth in Baltic countries reaching 7% increase. The Group's total sales decrease in Q1 of 2024 by 5% compared to the same period last year. This change is explained by the challenges of repair and transportation services invoicing and lower sales of older equipment to the auctions. IT system implementation and low season led to 942 thousand euro losses during the first quarter, with largest increase in interest expenses, depreciation and personal expenses.

In April and May season is picking up and rental income estimation is with two-digit growth compared to the same period last year and estimation already is with positive bottom line and more positive trend should come with each next month. Great focus of the Group is the logistics of managing the new equipment acquired in the worth of 13 million euro in 2023 and new investment plan in amount more than 20 million euro. As new deliveries are arriving constantly, additional trainings for sales teams and mechanical specialists are organized to ensure high quality maintenance and thorough understanding of the use of every new addition to the fleet. It takes 2-8 weeks from equipment receiving until they are ready for rent due to equipment checking, registration and delivering between 27 rental depots so effect on income comes with delay.

Reorganization of company was completed in March 2024, that simplified the Group's legal structure. The shares of Storent SIA (Latvia), Storent OÜ (Estonia), Storent UAB (Lithuania), Storent Holding Finland Oy (Finland), and Storent AB (Sweden) from Storent Investments were invested in Storent Holdings as material investments. Also, the Group disposed its equity interest of Storent OOO, a company registered in the Kaliningrad region, Russia. As a result of this reorganization, the share capital of the Group increased to 33.5 million euro. Additionally, the corporate name of Storent Holdings was changed to Storent Holding and its corporate form from was altered from a limited liability company (lv sabiedrība ar ierobežotu atbildību or SIA) to a joint-stock company (lv akciju sabiedrība or AS). The new structure of the Group is illustrated in the next page.



In March 2024, Storent Holding AS had a new bond issue of 7 million euro, that was the second bond issue in a row to be oversubscribed. During the offer period investors submitted 1,445 subscription orders. As a result of the big investor interest, through issuance of bonds the Group raised total amount of 10 million euro in March 2024. Funds are used to accelerate the company's expansion, continue enlarging the equipment park, and open new rental depots.

The operations in the Baltic region, which account for approximately 72% of the Group's net revenue, showed a rental revenue increase of 7%, compared to Q1 of 2023. The increase was promoted by involvement in large industrial projects, such as the Rail Baltic, wind parks in Lithuania, as well as many projects in the military sector. Especially the demand for large machinery, forklifts, telescopic loaders, etc., rose. The Group is already renting out the new equipment acquired last year, as well as continuing its work on further digitalization. Market data shows that overall, the construction market in Baltics will grow steadily.

In the Nordic countries construction volumes in 2023 are stagnating and market forecasts show that the construction sector will start to grow again in 2025. The Group's strategy to overcome the market drop is to continue the focus on specific product groups that prove to be in demand. As groundwork for the niche player strategy has been laid, the Group is seeing the first results of diversifying the customer segment and diminishing its reliance on construction market in Nordic countries. Finland operations is working with several large industrial customers in the Northern region of Finland. Sweden is fully focusing on rental telescopic handlers and related services as its spearhead in the market.

The management of the Group predicts that in 2024 the turnover will continue to grow, as a result of system improvements, structural changes and investments in the fleet exceeding 20 million euro. The construction market has a big impact on the company's result. The management of the Group monitors its tendencies closely, and swiftly adjusts its strategy. Additionally, the Group is leveraging other markets to sustain business success, such as the military, event and agricultural sectors. The strategy is clear, external financing is attracted, now the focus of the Group for 2024 is to execute the plans and therefore to increase the market share and improve the company's profitability even more. The Group is actively looking for further growth in all countries via additional investments in fleet, as well as Merger and Acquisition deals. The Group owners are looking for capital increase and considering IPO to be one of the options.

# STATEMENT OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim report January – March 2024 is true and complete. The 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 January – March 2024 is not yet audited.



**Andris Pavlovs**

Chairman of the Management Board

# CONSOLIDATED INCOME STATEMENT

(unaudited) EUR

	2024 - Q1 EUR	2023 - Q1 EUR	2023 total EUR
Net revenue	8 110 704	8 731 336	42 667 128
Other operating income	347 736	231 473	1 086 126
Cost of materials and services	(2 954 494)	(3 317 833)	(15 499 946)
Personnel costs	(2 395 420)	(2 066 422)	(8 830 068)
Other operating expenses	(1 381 342)	(1 483 675)	(6 185 693)
Impairment gain / (loss) on trade receivables and contract asset	(49 848)	34 463	475 170
<b>EBITDA</b>	<b>1 677 337</b>	<b>2 129 343</b>	<b>13 712 718</b>
<b>EBITDA %</b>	<b>20%</b>	<b>24%</b>	<b>31%</b>
Depreciation and amortization	(1 735 388)	(1 601 670)	(6 135 910)
<b>EBITDA</b>	<b>(58 051)</b>	<b>527 673</b>	<b>7 576 807</b>
<b>EBIT %</b>	<b>-1%</b>	<b>6%</b>	<b>17%</b>
Finance income	17 032	446	680 403
Finance expenses	(901 836)	(430 017)	(2 751 468)
<b>Profit / (loss) before income tax</b>	<b>(942 856)</b>	<b>98 102</b>	<b>5 505 742</b>
<b>Profit / (loss) before income tax, %</b>	<b>-11%</b>	<b>1%</b>	<b>13%</b>
Income tax income / (expenses)	-	-	(902 461)
<b>Profit/(loss) from continuing operations</b>	<b>(942 856)</b>	<b>98 102</b>	<b>4 603 281</b>
<b>Profit/(loss) from discontinuing operation, net of tax</b>	<b>-</b>	<b>(55 809)</b>	<b>177 782</b>
<b>Profit / (loss) for the period</b>	<b>(942 856)</b>	<b>42 293</b>	<b>4 781 063</b>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on foreign currency operations	-	-	16 335
Revaluation reserve	-	-	40 419 028
<b>Other comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>40 435 363</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>(942 856)</b>	<b>42 293</b>	<b>45 216 426</b>

# CONSOLIDATED BALANCE SHEET

(unaudited) EUR

## ASSETS

	31.03.2024	31.03.2023	31.12.2023
	EUR	EUR	EUR
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Licences and similar rights	41 021	54 177	44 084
Computer software	2 665 508	1 967 966	2 364 665
Intangible assets in process	463 690	-	252 950
Goodwill	10 987 123	10 987 122	10 987 122
TOTAL Intangible assets	<b>14 157 342</b>	<b>13 009 265</b>	<b>13 648 821</b>
<b>Property, plant and equipment</b>			
Lands and buildings	558 706	186 341	187 129
Machinery and equipment	76 226 647	26 929 497	75 817 942
Other fixed assets	1 507 698	534 659	1 271 859
Creation of property, plant and equipment	186 851	140 454	706 589
TOTAL Property, plant and equipment	<b>78 479 902</b>	<b>27 790 952</b>	<b>77 983 519</b>
<b>Other non-current assets</b>			
Loans to Company's shareholders	2 098 384	150 000	3 000 000
TOTAL Other non-current assets	<b>2 098 384</b>	<b>150 000</b>	<b>3 000 000</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>94 735 628</b>	<b>40 950 217</b>	<b>94 632 340</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>	1 159 896	1 027 099	804 899
<b>Receivables</b>			
Trade receivables	6 311 970	5 420 779	5 768 478
Contract assets	1 143	2 286	1 143
Other receivables	969 434	240 904	362 880
Prepaid expenses	252 768	246 730	320 117
TOTAL Receivables	<b>7 535 316</b>	<b>5 910 699</b>	<b>6 452 618</b>
<b>Cash and cash equivalents</b>	6 656 170	482 787	1 717 088
<b>Non-current assets held for sale</b>	-	100 000	188 820
<b>TOTAL CURRENT ASSETS</b>	<b>15 351 382</b>	<b>7 520 585</b>	<b>9 163 425</b>
<b>TOTAL ASSETS</b>	<b>110 087 010</b>	<b>48 470 802</b>	<b>103 795 765</b>

# CONSOLIDATED BALANCE SHEET

## (unaudited) EUR | EQUITY AND LIABILITIES

	31.03.2024	31.03.2023	31.12.2023
EQUITY	EUR	EUR	EUR
<b>Share capital</b>	33 500 000	18 150 000	18 150 000
Reserves:			
Revaluation reserve	25 069 028		40 419 028
Foreign currency translation reserve	-	(42 254)	(78 993)
Other reserves	26 774	26 774	26 774
Retained earnings:			
Retained earnings/ (accumulated losses)	(942 856)	42 293	4 781 063
Previous reporting periods retained earnings/ (loses)	5 814 631	4 912 380	2 513 910
<b>TOTAL EQUITY</b>	<b>63 467 577</b>	<b>23 089 194</b>	<b>65 811 782</b>
<b>CREDITORS</b>			
<b>Long-term liabilities</b>			
Issued bonds	23 576 310	-	14 609 965
Lease liabilities	11 376 271	3 112 479	10 071 222
Other borrowing	-	5 160 649	-
Deferred income	300 213	-	280 577
Deferred income tax liabilities	-	-	211 891
<b>TOTAL Long-term liabilities</b>	<b>35 252 795</b>	<b>8 273 128</b>	<b>25 173 655</b>
<b>Short-term liabilities</b>			
Issued bonds	-	4 870 500	41 250
Borrowings from related parties	-	340 633	901 717
Lease liabilities	4 527 811	4 587 189	4 141 824
Other borrowing	221 313	1 322 923	676 832
Contract liabilities	250 282	228 103	459 935
Trade payables	3 385 618	3 039 699	3 882 761
Corporate income tax	242 115	-	36 835
Taxes and mandatory state social insurance contributions	473 380	625 106	541 407
Deferred income	74 821	42 064	94 457
Other provisions	289 444	361 367	310 616
Other liabilities	388 268	342 353	418 728
Accrued liabilities	1 513 587	1 229 071	1 215 146
Liabilities directly associated with the assets held for sale	-	119 474	88 820
<b>TOTAL Short-term liabilities</b>	<b>11 366 639</b>	<b>17 108 480</b>	<b>12 810 328</b>
<b>TOTAL LIABILITIES</b>	<b>46 619 433</b>	<b>25 381 608</b>	<b>37 983 983</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>110 087 010</b>	<b>48 470 802</b>	<b>103 795 765</b>



# FINANCIAL COVENANTS

**(unaudited) EUR**

Storent has fulfilled both financial covenants at the end of March 2024.

31.03.2024

EBITDA 2023 total	13 712 718
EBITDA 2023 3 month	(2 129 343)
EBITDA 2024 3 month	1 677 336
<b>EBITDA 12 month</b>	<b>13 260 711</b>
Issued bonds	23 576 310
Lease liabilities	11 376 271
Other borrowing	-
<b>Long-term liabilities</b>	<b>34 952 581</b>
Lease liabilities	4 527 811
Other borrowing	221 313
<b>Short-term liabilities</b>	<b>4 749 124</b>
<b>Cash and cash equivalents</b>	<b>(6 656 170)</b>
<b>Net debt</b>	<b>33 045 535</b>
<b>Net Debt /EBITDA Ratio</b>	<b>2.49</b>
Total Equity	63 467 577
Total assets	110 087 010
<b>Shareholder equity to Assets</b>	<b>58%</b>

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