STORENT
RENTAL EQUIPMENT EXPERTS

AS STORENT HOLDING INTERIM REPORT

APRIL – JUNE 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 construction equipment rental company in the Baltic and Nordic countries. Currently, the Storent group has 26 rental depos in 5 countries. In 2023, the turnover of the Group reached 44 million euros.
In the first half of 2024, Storent reached a consolidated revenue of almost 20 million euros. In order to accelerate its long-term growth, Storent has invested significantly in equipment, information technology and human resources. Such investments are the first precondition to any rental company to enable further growth. Investment decisions Storent management made based on upcoming years market potential and growth. According forecast of the construction market research company Forecon, the rental equipment market is expected to grow by 6% in 2025 in Baltics, and by 8% in Finland and 4% in Sweden in 2025. The largest growth, 11%, is expected to be in Latvia, which is the Groups biggest market. To be able to realize favorable market condition in 2025, the Group needs to make significant investments already in 2024.

During the first 6 months of 2024, Storent invested 15,5 million euros in replacement and expansion of its fleet. In the coming months, total investments in the fleet will reach 25 million euros. The investments in fleet have been made taking into account the specifics and demand of each market Storent operates in. Significant part of investments is spent on the product groups of lifts, earthmoving equipment, telescopic handlers and generators.

In accordance with the Group's strategic framework, as of January 1st, the Group has completed very complicated transition from existing ERP systems to 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. The total investment in all IT systems by the end of June 2024 is 4.7 million euro and additionally 1 million euro will be invested to obtain full benefits and efficiency from the new IT systems.

To ensure continuous growth of the Company, the Group is investing significant resources in the main asset – team of experts Experienced specialists were added to the team, including a new independent Board Member of the Group, and a new Country Manager in Sweden. To retain employees and promote high achievement, the Group is developing a new ermuneration system. To enhance effectiveness, Storent is offering its employees training, as well as ongoing support in performing tasks. Special attention is paid to mastering the new equipment and enhancing a work culture based on Storent’s values. Storent works relentlessly to become the most attractive employer in the industry. As a result of the implemented changes, the personnel costs have increased by 18%.

The profit indicators of the first half of the year were negatively affected by the increasing personnel costs, depreciation and significantly higher interest payments. Although the first half of the year ended with losses, the Group's management predicts a successful second half of the year and it is planned to end 2024 with a profit. In the rental turnover for first half of the year, the largest increase, 21%, was for split rented equipment. This turnover brings much less profit to the Group. However, the significant increase of the indicator proves that the Group is capable of renting out much larger volumes of equipment than it currently has available and can invest more in its own fleet. The rental income from our own equipment increased by 3% compared to the same period last year. As it is the beginning of high season in rental, and the new equipment is just put into circulation, the rental income from Storent equipment is increasing every month. The forecast for July shows that income from own equipment will reach increase of 30%. By country the growth of rent income from own equipment shall reach 96% in Estonia, 41% in Sweden, 24% in Lithuania, 22% in Latvia and 15% in Finland.

Main financial results of Storent , H1 and Q2

Thousands euro	2024 H1	2023 H1	Difference	Difference %	2024 Q2	2023 Q2	Difference	Difference %
Total revenue	**19 858**	**19 866**	**-8**	**0%**	**11 400**	**10 904**	**496**	**5%**
Total rent income	**15 998**	**15 041**	**957**	**6%**	**9 138**	**8 347**	**791**	**9%**
Rent income own fleet	12 160	11 863	297	3%	6 895	6 672	223	3%
Rent income splitrent	3 838	3 178	660	21%	2 243	1 675	568	34%
EBITDA	**4 442**	**5 797**	**-1 355**	**-23%**	**2 765**	**3 668**	**-903**	**-25%**
EBITDA %	22%	29%			24%	34%		
EBIT	**710**	**2 633**	**-1 923**	**-73%**	**768**	**2 105**	**-1 337**	**-64%**
EBIT %	4%	13%			7%	19%		
EBT	**-1 224**	**1 647**	**-2 871**	**-174%**	**-281**	**1 549**	**-1 830**	**-118%**
EBT %	-6%	8%			-2%	14%		

The return of new investments is reflected in the financial indicators gradually. When companies invest intensively, their debt increases instantly but the effect on EBITDA will come in the next 12 months. As a result of the rapid investments, on 30.06.2024 Storent Holding exceeded the financial indicator Net Debt/EBITDA reaching 3.74 instead of the previously agreed 2.5. Larger amount of investment in equipment and IT increased Group's liabilities in the short term while investments in human resources decreased EBITDA.

Net debt is calculated by subtracting the amount of cash from the Group's liabilities. Storent liabilities increased due to financing of the new equipment, but cash decreased as dividend payments were made to allow the owners to make a final settlement with the previous owner. As a result, a commercial pledge on the company's assets worth 15 million was released. At the end of reporting period Storent doesn't have any other commercial pledges for assets.

In order to further develop and seize the market potential, Storent will initiate a voting for bondholders with an offer to change the Net Debt / EBITDA financial indicator. In the equipment rental industry, this financial ratio is usually above 4. For example, for the Europe's largest companies, Loxam No.1 in Europe and Boel No.4 in Europe, whose subsidiaries (Ramirent and Cramo) are Storent's main competitors in the Baltics and Nordic countries, this ratio is 4.7 and 3.5. The second financial indicator, the ratio of equity capital to total assets as of 30.06.2024 for Storent Holding is 51%, which is significantly higher than the competitors' indicator and also above the minimum amount of 35% stipulated in the bond prospectus.

The comparison of financial indicators, *thousand euro*

	Storent	Storent	Loxam[1]	Boels[1]
	30.06.2024	31.12.2023	31.12.2023	31.12.2023
EBITDA 12 month	12 358	13 713	926 200	555 910
Long-term liabilities	40 638	24 681	3 925 155	1 856 540
Short-term liabilities	6 347	5 762	560 187	136 451
Cash and cash equivalents	(742)	(1 717)	(140 793)	(41 709)
Net debt	46 243	28 726	4 344 549	1 951 282
Net Debt /EBITDA ratio	**3.77**	**2.1**	**4.7**	**3.5**
Total equity	60 263	65 812	785 231	515 578
Total assets	118 837	103 796	6 040 331	2 908 794
Shareholder equity to assets ratio	**51%**	**63%**	**13%**	**18%**

[1]Public available annual reports of Loxam and Boels for 2023

In mid-August, Storent will offer bondholders a vote on changing the financial indicators, allowing the NetDebt/EBITDA to be lower than 4 starting from the 3rd quarter of 2024 to the 2nd quarter of 2025, while starting from the third quarter of 2025, it will offer to reduce it to 3.5.

Additionally, Storent's management has made a forecast for the remaining months of the year and made sure that it secures cash flow, and the Group is able to cover all liabilities, including bond interest. Non-current fixed asset fair value has increased up to 89.6 million euros at the same time Group's interest bearing debt is almost two times lower reaching 47.0 million euros. 54.1 million euro from tangible fixed assets are not pledged and fully belongs to Storent. Right of use assets (fixed assets bought through leasing) in fair value of 35.5 million euros have lease liability debt in amount of 19.3 million euros.

Overview by Region

In the Baltic region, Storent is involved in all the biggest construction projects, such as RailBaltica. The company has a notable income from co-operation with the military segment. In the Nordics, Storent has a good reputation for offering a wide range of lifting solutions and, specifically in Sweden – the company is known for its expertise in telehandlers. The Storent Group has opened new rental depots in Saldus, Latvia and Vilnius, Lithuania as well as expanded operations in the East of Finland.

Changes in Storen's revenue by regions H1 2024, as compared to H1 2023

Region	Total revenue	Total rent income	Rent income own fleet	Rent income split-rent
Storent total	0%	+ 6%	+ 3%	+ 21%
Baltic	+ 3%	+ 8%	+ 5%	+ 21%
Nordics	- 3%	+1%	- 2%	+ 8%

As shown in the table, Storent growth is fastest in the Baltic region, it makes 72% of the total revenue.

Latvia: The goal of the Storent is to maintain the leading market position. Rent income grew by 8%. In the spring, a rental depot was opened in Saldus, West Latvia. Storent is present in all of the biggest construction projects in the country. Also, there are numerous signed agreements for the upcoming projects in residential building and road construction.

Estonia: In Estonia, the first half of 2024 has been the most successful ever. In Q1, rental income increased by 23%, in Q2 - by 60%compared to the same period last year. It is estimated that Storent will double its income in July, as compared to the last year, despite stagnation of the rental market. The sales activities have significantly increased, and the sales strategy has proven to be successful. Storent is involved in the biggest infrastructure projects in the region including power station renovations. As Storent is not covering the whole territory of the country, there is still room for expansion in the area and higher income rates.

Lithuania: With a focus on Vilnius and Kaunas areas, Storent shows positive trend in other regions as well. A new depot opened in Vilnius in July, and further expansion in other areas is planned. The results show positive trends. The market is favorable for further development with extensive road reconstruction in Vilnius, as well as new military bases development.

Sweden: Storent continues to advance in its chosen niche, focusing on renting telehandlers and lifting equipment, and engaging in construction projects throughout Sweden. The depot has moved to new premises, offering better service to customers and better working conditions for employees. Due to significant gaps in the team, the results are still behind plan, making recruitment a main objective for the first half of 2024. Nevertheless, Storent managed to increase significantly in telescopic handler product group replacing numerous split-rent machines with newly acquired own equipment units which will result in 41% increase in own equipment rent estimation in July 2024. Market forecasts indicate positive trends for 2025, this ending several yearlong economic crisis.

Finland: The stagnating Finnish construction market forces Storent to look for new business opportunities in other regions and sectors, as well as broaden its services. Storent has expanded activities in the Eastern regions of the country and introduced itself to the Finnish market as a supplier of generators and scaffolding solutions. Efforts to push into new sectors are showing positive trends and of the 50 biggest customers 44% are new. Truck-mounted crane services remain a significant and profitable part of Storent's business, with revenue results improving by 7% compared to last year. In July rent income estimate of own equipment shows 15% increase.

STATEMENT OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim report April – June 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 April – June 2024 is not yet audited.

Andris Pavlovs
Chairman of the Management Board

CONSOLIDATED INCOME STATEMENT

(unaudited) EUR

	2024 - Q2 EUR	2023 - Q2 EUR	2024-06 EUR	2023-06 EUR	2023 kopā EUR
Net revenue	11 280 265	10 716 571	19 390 969	19 447 907	42 667 128
Other operating income	119 525	187 083	467 261	418 556	1 086 126
Cost of materials and services	(4 354 804)	(3 832 150)	(7 309 298)	(7 149 983)	(15 499 946)
Personnel costs	(2 555 155)	(2 131 423)	(4 950 575)	(4 197 845)	(8 830 068)
Other operating expenses	(1 668 863)	(1 519 178)	(3 050 205)	(3 002 853)	(6 185 693)
Impairment gain / (loss) on trade receivables and contract asset	(55 843)	247 025	(105 691)	281 488	475 170
EBITDA	**2 765 125**	**3 667 928**	**4 442 461**	**5 797 270**	**13 712 717**
EBITDA %	**24%**	**34%**	**22%**	**29%**	**31%**
Depreciation and amotrization	(1 997 148)	(1 562 669)	(3 732 536)	(3 164 339)	(6 135 910)
EBITDA	**767 977**	**2 105 259**	**709 925**	**2 632 931**	**7 576 807**
EBIT %	**7%**	**19%**	**4%**	**13%**	**17%**
Finance income	216 103	(11)	233 135	421	680 403
Finance expenses	(1 264 994)	(556 444)	(2 166 830)	(986 447)	(2 751 468)
Profit / (loss) before income tax	**(280 914)**	**1 548 804**	**(1 223 770)**	**1 646 905**	**5 505 742**
Profit / (loss) before income tax, %	**-2%**	**14%**	**-6%**	**8%**	**13%**
Income tax income / (expenses)	(498 457)	1 687	(498 457)	1 687	(690 570)
Deferred income tax	-	-	-	-	(211 891)
Profit/(loss) from continuing operations	(779 371)	1 550 491	(1 722 227)	1 648 592	4 603 281
Profit/(loss) from discontinuing operation, net of tax	-	-	-	149 830	177 782
Profit / (loss) for the period	**(779 371)**	**1 550 491**	**(1 722 227)**	**1 798 422**	**4 781 063**
Items that may be reclasified subsequently to profit or loss					
Exchange differences on foreign currency operations	78 993	(26 478)	78 993	(26 478)	(47 192)
Revaluation reserve	-	-	-	-	40 371 836
Other comprehensive income/(loss) for the period	**78 993**	**(26 478)**	**78 993**	**(26 478)**	**40 324 644**
Total comprehensive income/(loss) for the period	**(700 378)**	**1 524 013**	**(1 643 234)**	**1 771 944**	**45 105 707**

CONSOLIDATED BALANCE SHEET

(unaudited) EUR

ASSETS

NON-CURRENT ASSETS	30.06.2024 EUR	31.12.2023 EUR
Intangible assets		
Licences and similar rights	38 206	44 084
Computer software	2 997 892	2 364 665
Intangible assets in process	658 280	252 950
Goodwill	10 987 122	10 987 122
TOTAL Intangible assets	**14 681 500**	**13 648 821**
Property, plat and equipment		
Lands and buildings	173 005	178 335
Machinery and equipment	52 774 832	53 397 924
Other fixed assets	736 505	300 582
Fixed assets in process	396 987	706 589
TOTAL Property, plat and equipment	**54 081 329**	**54 583 430**
Rights of use assets	**35 501 850**	**23 400 089**
Other non-current assets		
Loans to Company's shareholders	2 845 352	3 000 000
TOTAL Other non-current assets	**2 845 352**	**3 000 000**
TOTAL NON-CURRENT ASSETS	**107 110 031**	**94 632 340**
CURRENT ASSETS		
Inventories	1 415 694	804 899
Receivables		
Trade receivables	8 134 680	5 768 478
Contract assets	1 143	1 143
Other receivables	1 114 099	362 880
Prepaid expenses	319 732	320 117
TOTAL Receivables	**9 569 654**	**6 452 618**
Cash and cash equivalents	741 836	1 717 088
Non-current assets held for sale	-	188 820
TOTAL CURRENT ASSETS	**11 727 184**	**9 163 425**
TOTAL ASSETS	**118 837 215**	**103 795 765**

CONSOLIDATED BALANCE SHEET

(unaudited) EUR

EQUITY AND LIABILITIES

EQUITY	30.06.2024 EUR	31.12.2023 EUR
Share capital	33 500 000	18 150 000
Reserves:		
Revaluatuon reserve	40 419 028	40 419 028
Reorganisation reserve	(15 350 000)	-
Foreign currency translation reserve	-	(78 993)
Other reserves	26 774	26 774
Retained earings:		
Retained earings/ (accumulated losses)	1 666 804	7 294 973
TOTAL EQUITY	**60 262 606**	**65 811 782**
CREDITORS		
Long-term liabilities		
Issued bonds	24 582 011	14 609 965
Lease liabilities	13 972 106	10 071 222
Other borrowing	2 083 859	-
Deferred income	228 215	280 577
Deferred income tax liabilities	-	211 891
TOTAL Long-term liabilities	**40 866 191**	**25 173 655**
Short-term liabilities		
Issued bonds	66 250	41 250
Borrowings from related parties	-	901 717
Lease liabilities	5 340 726	4 141 824
Other borrowing	940 281	676 832
Contract liabilities	456 445	459 935
Trade payables	7 207 331	3 882 761
Corporate income tax	480 400	36 835
Taxes and mandatory state social insurance contributions	561 378	541 407
Deferred income	94 457	94 457
Other provisions	98 612	310 616
Other liabilities	373 736	418 728
Accured liabilities	2 088 802	1 215 146
Liabilities directly associated with the assets held for sale	-	88 820
TOTAL Short-term liabilities	**17 708 418**	**12 810 328**
TOTAL LIABILITIES	**58 574 609**	**37 983 983**
TOTAL EQUITY ND LIABILITIES	**118 837 215**	**103 795 765**

FINANCIAL COVENANTS

(unaudited) EUR

Storent has not fulfilled both financial covenants at the end of June 2024. As a result of the rapid investments, on 30.06.2024 Storent Holding has exceeded the financial indicator Net Debt/EBITDA reaching 3.74 instead of the previously agreed 2.5. A larger amount of investment in the equipment and IT increased company liabilities in the short term and investments in human resourced decreased EBITDA. The second financial indicator, the ratio of equity capital to total assets as of 30.06.2024 for Storent Holding is 50%, which is significantly higher than the competitors' indicator and also above the minimum amount of 35% stipulated in the bond prospectus.

In mid-August, Storent will offer bondholders a vote on changing the financial indicators, allowing the NetDebt/EBITDA to be lower than 4 starting from the 3rd quarter of 2024 to the 2nd quarter of 2025, while starting from the third quarter of 2025, it will offer to reduce it to 3.5.

	30.06.2024
EBITDA 2023 total	13 712 717
EBITDA 2023 6 month	(5 797 270)
EBITDA 2024 6 month	4 442 461
EBITDA 12 month	**12 357 908**
Issued bonds	24 582 011
Lease liabilities	13 972 106
Other borrowing	2 083 859
Long-term liabilities	**40 637 976**
Issued bonds	66 250
Borrowings from related parties	-
Lease liabilities	5 340 726
Other borrowing	940 281
Short-term liabilities	**6 347 257**
Cash and cash equivalents	**(741 836)**
Net debt	**46 243 397**
Net Debt /EBITDA Ratio	**3.74**
Total Equity	60 262 606
Total assets	118 837 215
Shareholder equity to Assets	**51%**


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