

AS STORENT INVESTMENTS INTERIM REPORT

JANUARY – MARCH | 2020





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MANAGEMENT REPORT

April 30, 2020

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. Group annual turnover reached 48 million euros in 2019.

**STORENT
GROUP
TOTAL
REVENUE
IN 2019**

**48
MILLION
EUROS**



Total revenues of Storent Group in Q1 2020 increased by more than 30% compared to the same period of 2019. Rent incomes slightly decreased, but total incomes increased due to the sale of an old fleet. Although there were no official restrictions to carry construction activities in countries of our operations, indirect effect from Covid-19 pandemic started to be felt in March. Company operational profitability decreased mainly due to splitrent and personnel expenses increase.

Baltic operations revenues slightly decreased in March due to slowdown caused by pandemic. In Q1 rent incomes decreased by 5% with biggest influence from decrease in Latvia. Overall, the Baltic region accounted for 70% of the group rent incomes in Q1. **Estonian** construction market has been in good shape in Q1 until some large objects were stopped in March due to virus impact. **Latvian** operation has seen largest rent incomes decrease compared to Q1 2019. Main reason for that is decrease of construction volumes in the country that started already in Q4 2019. **Lithuanian** construction market has been stable until quarantine restrictions were introduced in March, which paused many construction projects through the country.

**BALTIC REGION
OPERATIONS
INCREASED RENT
INCOMES BY**



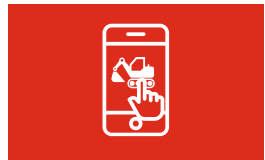
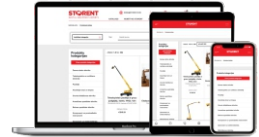
Nordic operations revenues were on same level as in Q1 2019. In **Finland** market was on par during Q1, but our operation has been able to grow rent incomes. The growth was shared among three business areas – rental business, lifting services, hauling and jacking services. In March there was slight negative impact on sales from Covid-19 influence, which is expected to continue through Q2. **Swedish** operation has seen revenues decrease although customer portfolio increased by a lot. Taking into account lost sales from Baltics customers, that left home due to pandemic, management sees this as good result. There are no Covid-19 related restrictions from government at this point. Activities of Baltic construction companies in Sweden are increasing, therefore management believes that Q2 revenues will exceed those of Q1.

After significant decrease of construction activities in Q4 2019 **Kaliningrad** area shows positive signs of recovery. In Q1 2020 construction market increased significantly compared to Q1 2019. Our operation performed well with strong growth by securing long-term rental contracts and utilizing its fleet well.

MANAGEMENT REPORT

April 30, 2020

Storent management has been preparing for crisis a year ago by starting development of online rental platform that plays key role in digitalization, automation and process efficiency. With Covid-19 pandemic we have been able to launch platform one month ahead of schedule. In March 2020 Storent launched first contactless online equipment rental platform integrating Artificial Intelligence and Machine Learning, that allows to automate full cycle of online equipment rent. Rental platform is expected to serve as strong benefit for customers and clear competitive advantage, especially in uncertain times caused by Covid-19. We witness customers interest in renting online and see growth of new user registrations. Currently equipment may be ordered online in Baltics and Sweden. In Q2 2020 we plan to launch online rental platform in Finland. Already in 2019 digital document signing has been implemented in Baltics and volume of digitally signed documents constantly increases. Further, Storent group plans to increase speed and improve efficiency of customer service processes by automating internal processes. All Storent rental depots operate as usual, taking all necessary measures to ensure customers and employees safety according to local legislative regulations as well as additional precaution procedures, including equipment disinfection.



From January Storent group started cooperation with online splitrent equipment provider Preferrent that allows to increase rental equipment fleet without capital investments. It's planned to develop further cooperation with Preferrent by increasing share of incomes from splitrent up to 40% during one year.

Upon beginning of Covid-19 pandemic, management evaluated worst possible scenario from effect of pandemic on Storent group results in 2020, which assumes revenue decrease by 13% compared to 2019. In order to ensure company liquidity with such assumption, talks with all financiers have been initiated on 12-month grace period for principal repayment. At this moment principal repayments of shareholders loan and bonds have been postponed for a year. Largest lease companies have agreed to 6-month grace period with possible prolongation. Negotiations continue with equipment manufacturers and some have confirmed to postpone principal repayment for 12 months, we expect to receive confirmations from all manufacturers.

Positive signs related to Covid-19 restrictions softening are seen in all countries as well as market activities increase, which is usual in the beginning of construction season. Storent group management expects that, in spite of an effect from Covid-19 pandemic, it will manage to keep revenues of 2020 in line with ones of 2019.

STATEMENT OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim report January – March 2020 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 January – March 2020 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 1 2020	Q 1 2019	2019 total
REVENUE	11 420 295	8 660 983	48 094 353
NET REVENUE	11 348 124	8 628 230	47 739 191
OTHER OPERATING INCOME	72 171	32 753	355 163
EXPENSES	(10 579 374)	(7 272 284)	(34 068 543)
COSTS OF MATERIAL AND SERVICES RECEIVED	(6 240 133)	(3 313 478)	(17 463 542)
PERSONNEL EXPENSES	(2 321 059)	(2 021 657)	(10 819 462)
OTHER OPERATING EXPENSES	(2 018 182)	(1 937 148)	(5 785 539)
EBITDA	840 921	1 388 700	14 025 810
EBITDA %	7%	16%	29%
DEPRECIATION AND AMORTIZATION	(2 572 157)	(2 741 769)	(11 092 889)
EBIT	(1 731 235)	(1 353 069)	2 932 922
EBIT %	-15%	-16%	6%
OTHER INCOME AND EXPENSES	(842 574)	(869 020)	(3 380 571)
INTEREST AND SIMILAR INCOME	3 779	1 943	9 977
INTEREST AND SIMILAR EXPENSES	(846 352)	(870 963)	(3 390 548)
EBT	(2 573 809)	(2 222 089)	(447 649)
EBT %	-23%	-26%	-1%
INCOME TAX EXPENSE	0	(360)	467 398
PROFIT / (LOSS) FOR THE YEAR	(2 573 809)	(2 222 449)	19 749
PROFIT / (LOSS) FOR THE YEAR %	-23%	-26%	0%

CONSOLIDATED BALANCE SHEET

(unaudited) EUR

DESCRIPTION	31.03.2020	31.03.2019	31.12.2019
ASSETS TOTAL	75 042 509	78 685 497	78 831 055
NON-CURRENT ASSETS	62 583 089	68 850 633	67 522 128
INTANGIBLE ASSETS	16 958 229	16 587 866	16 971 530
PROPERTY, PLANT AND EQUIPMENT	45 624 860	52 262 768	50 550 598
CURRENT ASSETS	12 459 420	9 834 864	11 308 927
INVENTORIES	1 258 734	1 364 532	1 213 407
LONG-TERM INVESTMENTS KEPT FOR SALE	0	0	0
TRADE RECEIVABLES	6 699 286	5 373 422	5 508 538
DEFERRED INCOME TAX ASSETS	673 980	494 642	694 823
CASH	3 827 420	2 602 267	3 892 159
LIABILITY TOTAL	75 042 509	78 685 497	78 831 055
EQUITY	24 332 164	24 716 889	26 981 644
SHARE CAPITAL	33 316 278	33 316 278	33 316 278
ASSETS REVALUATION RESERVES	25 498	30 134	26 657
RESERVES	8 936	57 413	83 446
RETAINED EARNINGS	(9 018 548)	(8 686 936)	(6 444 738)
DEFERRED LIABILITIES	1 807 372	1 474 237	1 559 863
DEFERRED INCOME TAX LIABILITIES	175 276	459 465	175 190
OTHER PROVISIONS	1 632 096	1 014 772	1 384 673
LIABILITIES	48 902 973	52 494 371	50 289 548
NON-CURRENT LIABILITIES	33 390 079	34 047 385	19 366 641
CURRENT LIABILITIES	15 512 894	18 446 986	30 922 907

FINANCIAL COVENANTS

(unaudited) EUR

Storent has fulfilled both financial covenants at the end of March 2020.

	31.03.2020
EBITDA 12 MONTHS	13 478 032
NET DEBT	40 315 785
NET DEBT / EBITDA RATIO	3.0
SHAREHOLDER EQUITY	24 332 164
TOTAL ASSETS	75 042 509
SHAREHOLDER EQUITY TO ASSETS	32%

STORENT
RENTAL EQUIPMENT EXPERTS



www.storent.com