

# AS STORENT INVESTMENTS INTERIM REPORT

**JULY - SEPTEMBER | 2020**



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# MANAGEMENT REPORT

**Oktober 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**



In Q3 Storent Group rent incomes increased substantially compared to Q2, just as management expected. This has been possible partly due to an ease or cancellation of government Covid-19 related restrictions in all countries of Group operations. Other reasons are new Group pricing decisions making policy to match unstable market realities with volatile rental pricing and overall, customers have been keen on adapting new way of renting by using Storent online rental platform in Baltics. Storent Group total revenue increased by 11% in Q3 compared to the same period in 2019 due to the sale of an old fleet.

In Q3 **Baltic** operations have seen bold two-digit increase of rent incomes compared to Q2 as many delayed or paused projects finally have entered into an active stage. In Q2 local construction markets have seen decrease of construction activities comparing to Q2 2019: Estonia by 5%, Latvia by 0,6% and Lithuania by 7%.

All three countries have experienced stable or growing number of active customers and rental transactions, but due to the fact that rental prices decreased substantially in whole region, it didn't allow for revenue growth compared to Q3 2019.

**Nordic** operations revenues exceeded those in Q3 2019. In October online rental platform has been launched in both operations and management believes that it will drive customer portfolio growth in spite of second Covid-19 wave.

**Finland** has improved its sales revenue in Q3 with sales level above Q3 2019. The price level was lower than last year, but improvements in utilization and sales operations has made the sales growth possible.

**Sweden** operation has been growing sales and customer base during Q3. Management has taken right steps to ensure strong growth of sales in Sweden.

**Kaliningrad** operations remained on a stable growth path while regional authorities reported 25% downfall in construction market in Q3 compared to same period last year.

Storent online rental platform that allows to automate full cycle of online equipment rent has been launched in Baltics in late March. We continue to observe positive trend in new customers registrations, usage of digital transaction verification and monthly growth of online orders (in both volumes and in revenues). Management continues to focus sales and customer service teams as well marketing efforts on promoting online platform among customers as online rental experience clearly becomes a key differentiator in times of equipment overcapacity and low rental prices. Storent group continues cooperation with online splitrent equipment provider Preferrent allowing us 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.

# STATEMENT OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim report July – September 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 July – September 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 3 2020	Q 3 2019	01.01.2020-30.09.2020	01.01.2019-30.09.2019	2019 total
REVENUE	15 332 237	13 473 516	40 220 238	34 213 694	48 094 353
NET REVENUE	15 271 197	13 434 480	40 033 301	34 036 410	47 739 191
OTHER OPERATING INCOME	61 041	39 036	186 937	177 284	355 163
EXPENSES	(13 143 999)	(8 878 909)	(36 876 814)	(24 418 448)	(34 068 543)
COSTS OF MATERIAL AND SERVICES RECEIVED	(9 251 892)	(4 639 323)	(24 213 908)	(12 228 538)	(17 463 542)
PERSONNEL EXPENSES	(2 012 796)	(2 192 484)	(6 561 680)	(6 407 858)	(10 819 462)
OTHER OPERATING EXPENSES	(1 879 311)	(2 047 102)	(6 101 226)	(5 782 051)	(5 785 539)
EBITDA	2 188 238	4 594 607	3 343 424	9 795 245	14 025 810
EBITDA %	14%	34%	8%	29%	29%
DEPRECIATION AND AMORTIZATION	(2 025 109)	(2 857 103)	(6 820 889)	(8 357 278)	(11 092 889)
EBIT	163 129	1 737 503	(3 477 465)	1 437 968	2 932 922
EBIT %	1%	13%	-9%	4%	6%
OTHER INCOME AND EXPENSES	(714 658)	(826 728)	(2 403 836)	(2 548 445)	(3 380 571)
INTEREST AND SIMILAR INCOME	42 705	8 678	25 285	28 504	9 977
INTEREST AND SIMILAR EXPENSES	(757 363)	(835 406)	(2 429 122)	(2 576 949)	(3 390 548)
EBT	(551 529)	910 775	(5 881 302)	(1 110 478)	(447 649)
EBT %	-4%	7%	-15%	-3%	-1%
INCOME TAX EXPENSE	(5 204)	(1 255)	(10 137)	(1 614)	467 398
PROFIT / (LOSS) FOR THE YEAR	(556 733)	909 520	(5 891 438)	(1 112 092)	19 749
PROFIT / (LOSS) FOR THE YEAR %	-4%	7%	-15%	-3%	0%

# CONSOLIDATED BALANCE SHEET

(unaudited) EUR

DESCRIPTION	30.09.2020	30.09.2019	31.12.2019
<b>ASSETS TOTAL</b>	71 293 683	80 594 776	78 831 055
<b>NON-CURRENT ASSETS</b>	52 501 852	68 675 003	67 522 128
<b>INTANGIBLE ASSETS</b>	17 047 959	16 616 747	16 971 530
<b>PROPERTY, PLANT AND EQUIPMENT</b>	35 453 893	52 058 256	50 550 598
<b>CURRENT ASSETS</b>	18 791 831	11 919 773	11 308 927
<b>INVENTORIES</b>	1 190 842	2 114 912	1 213 407
<b>LONG-TERM INVESTMENTS KEPT FOR SALE</b>	0	0	0
<b>TRADE RECEIVABLES</b>	12 530 513	7 390 086	5 508 538
<b>DEFERRED INCOME TAX ASSETS</b>	690 115	487 551	694 823
<b>CASH</b>	4 380 361	1 927 224	3 892 159
<b>LIABILITY TOTAL</b>	71 293 683	80 594 776	78 831 055
<b>EQUITY</b>	20 986 287	25 833 129	26 981 644
<b>SHARE CAPITAL</b>	33 316 278	33 316 278	33 316 278
<b>ASSETS REVALUATION RESERVES</b>	23 180	27 816	26 657
<b>RESERVES</b>	(16 995)	65 614	83 446
<b>RETAINED EARNINGS</b>	(12 336 176)	(7 576 579)	(6 444 738)
<b>DEFERRED LIABILITIES</b>	1 221 146	1 658 484	1 559 863
<b>DEFERRED INCOME TAX LIABILITIES</b>	175 300	459 451	175 190
<b>OTHER PROVISIONS</b>	1 045 846	1 199 033	1 384 673
<b>LIABILITIES</b>	49 086 250	53 103 163	50 289 548
<b>NON-CURRENT LIABILITIES</b>	22 180 865	25 474 597	19 366 641
<b>CURRENT LIABILITIES</b>	26 905 385	27 628 566	30 922 907



**STORENT**  
RENTAL EQUIPMENT EXPERTS



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