

AS STORENT INVESTMENTS INTERIM REPORT

APRIL - JUNE | 2020



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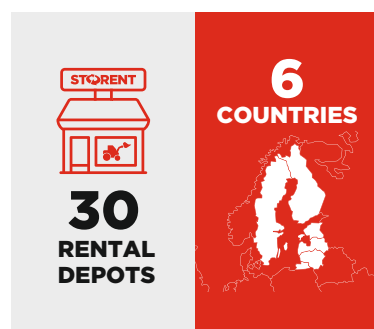
MANAGEMENT REPORT

July 31, 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 Q2 2020 increased compared to Q2 2019 by 11,5%. We have seen decrease in rent incomes caused by Covid-19 pandemic in the most of countries of our operations, but total incomes increased due to the sale of an old fleet. Storent group's profitability was effect by both - rent income decrease by 19% and selling of rental assets with low utilization rates. Storent groups has stable cash position with more than 3 million euros at the end of June and liquidity has increased by rescheduling most of bond, loan and lease liabilities.

Baltic operations have experienced rent incomes decrease in all countries as many construction projects were paused and new ones were delayed due to uncertainties caused by Covid-19. There's no official data on construction markets changes in Q2, but it's obvious that activities level has decreased, which caused overall equipment overcapacity and rental price decrease. As in previous periods, Baltic region accounted for 70% of group rent incomes.

Decreased prices and shut projects were the main drivers for construction companies' revenues decrease in **Estonia**. Surely, it affected our sales as construction volumes decreased by 7% in April – May and by 20% in June. Rental revenues in **Latvia** decreased mainly in earthmoving and access equipment as projects that require such type of machinery were mostly slowed down or put on hold. **Lithuanian** construction market decreased in Q2 despite that government confirmed additional injection of 150MEUR into road constructions. By the end of June, we have seen many sites reopening and projects went to continue.

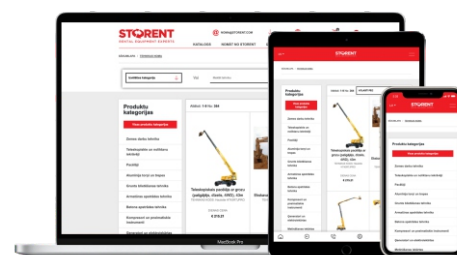
Nordic operations revenues were almost on level of Q2 2019. In Q2 sales in **Finland** were slightly behind last year. Hauling and jacking and lifting services were above last year. Price levels in rental market have decreased during COVID-19. Q2 in **Sweden** has been better than same period last year as we substantially increased rental revenues. New customers portfolio grows and this provides confidence that trend will continue through Q3.

Kaliningrad operation revenues were also affected by pandemic as restrictions constrained customers activities. Overall, we managed to achieve strong growth in rental revenues compared to Q2 2019.

MANAGEMENT REPORT

July 31, 2020

Since March launch of online rental platform that allows to automate full cycle of online equipment rent, we have seen steady positive trend in new customers registrations, usage of digital authorizations and document signing as well as overall growth of online orders. Regular feedback surveys allow us to make fast improvements and develop platform to become more comfortable for customers. Recovering from Covid-19 restrictions, customers value an opportunity to order equipment online without having to spend time on visiting rental depots and negotiating rental orders face-to-face.



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. Very soon we plan to launch online rental platform in Finland and in Sweden along with digital means for customers authorization and verification.

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 April - June 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 April - June 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 2 2020	Q 2 2019	01.01.2020-30.06.2020	01.01.2019-30.06.2019	2019 total
REVENUE	13 467 705	12 079 195	24 888 000	20 740 178	48 094 353
NET REVENUE	13 413 980	11 973 700	24 762 104	20 601 930	47 739 191
OTHER OPERATING INCOME	53 725	105 495	125 896	138 247	355 163
EXPENSES	(13 153 441)	(8 267 242)	(23 732 815)	(15 539 539)	(34 068 543)
COSTS OF MATERIAL AND SERVICES RECEIVED	(8 721 883)	(4 275 724)	(14 962 016)	(7 589 215)	(17 463 542)
PERSONNEL EXPENSES	(2 227 826)	(2 193 717)	(4 548 884)	(4 215 374)	(10 819 462)
OTHER OPERATING EXPENSES	(2 203 732)	(1 797 801)	(4 221 915)	(3 734 949)	(5 785 539)
EBITDA	314 264	3 811 952	1 155 186	5 200 639	14 025 810
EBITDA %	2%	32%	5%	25%	29%
DEPRECIATION AND AMORTIZATION	(2 223 623)	(2 758 406)	(4 795 780)	(5 500 175)	(11 092 889)
EBIT	(1 909 359)	1 053 547	(3 640 594)	(299 536)	2 932 922
EBIT %	-14%	9%	-15%	-1%	6%
OTHER INCOME AND EXPENSES	(846 604)	(852 690)	(1 689 178)	(1 721 716)	(3 380 571)
INTEREST AND SIMILAR INCOME	52	4 985	3 693	16 300	9 977
INTEREST AND SIMILAR EXPENSES	(846 657)	(857 674)	(1 692 871)	(1 738 016)	(3 390 548)
EBT	(2 755 963)	200 857	(5 329 773)	(2 021 252)	(447 649)
EBT %	-20%	2%	-21%	-10%	-1%
INCOME TAX EXPENSE	(4 933)	0	(4 933)	(360)	467 398
PROFIT / (LOSS) FOR THE YEAR	(2 760 896)	200 857	(5 334 705)	(2 021 612)	19 749
PROFIT / (LOSS) FOR THE YEAR %	-21%	2%	-21%	-10%	0%

CONSOLIDATED BALANCE SHEET

(unaudited) EUR

DESCRIPTION	30.06.2020	30.06.2019	31.12.2019
ASSETS TOTAL	72 236 660	78 263 619	78 831 055
NON-CURRENT ASSETS	57 088 092	67 992 209	67 522 128
INTANGIBLE ASSETS	17 064 104	16 613 825	16 971 530
PROPERTY, PLANT AND EQUIPMENT	40 023 988	51 378 384	50 550 598
CURRENT ASSETS	15 148 568	10 271 410	11 308 927
INVENTORIES	1 121 290	2 055 291	1 213 407
LONG-TERM INVESTMENTS KEPT FOR SALE	0	0	0
TRADE RECEIVABLES	10 280 474	7 142 452	5 508 538
DEFERRED INCOME TAX ASSETS	692 951	490 657	694 823
CASH	3 053 853	583 010	3 892 159
LIABILITY TOTAL	72 236 660	78 263 619	78 831 055
EQUITY	21 614 926	24 919 868	26 981 644
SHARE CAPITAL	33 316 278	33 316 278	33 316 278
ASSETS REVALUATION RESERVES	24 339	28 975	26 657
RESERVES	53 752	60 714	83 446
RETAINED EARNINGS	(11 779 443)	(8 486 099)	(6 444 738)
DEFERRED LIABILITIES	1 347 287	1 527 784	1 559 863
DEFERRED INCOME TAX LIABILITIES	175 246	459 457	175 190
OTHER PROVISIONS	1 172 041	1 068 327	1 384 673
LIABILITIES	49 274 447	51 815 967	50 289 548
NON-CURRENT LIABILITIES	36 255 042	33 664 080	19 366 641
CURRENT LIABILITIES	13 019 405	18 151 887	30 922 907

FINANCIAL COVENANTS

(unaudited) EUR

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

	30.06.2020
EBITDA 12 MONTHS	9 980 357
NET DEBT	40 014 672
NET DEBT / EBITDA RATIO	4.0
SHAREHOLDER EQUITY	21 614 926
TOTAL ASSETS	72 236 660
SHAREHOLDER EQUITY TO ASSETS	30%

STORENT
RENTAL EQUIPMENT EXPERTS



www.storent.com