

AS STORENT INVESTMENTS INTERIM REPORT

OCTOBER – DECEMBER | 2020



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MANAGEMENT REPORT

January 29, 2021

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 almost 52 million euros in 2020.

**STORENT
GROUP
TOTAL
REVENUE
IN 2020**

**52
MILLION
EUROS**

STORENT

**30
RENTAL
DEPOTS**

**6
COUNTRIES**



Due to another round of introduced restrictions caused by second wave of Covid-19, Storent Group rent incomes have decreased in Q4 compared to Q4 2019. Limited labor mobility and developers caution often caused delays or stops on construction projects, which eventually pushed down rental prices on several markets due to equipment overcapacity.

According to official reports for Q3 2020, Baltics construction markets have seen decrease of construction activities compared to Q3 2019: Estonia by 5%, Latvia by 0,3% and Lithuania by 5%. Same trend expected to have taken place through Q4 as region was still experiencing various restrictions affecting the industry.

In November and December Storent repurchased bonds due on June 2021 in amount of 2.7 million and ended with safe cash closing balance in amount more than 3.7 million euros. During assessment of long-term investments recoverability, two adjustments were made by writing off goodwill in the amount of EUR 4 million for Estonian entity and by reversing the deferred tax asset in the amount of EUR 0.5 million.

Baltic operations have seen decrease in rental revenues, but increase from equipment repair and maintenance activities. Margins for services were improving as well. At the same time, we have seen very positive trend in growth of revenues from online orders reaching substantial share from total rental revenues. Digitally signed contracts and rental transactions have peaked as customers were forced to adjust their purchasing habits due to restrictions.

Nordic operations performed well surpassing rental revenues in Q4 2019. Online contactless rental platform has been introduced to customers as comfortable, Covid-free time-saving solution.

In **Finland** operations were up to a good speed. In Q4 rental and total revenues were clearly above previous year. This was in result of new customer acquisitions and good regional actions in all of our depots in spite of price pressure on the market.

Sweden operation continued to grow in sales, enlarged customer portfolio and overall showed strong positive growth. At the end of Q4 rental depot have been moved to a much better location.


Kaliningrad operation revenues were stable, but still were affected by closed borders due to pandemic and by currency exchange rate fluctuations.

Storent sales and customer service teams continue to promote contactless online rental platform that has been introduced in both Baltics and Nordics. There has been strong growth of online orders since initial launch of online rental platform in Baltics in spring of 2020, as by the end of Q4 share of online rental revenue have reached almost 40% in Latvia and Lithuania and 20% in Estonia. We expect steady growth of online sales in Nordic countries where current Covid situation expected to serve as additional driver for customers rental habits change. Rental process digitalization in Baltics was launched in January 2020 and since then we have seen an excellent trend, as by the end of Q4 70% of all rental transactions in Baltics were signed digitally. We expect healthy growth trend of rental transactions digitalization in Nordics as well. Steady growth of online revenues, volume of online orders, ratio of repetitive online purchases, stable flow of new online registrations and increasing share of digitally verified rental transactions clearly signal that customers are accepting well new way of renting machinery. Storent group continues cooperation with online splitrent equipment provider Preferrent allowing to increase rental equipment fleet without capital investments. We continue to pursue an aim of becoming service rental company by constantly increasing share of incomes from splitrent, which already have reached nearly a half of all rental revenues.

STATEMENT OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim report October – December 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 October – December 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 4 2020	Q 4 2019	01.01.2020-31.12.2020	01.01.2019-31.12.2019
REVENUE	11 697 951	13 882 709	51 918 189	48 096 402
NET REVENUE	11 628 978	13 806 187	51 662 279	47 842 597
OTHER OPERATING INCOME	68 973	76 522	255 910	253 806
EXPENSES	(9 956 564)	(9 652 368)	(46 833 378)	(34 070 786)
COSTS OF MATERIAL AND SERVICES RECEIVED	(6 046 046)	(5 235 695)	(30 259 954)	(17 464 203)
PERSONNEL EXPENSES	(1 927 381)	(2 388 025)	(8 489 061)	(8 795 883)
OTHER OPERATING EXPENSES	(1 983 137)	(2 028 648)	(8 084 363)	(7 810 700)
EBITDA	1 741 387	4 230 341	5 084 811	14 025 617
EBITDA %	15%	30%	10%	29%
DEPRECIATION AND AMORTIZATION	(1 931 521)	(2 735 600)	(8 752 410)	(11 092 889)
EBIT	(190 133)	1 494 741	(3 667 599)	2 932 728
EBIT %	-2%	11%	-7%	6%
OTHER INCOME AND EXPENSES	(4 713 440)	(833 118)	(7 117 276)	(3 381 558)
INTEREST AND SIMILAR INCOME	42 443	7 725	88 979	10 008
INTEREST AND SIMILAR EXPENSES	(4 755 883)	(840 843)	(7 206 255)	(3 391 566)
EBT	(4 903 574)	661 623	(10 784 875)	(448 830)
EBT %	-42%	5%	-21%	-1%
INCOME TAX EXPENSE	(538 468)	470 192	(548 605)	468 578
PROFIT / (LOSS) FOR THE YEAR	(5 442 042)	1 131 815	(11 333 480)	19 748
PROFIT / (LOSS) FOR THE YEAR %	-47%	8%	-22%	0%

CONSOLIDATED BALANCE SHEET

(unaudited) EUR

DESCRIPTION	31.12.2020	31.12.2019
ASSETS TOTAL	59 751 459	78 831 055
NON-CURRENT ASSETS	46 818 984	67 522 128
INTANGIBLE ASSETS	13 214 376	16 971 530
PROPERTY, PLANT AND EQUIPMENT	33 604 608	50 550 598
CURRENT ASSETS	12 932 475	11 308 927
INVENTORIES	1 110 156	1 213 407
LONG-TERM INVESTMENTS KEPT FOR SALE	0	0
TRADE RECEIVABLES	8 102 179	5 508 537
DEFERRED INCOME TAX ASSETS	0	694 823
CASH	3 720 140	3 892 160
LIABILITY TOTAL	59 751 459	78 831 055
EQUITY	15 561 745	26 981 644
SHARE CAPITAL	33 316 278	33 316 278
ASSETS REVALUATION RESERVES	22 021	26 657
RESERVES	1 665	83 448
RETAINED EARNINGS	(17 778 219)	(6 444 739)
DEFERRED LIABILITIES	961 761	1 559 863
DEFERRED INCOME TAX LIABILITIES	0	175 190
OTHER PROVISIONS	961 761	1 384 673
LIABILITIES	43 227 953	50 289 548
NON-CURRENT LIABILITIES	23 881 788	19 366 640
CURRENT LIABILITIES	19 346 165	30 922 908

FINANCIAL COVENANTS

(unaudited) EUR

Storent has fulfilled financial covenant at the end of December 2020.

	31.12.2020
SHAREHOLDER EQUITY	15 561 745
TOTAL ASSETS	59 751 459
SHAREHOLDER EQUITY TO ASSETS	26%

STORENT
RENTAL EQUIPMENT EXPERTS



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