



AS Storent Investments Interim report

January – March 2018

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Management report

Storent was established in 2008 in Latvia with an objective to become the most efficient construction equipment rental company in Baltics and Nordic countries. Today Storent group operates in 6 countries. Annual turnover for Storent group in 2017 was 42 million euros.

Baltic construction market continues to show signs of steady growth. Although no official statistics for Q1 2018 available yet, actual growth rate in Q4 2017 reflects overall construction market trend. In Q4 2017 Estonian construction market have grown by 28%, Latvian by 24% and Lithuanian by 13% comparing to respective period in 2016.

Rent incomes in Latvia have grown by 24%, thanks to Storent leading market position, careful discount policy and strengthened sales team. In Lithuania rent incomes decreased by 4% due to competition dumping price strategy. Comparing to Q1 of 2017, Estonia rent incomes decreased by 1% in Q1 2018 mainly due to decision to transfer some aerial lifts and working platforms to Finnish subsidiary, where demand and price level are much higher. Q1 usually is a low time in rental industry and players lacking cashflow slash prices by 30 to 50% compared to those in high season. We have made decision not to engage into price wars, which would lead to rapid increase of repair expenses, much quicker fleet deterioration and shifting to a market position of discounter.

Latvia continue to be turnover leader in Baltics with almost 2,1 million euros turnover in Q1 2018.

Turnover in **Kaliningrad** decreased by 35% compared to Q1 2017. Main reason is that in 2017 most of incomes were generated from one construction project, which ended back then. We have imported four truck loads and large amount of small equipment in order to widen equipment fleet required to increase rent incomes.

Finnish company Leinolift Oy achieved growth of 13% in Q1 2018 compared to the respective period in 2017 generating highest total incomes in Storent group in amount of 2,9 MEUR. This was achieved due to extra machinery transferred from Baltics.

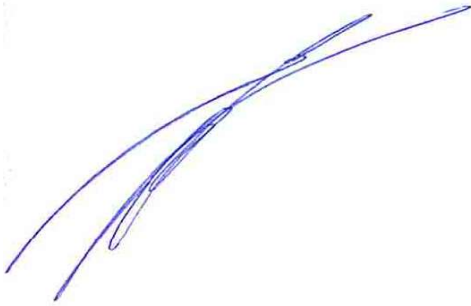
Storent Sweden is growing month by month although slower than expected as market entrance stage requires time necessary to earn local customers trust. We look with confidence into the future as sales team has been doubled in size.

In Q1 2018 Storent group achieved overall turnover growth of 9%, which gives management confidence that such grown trend will continue through 2018. We strengthen sales teams where required by market situations in order to make out of upcoming season.

Statement of the management board

The financial and other additional information published in the Interim report January – March 2018 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 2018 and January – December 2017 are not yet audited.



Andris Bisnieks

Member of the Management Board



Andris Pavlovs

Member of the Management Board

Consolidated income statement (unaudited) EUR

Description	Q1 2018	Q1 2017*	01.01.2017 - 31.12.2017*
6. INCOME	8 495 760	7 778 460	42 053 463
6.1. Income from operating activities	8 466 717	7 692 649	41 781 061
6.2. Other income	29 042	85 811	272 402
7. EXPENSES	(6 977 955)	(6 221 955)	(29 264 342)
7.1. Material and service expenses	(3 030 807)	(2 664 336)	(13 535 952)
7.2. Personnel expenses	(1 970 868)	(1 679 650)	(7 853 041)
7.3. Other expenses	(1 976 281)	(1 877 969)	(7 875 349)
EBITDA	1 517 804	1 556 504	12 789 121
EBITDA %	18%	20%	30%
7.4. Depreciation	(2 497 156)	(2 196 304)	(8 036 977)*
			0
EBIT	(979 351)	(639 800)	4 752 144
EBIT %	-12%	-8%	11%
8. OTHER INCOME AND EXPENSES	(785 627)	(566 669)	(3 091 119)
8.1. Financial income	154 188	3 373	32 174
8.2. Financial expenses	(939 814)	(570 041)	(3 123 293)
EBT	(1 764 978)	(1 206 468)	1 661 025
EBT %	-21%	-16%	4%
8.5. Income tax	43 791	(19 046)	(178 146)
Profit (loss) for the financial year	(1 721 187)	(1 225 515)	1 482 879
	-20%	-16%	4%

*The consolidated result includes the results of SIA Cramo un OOO Cramo starting from 01.01.2017, although the acquisition of these companies took place on 01.08.2017. The Group's management believes that such a presentation provides comparable information about the Group's financial results.

**During the drafting and auditing of the consolidated annual report, the application of the IFRS relating to acquisitions of companies was clarified after the date of preparation of this report, which resulted in the decrease of Depreciation after the date of preparation of this report due to SIA Cramo fixed assets impairment reversal for 2017.

Consolidated Balance sheet (unaudited) EUR

Description	31.03.2018	31.03.2017	31.12.2017
ASSETS TOTAL	81 395 266	75 197 062	86 149 795
1. NON-CURRENT ASSETS	71 688 351	66 044 111	72 532 480
1.1. Intangible assets*	17 493 462	17 824 372	17 412 501
1.2. Fixed assets	54 194 889	48 219 739	55 119 979
1.3. Financial investments	0	0	0
2. CURRENT ASSETS	9 706 915	9 152 951	13 617 315
2.1. Inventories	1 060 672	870 574	1 042 870
2.2. Long-term investments kept for sale	0	0	0
2.3. Sales receivables (external)	5 875 325	4 153 115	6 170 628
2.4. Deferred tax assets	166 291	1 025 475	163 863
2.5. Short-term financial investment	0	0	0
2.6. Cash	2 604 627	3 103 787	6 239 954
LIABILITY TOTAL	81 395 266	75 197 062	86 149 795
3. Shareholders' equity	26 353 802	2 613 673	28 076 148
3.1. Share capital	33 316 278	6 975 518	33 316 278
3.3. Assets revaluation reserves	34 770	39 406	35 929
3.4. Reserves	26 774	26 774	26 774
3.5. Retained earnings (losses)*	(7 024 020)	(4 428 025)	(5 302 833)
4. DEFERRED LIABILITIES	2 042 790	2 100 319	1 986 405
4.1. Deferred tax liabilities	530 944	1 323 980	572 262
4.2. Pension accruals	0	0	0
4.3. Other provisions	1 511 846	776 339	1 414 143
5. LIABILITIES	52 998 674	70 483 070	56 087 242
5.1. Non-current liabilities	34 644 899	56 339 558	36 507 448
5.2. Current liabilities	18 353 775	14 143 512	19 79 794

During the drafting and auditing of the consolidated annual report 2017 and 2016, the application of the IFRS provisions relating to acquisitions of companies was clarified after the reporting date, which resulted in the correction of the Intangible assets and Retained earnings (losses) amounts as of 31.12.2017 and 31.03.2018.

Financial covenants (unaudited)

Storent has fulfilled both financial covenants at the end of March 2018.

	31.03.2018
EBITDA 12 months	12 820 933
Net debt	43 856 042
Net Debt / EBITDA Ratio	3.4
Shareholder equity	26 353 802
Total assets	81 395 266
Shareholder equity to Assets	32%