



**QUARTERLY REPORT September 30, 2020**

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## DEFINITIONS

In this document:

- “Company” means LOXAM SAS, and “we”, “us”, “our” and “our group” refer to LOXAM SAS and its consolidated subsidiaries, unless the context requires otherwise;
- “Profit from ordinary operations” means operating profit plus certain items disclosed separately under “other operating income and expense”, including a limited number of items, unusual, abnormal, and uncommon, with significant amounts. These items are disclosed separately in the income statement to make it easier to appreciate the Group’s current operating performance;
- “EBITDA” means profit from ordinary operations plus depreciation and amortization of fixed assets;
- “Free cash flow” means EBITDA (before capital gains on fleet disposals) plus the proceeds from disposals of fixed assets less the following: (i) gross capital expenditures, (ii) other operating income and expense (excluding non-cash expense or income), (iii) finance income and expense (excluding non-cash expense or income), (iv) income taxes (excluding deferred taxes), (v) increases in working capital requirement and (vi) miscellaneous items;
- “Gross book value” means the total acquisition cost of the fleet equipment;
- “Gross debt” means loans and debt owed to credit institutions, bonds, commercial papers, lease liabilities, bank overdrafts and other financial debt, plus accrued interest on debt excluding derivative instruments on the balance sheet;
- “Net debt” means gross debt less cash and cash equivalents (cash plus marketable investment securities);
- “At constant perimeter” means changes for the period indicated compared to the prior comparable period, after neutralization of changes in the scope of consolidation (see “Comparability of the financial statements”).

## NOTICE

All financial information in this quarterly report has been prepared in accordance with IFRS and is presented in millions of euros. This financial information and the notes to the financial statements have not been subject to an audit by our statutory auditors.

In this document, we use certain non-IFRS measures, such as EBITDA, free cash flow or net debt, as we believe they and similar measures are widely used by certain investors as supplemental measures of performance and liquidity. These non-IFRS measures may not be comparable to other similarly titled measures of other companies and may have limitations as analytical tools. Non-IFRS measures such as EBITDA, free cash flow and net debt are not measurements of our performance or liquidity under IFRS and should not be considered to be alternatives to operating profit or any other performance measures derived in accordance with IFRS. They should not be considered to be alternatives to cash flows from operating, investing or financing activities as a measure of our liquidity as derived in accordance with IFRS.

Rounding adjustments have been made in calculating some of the financial and other information included in this document. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

### ***Comparability of the financial statements***

Changes in the size of our rental network as a result of acquisitions and of opening or acquiring new branches and closing existing ones can have a significant impact on our revenue from one period to the next. This change in scale affects the comparability of our results during those periods by increasing both revenue and expenses.

Our consolidated financial statements for the quarter ended September 30, 2020 include 3 months of activity of Ramirent. The information provided at constant perimeter for the quarter ended September 30, 2020 compared to the quarter ended September 30, 2019 includes the financial information of Ramirent for the quarter ended September 30, 2020 while adding 1 month of results for Ramirent and Stavdal for the quarter ended September 30, 2019.

The valuation of intangible assets and goodwill of Ramirent group as well as the purchase price allocation ("PPA") are final in the financial statements at September 30, 2020.

From June 30, 2020, the Group has reviewed its customer provision rules and has adjusted the accounting estimates to be more conservative: customer depreciation rates have been increased based on ageing categories, and receivable balances (excluding disputes) over 18 months are now depreciated 100%. Group rules were then adjusted based on geographies where needed.

This document contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and the securities laws of other jurisdictions. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes”, “estimates”, “aims”, “targets”, “anticipates”, “expects”, “intends”, “plans”, “continues”, “ongoing”, “potential”, “product”, “projects”, “guidance”, “seeks”, “may”, “will”, “could”, “would”, “should” or, in each case, their negative, or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, competition in areas of our business, outlook and growth prospects, strategies and the industry in which we operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements in this document are based on plans, estimates and projections as they are currently available to our management. We undertake no obligation, and do not expect, to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise and any opinion expressed in this document is subject to change without notice. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. The Company, as well as its affiliates, directors, advisors, employees and representatives, expressly disclaim any liability whatsoever for such forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this document.

*This document does not constitute, or form part of, an offer or invitation to sell or purchase, or any solicitation of any offer to purchase or subscribe for, any securities of the Company in any jurisdiction whatsoever. This document shall not form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.*

## CONSOLIDATED FINANCIAL STATEMENTS SUMMARY

Consolidated Income Statement according to IFRS <i>(in millions of euros)</i>	Nine months ended September 30,	
	2019	2020
<b>Revenue.....</b>	<b>1,284.2</b>	<b>1,455.5</b>
Other income .....	39.3	53.1
Purchases consumed .....	(131.7)	(128.9)
Personnel expenses .....	(321.7)	(380.3)
Other current expenses.....	(370.6)	(452.5)
Taxes and duties .....	(15.9)	(15.2)
Depreciation – Property, plant and equipment.....	(242.9)	(295.8)
Amortization – Intangibles assets.....	(10.2)	(36.8)
Depreciation – Right of use of leased assets .....	(50.1)	(76.0)
<b>Profit from ordinary operations .....</b>	<b>180.4</b>	<b>123.1</b>
Other operating income and expense .....	(12.4)	(0.6)
<b>Operating profit .....</b>	<b>168.1</b>	<b>122.5</b>
Financial income and expense .....	(117.0)	(121.1)
Share of profit of associates .....	0.4	0.6
Income tax expense.....	(20.9)	(3.3)
<b>Net profit .....</b>	<b>30.5</b>	<b>(1.3)</b>
Non-controlling interests.....	(0.2)	(0.4)
<b>Net profit, group share .....</b>	<b>30.7</b>	<b>(0.8)</b>

**Consolidated balance sheet according to IFRS**

<i>(in millions of euros)</i>	As of	
	December 31, 2019	September 30, 2020
Intangible assets and goodwill .....	2,353.6	2,324.7
Property, plant and equipment .....	2,362.5	2,108.2
Investments in associates .....	9.8	7.0
Financial assets .....	21.4	20.1
Financial derivatives .....	-	1.0
Deferred tax assets .....	18.5	18.6
<b>Non-current assets .....</b>	<b>4,765.7</b>	<b>4,479.6</b>
Inventories .....	49.3	50.5
Trade and other receivables .....	496.6	451.9
Other current assets .....	75.0	63.5
Cash and cash equivalents .....	230.1	676.3
<b>Current assets .....</b>	<b>851.0</b>	<b>1,242.2</b>
<b>TOTAL ASSETS .....</b>	<b>5,616.7</b>	<b>5,721.8</b>
<b>Shareholders' equity .....</b>	<b>698.0</b>	<b>647.8</b>
Provisions for employees benefits .....	44.2	49.4
Deferred tax liabilities .....	191.0	196.0
Borrowings and financial debt - long term portion .....	3,771.6	3,687.4
Financial derivatives .....	7.6	4.9
<b>Non-current liabilities .....</b>	<b>4,014.4</b>	<b>3,937.7</b>
Provisions .....	19.5	14.8
Borrowings and financial debt - current portion .....	474.2	703.2
Supplier and other payables .....	205.3	199.7
Other current liabilities .....	205.4	218.7
<b>Current liabilities .....</b>	<b>904.3</b>	<b>1,136.2</b>
<b>TOTAL EQUITY AND LIABILITIES .....</b>	<b>5,616.7</b>	<b>5,721.8</b>

<b>Consolidated condensed cash-flow statement according to IFRS <sup>(1)</sup></b> <i>(in millions of euros)</i>	<b>Nine months ended</b>	
	<b>September 30</b>	
	<b>2019</b>	<b>2020</b>
Cash flow from operations.....	331.1	417.8
Cash flow from investing activities .....	(1,360.9)	(136.9)
Cash flow from financing activities .....	1,271.8	168.3
<b>Change in cash and cash equivalents .....</b>	<b>242.0</b>	<b>449.3</b>
<b>Cash and cash equivalents at the end of the period <sup>(2)</sup> .....</b>	<b>384.6</b>	<b>674.7</b>

Notes: (1) Post IFRS 16 impact.

(2) Including bank overdrafts.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion should be read together with our consolidated financial statements and the notes thereto. Our financial statements included herein have been presented in euros and prepared in accordance with IFRS.*

### Overview

The Loxam Group is the leading equipment rental company in Europe with consolidated revenue of €2,043 million based on pro forma figures for the 12-month period ended September 2020.

Loxam has operations in 30 countries on four continents and has historically managed its activity through three business divisions:

- Generalist France division, which includes equipment for earth moving (excavators, loaders, and dumpers), aerial work (booms and scissors), handling (forklifts and tele-handlers), compaction, and building (concrete mixers and saws), as well as hand tools such as power drills, chainsaws and jackhammers. As of September 30, 2020, our Generalist network included 412 branches. Our Generalist network trades under the LOXAM Rental brand;
- Specialist France division, which includes high-access equipment, modular buildings, large compressors and generators, heavy compaction equipment, suspended platforms and scaffolding. As of September 30, 2020, our specialist network in France includes 78 branches. We rent specialist equipment in France under several specific brands, such as LOXAM Access, LOXAM Module, LOXAM Power, LOXAM Laho TEC, LOXAM TP, LOXAM Event;
- International division, which comprises our specialist and generalist equipment offerings outside of France. We offer equipment rental services in Western Europe, which we consider as our core market. We have subsidiaries located in Sweden which is our largest market outside of France before Finland, the United Kingdom and Norway. We are also present in Spain, Denmark, the Benelux, Italy, Germany, Ireland, Switzerland, Portugal, the Baltic States as well as Poland, the Czech Republic and Slovakia. Outside of Europe, where we made 5% of our total revenue in 2019, we are present in the Middle East, in Brazil, Colombia and Morocco. Ramirent has also a 50% stake in a Russian joint venture which is consolidated in the accounts under the equity method. As of September 30, 2020, our International division had a network of 571 branches.

We offer a large variety of equipment and we believe that our rental fleet is one of the most extensive fleets in the European market, representing over 1,500 different types of generalist and specialist equipment and tools. We also provide services such as transportation, refueling, damage waiver and retail consumable products to complement and support our rental business.

As of September 30, 2020, our rental fleet consisted of approximately 550,000 pieces of equipment (excluding accessories) with a gross book value of €4.3 billion.

### **Economic conditions over the first nine months of 2020**

Prior to the emergence of the Covid-19 pandemic, the Group was anticipating that its activity would slow down in certain key markets, such as France, in line with the municipal election cycle, or in Sweden, following several years of consecutive growth.

During the first two months of 2020, Loxam recorded a positive business performance in France in line with its anticipation ahead of the municipal elections. From mid-March onwards lock-down measures halted activity on construction sites and other sectors such as events and impacted negatively the revenue of the Group.

In the second quarter of the year, all business operations of the Group were affected by the Covid-19 pandemic. The decrease in the level of activity was the sharpest in Southern and Western Europe where strict lock-down measures were imposed on business such as France, Italy and the UK. However, after the lifting of lock-down measures, a rapid recovery of the level of activity was noticed although the level of business did not come back to its pre-crisis level.

As the Covid-19 pandemic subsided during Q3, Loxam experienced a business catch-up in the countries that had been mostly affected by the pandemic in Q2 such as France, Spain and Italy. However, in other countries the revenue trend continued to be in-line with the previous quarter. In an overall decreasing market, the Q3 revenue decrease of the Group was contained to -9.4% at constant perimeter and FX rates.

Moreover, Loxam continued to develop its business with a focus on small and medium size enterprises which are increasingly turning to rental solutions.

### **Investment in new equipment**

Our gross capital expenditures in the third quarter of 2020 amounted to €56.4 million, of which €46.3 million was fleet capex, compared to €59.0 million, of which €52.7 million was fleet capex in the third quarter of 2019.

### **Changes in our rental network**

We operated 1,061 branches as of September 30, 2020 compared to 1,072 as December 31, 2019. Over the first nine months of 2020, we opened 9 branches (of which 4 DIY centers in Germany), and closed 20 branches as we merged or closed non-strategic locations.

### **Significant events of the nine-month period**

In an unprecedented market context linked to the Covid-19 pandemic, Loxam reacted strongly from mid-March to limit its impact and gave an immediate priority to the health and safety of the Group's employees and its customers.

In Q2 2020, the Group implemented a strict financial policy. Fixed costs were cut, and notably staff costs as the Group reduced working hours and also put staff on furlough where possible. During this period, Capex were first stopped and orders canceled to minimize undertakings. In Q3, Loxam has resumed its fleet capex plan which was adjusted to the level of activity.

The liquidity of the Group was significantly strengthened, and the cash position increased from €230 million on December 31, 2019 to €676 million as at end of September 2020, which adequately covers the upcoming debt maturities.

In order to optimize its financial costs during Q3 2020, Loxam has repaid certain bilateral lines, engaged in at-the market repurchases part of subordinated high yield notes and fully repaid outstanding drawing on its RCF from September 28, 2020. The RCF remains however fully available at any time, and Loxam has secured a suspension of covenant until and including the end of March 2021.

The positive recurring free cash flow for the first nine months totaled €240.6 million (pre IFRS 16 adjustment).

### Other events

On January 12, 2020, the 50% stake held by Ramirent Oy in the JV Fehmarnbelt Solution Services A/S (Denmark) was sold to its German partner Zeppelin Rental.

The work on the integration of Stavdal with Ramirent in Sweden has progressed well and these workstreams should be completed by the end of the year 2020. During the second quarter, Loxam and Stavdal's Norwegian operations were combined with Ramirent's.

In July, Loxam launched Loxamed in France. This company, 51% owned by Loxam, is providing mobile telemedicine services to public authorities and private businesses. Its services include medical testing and telemedicine services to the public and the staff of customers.

### Explanation of Key Line Items from the Income Statement

The following is a summary description of certain line items from our income statements.

- **Revenue** includes the fees paid by customers to rent equipment and revenue from related services such as transportation, fuel, damage waivers and the cost of repair and maintenance services charged back to our customers, as well as the retail activities at our branches.
- **Other income** principally includes net capital gains on disposals of fleet assets and real estate rent paid by subtenants.
- **Purchases consumed** includes (1) the cost of goods purchased for resale in our retail activity, as well as the cost of fuel and maintenance parts that are rebilled to customers; and (2) the cost of parts used by the workshops in our branches to maintain our equipment.
- **Personnel expenses** relates primarily to the salaries, social security charges, and profit sharing expenses for our employees.
- **Other current expenses** include (1) external expenses that are directly related to our rental activity, such as transportation, subcontracted maintenance costs, re-rent (subleasing equipment from external renters to fill customer orders when there is not sufficient quantity at our branches) and costs associated with temporary workers; (2) external expenses related to the group, such as rent on real estate and related expenses, general administrative expenses (including insurance, advisory fees, communications and IT), advertising expenses and other management costs; and (3) losses on bad debts, net of change in provisions on current assets.

Since January 1, 2019, following the application of the new IFRS 16 standard, the rent expenses related to lease contracts for real estate, heavy vehicles and light vehicles are cancelled (for lease contracts in the scope of the standard).

- **Taxes and duties** relate mainly to property and local taxes (including the CET or *Contribution Economique Territoriale* paid in France).
- **Depreciation and amortization** principally include depreciation of fixed assets (fleet and non-fleet). Depreciation and amortization also include amortization of intangible assets (trademarks and customer relationships) following the purchase price allocation completed on the acquisitions made since 2017. As per IFRS 16, as a lessee, the Group is accounting for the right-of-use assets and is recognizing its depreciation on a straight-line basis over the lease terms.
- **Other operating income and expense** includes a limited number of unusual, abnormal, and uncommon items, with significant amounts, which are disclosed separately in the income statement to make it easier to appreciate the Group's current operating performance.
- **Financial income** primarily includes interest income on cash balances, while financial expense comprises interest charges on bank loans and bonds and hedging expenses. It also includes changes in the fair value of derivatives instruments and the interest cost related to the lease liability generated by the application of IFRS 16 standard as from January 1, 2019.
- **Income tax** consists of current and deferred taxes calculated in accordance with the relevant tax laws in force in the jurisdictions in which we operate. As of September 30, 2020, the corporate tax rate in France was 32.02%. We are also subject to tax rates in the other countries in which we operate, which ranged from 0% to 34% as of that date.
- **Share of associates** includes the group's share of the result of companies accounted for by the equity method.

## Results of operations

The table disclosed below sets out our results of operations for the quarters ended September 30, 2020 and 2019.

Consolidated Income Statement according to IFRS <i>(in millions of euros)</i>	Quarter ended September 30,	
	2019	2020
<b>Revenue</b> .....	<b>523.6</b>	<b>528.1</b>
Other income <sup>(1)</sup> .....	13.4	26.3
Purchases consumed.....	(49.9)	(46.9)
Personnel expenses.....	(119.6)	(122.6)
Other current expenses.....	(157.6)	(153.8)
Taxes and duties.....	(4.3)	(4.8)
Depreciation – Property, plant and equipment.....	(95.6)	(95.5)
Amortization – Intangibles assets.....	(4.1)	(12.0)
Depreciation – Right of use of leased assets.....	(20.4)	(25.1)
<b>Profit from ordinary operations</b> .....	<b>85.6</b>	<b>93.7</b>
Other operating income and expense <sup>(2)</sup> .....	(11.8)	(0.2)
<b>Operating profit</b> .....	<b>73.7</b>	<b>93.5</b>
Financial income and expense.....	(47.9)	(38.5)
Share of profit of associates.....	0.4	0.4
Income tax expense.....	(13.5)	(2.5)
<b>Net profit</b> .....	<b>12.7</b>	<b>52.8</b>
Non-controlling interests.....	(0.2)	0.1
<b>Net profit, group share</b> .....	<b>(12.9)</b>	<b>52.8</b>

Notes:

<sup>(1)</sup> Other income includes capital gains on fleet disposals amounting to €23.5 million and €10.8 million in Q3 2020 and Q3 2019 respectively.

<sup>(2)</sup> Other operating income and expense for Q3 2020 included legal and audit fees related to non-recurring operations for €(0.2) million.  
For Q3 2019, it included Ramirent acquisition costs for €(11.8) million.

The table disclosed below sets out our results of operations for the nine months ended September 30, 2020 and 2019.

Consolidated Income Statement according to IFRS <i>(in millions of euros)</i>	Nine months ended September 30,	
	2019	2020
<b>Revenue</b> .....	<b>1,284.2</b>	<b>1,455.5</b>
Other income <sup>(1)</sup> .....	39.3	53.1
Purchases consumed.....	(131.7)	(128.9)
Personnel expenses.....	(321.7)	(380.3)
Other current expenses.....	(370.6)	(452.5)
Taxes and duties.....	(15.9)	(15.2)
Depreciation – Property, plant and equipment.....	(242.9)	(295.8)
Amortization – Intangibles assets.....	(10.2)	(36.8)
Depreciation – Right of use of leased assets.....	(50.1)	(76.0)
<b>Profit from ordinary operations</b> .....	<b>180.4</b>	<b>123.1</b>
Other operating income and expense <sup>(2)</sup> .....	(12.4)	(0.6)
<b>Operating profit</b> .....	<b>168.1</b>	<b>122.5</b>
Financial income and expense.....	(117.0)	(121.1)
Share of profit of associates.....	0.4	0.6
Income tax expense.....	(20.9)	(3.3)
<b>Net profit</b> .....	<b>30.5</b>	<b>(1.3)</b>
Non-controlling interests.....	(0.2)	(0.4)
<b>Net profit, group share</b> .....	<b>30.7</b>	<b>(0.8)</b>

Notes:

- (1) Other income includes capital gains on fleet disposals amounting to €43.8 million for the first nine months of 2020 and €31.3 million for the first nine months of 2019.
- (2) Other operating income and expense for the first nine months of 2020 included acquisition costs related to the buyout of minority interest of Ramirent for €(0.4) million, the net loss on disposal of Koy Nummelanrinne for €(0.3) million, legal and audit fees related to non-recurring operations for €(0.2) million and the net gain on disposal of Fehmarnbelt Solution Services A/S for €0.2 million. For the first nine months of 2019, it included UK Platforms and Ramirent acquisition costs for €(12.8) million, an impairment loss on fleet of €(0.3) million, an exceptional profit related to a tax relief program in Brazil of €0.7 million.

We consider revenue and EBITDA to be key measures in analyzing our business. EBITDA is a non-IFRS measure but we believe that it and similar measures are widely used by certain investors as supplemental measures of performance and liquidity. The financial information by segment is presented in our financial statements with the breakdown of the business in our three divisions.

The following table sets out these key figures in each of the Generalist France, Specialist France and International divisions for the nine-month period ended September 30, 2020 and 2019.

	Quarter ended September 30, (Post IFRS 16)		Nine months ended September 30, (Post IFRS 16)	
<i>(in millions of euros)</i>	2019	2020	2019	2020
<b>Revenue</b>				
Generalist France <sup>(1)</sup> .....	170.4	160.7	506.9	421.6
Specialist France <sup>(1)</sup> .....	64.4	60.2	180.4	153.1
<b>France</b> .....	<b>234.8</b>	<b>220.9</b>	<b>687.4</b>	<b>574.8</b>
International .....	288.8	307.2	596.8	880.7
<b>Total revenue</b> .....	<b>523.6</b>	<b>528.1</b>	<b>1,284.2</b>	<b>1,455.5</b>
<b>EBITDA</b>				
Generalist France <sup>(2)</sup> .....	69.0	77.1	203.0	169.0
Specialist France <sup>(2)</sup> .....	24.3	26.5	64.2	57.4
<b>France</b> .....	<b>93.3</b>	<b>103.6</b>	<b>267.3</b>	<b>226.4</b>
International .....	110.8	121.2	211.5	300.5
Real Estate <sup>(3)</sup> .....	1.5	1.5	4.9	4.7
<b>Total EBITDA</b> .....	<b>205.6</b>	<b>226.3</b>	<b>483.6</b>	<b>531.7</b>
<i>EBITDA margin</i> .....	<i>39.3%</i>	<i>42.9%</i>	<i>37.7%</i>	<i>36.5%</i>

Notes:

- <sup>(1)</sup> To present the revenue of Generalist France and Specialist France, we allocate revenue by branch. Where revenue is related to events-related rentals handled by Loxam Event, which is not in a particular division, we allocate revenue to the branch whose equipment is rented.
- <sup>(2)</sup> To present Specialist and Generalist EBITDA generated in France by division, we allocate rebates pro rata based on revenue, which are accounted for centrally, and then allocate direct expenses (which represent a majority) directly to a given branch. Indirect expenses are allocated centrally or regionally and are then allocated to a given branch according to a factor that is based on that branch's revenue, the gross value of its equipment or the rental value of its equipment.
- <sup>(3)</sup> Real estate EBITDA corresponds to rental income from real estate held by the group that is not assigned to a division.

## **Quarter ended September 30, 2020 compared to quarter ended September 30, 2019**

### ***Revenue***

Revenue increased by 0.9% to €528.1 million in the third quarter of 2020 from €523.6 million in the third quarter of 2019. At constant perimeter and at constant exchange rates, revenue decreased by 9.4%.

Revenue from our Generalist France division decreased by 5.7% in the third quarter of 2020 to €160.7 million compared to €170.4 million in the third quarter of 2019.

Revenue from our Specialist France division decreased by 6.6% to €60.2 million in the third quarter of 2020 compared to €64.4 million in the third quarter of 2019, a very good performance considering that there were no events activity during Q3 and a continuous slump in industrial maintenance projects.

International revenue increased by 6.4% to €307.2 million in the third quarter of 2020 compared to €288.8 million in the third quarter of 2019 (consolidation of Ramirent as from August 2019). At constant perimeter and FX, the international division posted a -11.8% decrease of its revenue. Such performance is however contrasted on a country by country basis, with revenue in Spain and Italy catching-up from the low level of Q2, while the Middle East and the UK continued to underperform because markets did not benefit from a catch-up effect from a very low second quarter level of activity. Ramirent also recorded a decrease of its revenue mainly driven down by the performance in the Baltic countries.

### ***Other operating income***

Other income increased by 96.0% to €26.3 million in the quarter ended September 30, 2020 from €13.4 million in the quarter ended September 30, 2019 mainly due to higher capital gains on fleet disposals compared to Q3 19. During Q2, because of business lockdown in some countries, the sale of obsolete fleet was postponed to Q3. Cumulative at the end of September, the amount of capital gains is stable year on year at constant perimeter (including Ramirent).

### ***Purchases consumed***

Purchases consumed decreased by 6.0% to €46.9 million for the quarter ended September 30, 2020 compared to €49.9 million for the quarter ended September 30, 2019. At constant perimeter, purchases consumed decreased by 10.5%, in line with the lower activity.

### ***Personnel expenses***

Personnel expenses increased by 2.6% to €122.6 million in the quarter ended September 30, 2020 from €119.6 million in the quarter ended September 30, 2019. At constant perimeter, personnel expenses decreased by 6.8%, mainly resulting from a staff decrease both in France and at the International division, the later continuing to scale down its workforce.

### ***Other current expenses***

Other current expenses decreased by 2.4% to €153.8 million in the third quarter of 2020 from €157.6 million in the third quarter of 2019. Recurring external expenses decreased by 14.7% at constant perimeter in Q3 2020 compared to Q3 2019 thanks mostly to a reduction of variable costs such as haulage, administrative, travels and marketing costs.



***Depreciation, amortization and provisions***

Depreciation and amortization for property, plant and equipment amounted to €95.5 million in the quarter ended September 30, 2020 compared to €95.6 million in the quarter ended September 30, 2019. At constant perimeter, the fleet depreciation expense decreased by 9.4% as a consequence of the lower level of capex.

The amortization expense of intangible assets amounted to €12.0 million in Q3 2020 compared to €4.1 million in Q3 2019. The increase in amortization expense is related to the amortization of trademarks and customer relationships at Ramirent.

Following the application of IFRS 16, as a lessee, the Group recognized the right-of-use assets and depreciated them on a straight-line basis over the lease term of each contract. For the quarter ended September 30, 2020, the depreciation related to the right-of-use amounted to €25.1 million compared to €20.4 million in Q3 2019, mainly due to the contribution of Ramirent.

***Other operating income and expense***

Net other operating expense amounted to €0.2 million in the quarter ended September 30, 2020 and included legal and audit fees related to non-recurring operations.

***Financial income and expense***

Net financial expense decreased to €38.5 million in the quarter ended September 30, 2020, from €47.9 million in the quarter ended September 30, 2019 as last year was impacted by costs linked to the financing of Ramirent's acquisition.

***Income tax***

Our profit before tax amounted to €54.9 million in the quarter ended September 30, 2020 versus €25.8 million in the quarter ended September 30, 2019.

Income tax was an expense of €2.5 million in the quarter ended September 30, 2020, compared to €13.5 million in the quarter ended September 30, 2019.

***Net profit, group share***

We recorded a net profit of €52.8 million in the quarter ended September 30, 2020 compared to a profit of €12.9 million in the quarter ended September 30, 2019.

## EBITDA

We define EBITDA as profit from ordinary operations plus depreciation and amortization of fixed assets and right-of-use of leased assets (in accordance with the application of IFRS 16). The following table presents a reconciliation of EBITDA to operating income and net income for the periods indicated.

	Quarter ended September 30 ,		Nine months ended September 30 ,	
	2019	2020	2019	2020
<i>(in millions of euros)</i>				
<b>EBITDA .....</b>	<b>205.6</b>	<b>226.3</b>	<b>483.6</b>	<b>531.7</b>
Depreciation of Property, plant and equipment .....	(95.6)	(95.5)	(242.9)	(295.8)
Amortization of intangible assets.....	(4.1)	(12.0)	(10.2)	(36.8)
Depreciation of right of use assets.....	(20.4)	(25.1)	(50.1)	(76.0)
Other operating income and expense.....	(11.8)	(0.2)	(12.4)	(0.6)
<b>Operating profit .....</b>	<b>73.7</b>	<b>93.5</b>	<b>168.1</b>	<b>122.5</b>
Financial income and expense .....	(47.9)	(38.5)	(117.0)	(121.1)
Share of profit of associates.....	0.4	0.4	0.4	0.6
Income tax expense .....	(13.5)	(2.5)	(20.9)	(3.3)
<b>Net income.....</b>	<b>12.7</b>	<b>52.8</b>	<b>30.5</b>	<b>(1.3)</b>

EBITDA increased to €226.3 million in Q3 2020 compared to €205.6 million in Q3 2019. The EBITDA margin amounted to 39.3% in Q3 2020.

EBITDA from our Generalist France division amounted to €77.1 million in Q3 2020, compared to €69.0 million in Q3 2019. Our EBITDA margin for Generalist France reached a level of 48.0% in Q3 2020 thanks to higher capital gains and a reduction of staff costs and variable costs.

EBITDA from our Specialist France division amounted to €26.5 million in Q3 2020, compared to €24.3 million in Q3 2019. Our EBITDA margin for Specialist France increased from 37.8% in Q3 2019 to 44.0% in Q3 2020 benefitting also from higher capital gains and cost reduction.

EBITDA from our International division amounted to €121.2 million in Q3 2020, compared to €110.8 million in Q3 2019, thanks to the contribution of Ramirent. At constant perimeter and FX rates, EBITDA decreased by 8.1% and was penalized by the performance in the Middle East. The EBITDA margin of the Division however, improved by one point to 39.4%, thanks to effective cost cutting measures.

### ***Capital expenditures***

In Q3 2020, gross capital expenditures amounted to €56.4 million, compared to €59.0 million in Q3 2019, of which fleet capital expenditures amounted to €46.3 million in Q3 2020, compared to €52.7 million last year.

In Q3 2020, the gross book value of disposed rental equipment increased to €101.9 million, compared to €59.5 million in Q3 2019.

### ***Free cash flow***

We define free cash flow as EBITDA (excluding non-cash IFRS 16 impact) less net capital expenditures, other operating income and expense (excluding non-cash operating income and expense), financial income and expense (excluding non-cash financial income and expense), taxes (excluding deferred taxes), capital gains on fleet disposals and certain other income and expenses and changes in working capital requirement. Free cash flow is presented before the payment of dividends to shareholders, capital increases / share buy-back, acquisitions and high yield amortization costs. We present free cash flow as additional information because we believe it is helpful to investors in highlighting trends in our business. However, other companies may present free cash flow differently than we do. Free cash flow is not a measure of financial performance and should not be considered as an alternative to operating income as an indicator of our operating performance or any other measures of performance derived in accordance with IFRS.

In Q3 2020, Loxam recorded a positive recurring free cash flow for a fifth consecutive quarter. The recurring free cash flow amounted to €90.6 million compared to a positive recurring free cash flow of €77.1 million in Q3 2019. The increase in the free cash flow generation during Q3 2020 versus Q3 2019 is mainly explained by the higher EBITDA recorded in Q3 2020 and proceeds from disposals of fixed assets.

In Q3 2020, non-recurring items amounted to €(20.5) million and are mostly related to the payment of social and tax expense, for which public authorities had offered the possibility to postpone payments due in Q2, in Q3 and Q4. At the end of Q3 2020, €10.9 million of such delayed payments remain to be paid and will be paid in Q4 2020. At year end there will be therefore no outstanding payments of social and tax expenses concerning 2020 to be made to the authorities. In Q3 2019, quarterly non-recurring cash items amounted to €5.5 million mainly as acquisition costs for Ramirent at €(11.8) million and the bridge commitment fees at €(9.0) million were offset by the impact on a positive change on working capital for €26.3 million.

The following table presents a reconciliation of free cash flow to EBITDA for the periods indicated.

<i>(in millions of euros)</i>	Quarter ended September 30,		Nine months ended September 30,	
	2019	2020	2019	2020
<b>EBITDA post IFRS 16</b> .....	<b>205.6</b>	<b>226.3</b>	<b>483.6</b>	<b>531.7</b>
Rents IFRS 16 impact.....	(21.4)	(26.7)	(53.2)	(79.9)
<b>EBITDA pre IFRS 16</b> .....	<b>184.2</b>	<b>199.6</b>	<b>430.4</b>	<b>451.7</b>
+Capital gains on disposal and other items .....	(9.2)	(24.9)	(30.1)	(46.0)
+ Proceeds from disposals of fixed assets.....	15.5	32.1	46.7	63.5
- Gross capital expenditure .....	(59.0)	(56.4)	(321.6)	(154.7)
- Financial income and expense <sup>(1)</sup> .....	(32.0)	(36.5)	(75.9)	(104.7)
- Income taxes <sup>(2)</sup> .....	(4.9)	(6.8)	(8.1)	(13.4)
- +/- Change in working capital requirement <sup>(3)</sup> ....	(17.5)	(16.5)	(47.4)	44.2
<b>Recurring Free cash flow</b> .....	<b>77.1</b>	<b>90.6</b>	<b>(6.1)</b>	<b>240.6</b>
Non-recurring items <sup>(4)</sup> .....	5.5	(20.5)	8.3	10.9
<b>Free cash flow</b> <sup>(5)</sup> .....	<b>82.6</b>	<b>70.2</b>	<b>2.2</b>	<b>251.5</b>
Acquisition <sup>(6)</sup> .....	(1,522.7)	-	(1,582.8)	-
Dividends .....	-	-	(6.9)	0.0
Issue costs amortization and currency variations.	(1.6)	(2.5)	(6.3)	(3.4)
Change in IFRS 16 lease liability .....	(118.9)	19.3	(314.4)	48.6
<b>Change in net debt</b> <sup>(7)</sup> .....	<b>(1,560.6)</b>	<b>86.9</b>	<b>(1,908.2)</b>	<b>296.7</b>

Notes:

- (1) Corresponds to financial income and expense immediately payable (i.e. excluding non-cash items)
- (2) Corresponds to taxes immediately payable (i.e. excluding deferred taxes).
- (3) Excludes change in accrued interests on loans and change in other financial debt, which together totaled €2.7 million in the first nine months 2020 compared to €8.5 million in the first nine months 2019.
- (4) In Q3 2020, non-recurring cash items amounted to €(20.5) million and are mostly related to the payment of social and tax expense, for which public authorities had offered to postpone payments, in Q3 and Q4.  
In Q3 2019, non-recurring cash items amounted to €5.5 million and are related to the decrease of the deposit paid to fixed assets suppliers for €0.8 million, the acquisition costs of Ramirent for €(11.8) million, the bridge commitment fees for €(9.0) million offset by the related impact on change in working capital for €25.6 million.  
As at September 30, 2020, non-recurring cash items amounted to €10.9 million and are related to payment deferrals offered by public authorities or agreed with suppliers.  
As at September 30, 2019, non-recurring cash items amounted to €8.3 million and include the decrease of the deposit paid to fixed assets suppliers for €15.3 million, less the early redemption premium paid for the refinancing of April of €(10.8) million, the acquisition costs of Ramirent and UK Platforms for €(12.8) million and the bridge commitment fees for €(16.5) million offset by the positive impact on change in working capital for €33.1 million.
- (5) Before payment of dividends, capital increases and acquisitions.
- (6) As at September 30, 2019, corresponds to the UK Platforms and Ramirent acquisitions.
- (7) Excluding change in derivatives instruments.

## Net debt

We define net debt as gross debt less cash and cash equivalents (cash plus marketable investment securities). Net debt is presented as additional information because we believe that netting cash against debt may be helpful to investors in understanding our financial liability exposure. However, other companies may present net debt differently than we do. Net financial debt is not a measure of financial performance under IFRS and should not be considered as an alternative to any other measures of performance derived in accordance with IFRS.

The following table presents a reconciliation of net debt to amounts included in the consolidated balance sheet as of the indicated dates.

<i>(in millions of euros)</i>	As of	
	December 31, 2019	September 30, 2020
Senior secured notes .....	2,300.0	2,300.0
Senior subordinated notes .....	700.0	684.9
Issuance costs related to notes .....	(30.1)	(23.2)
RCF .....	-	-
Bilateral loans with a State guarantee .....	-	259.6
Bank loans on bilateral facilities .....	486.2	485.0
Commercial papers .....	115.0	79.0
Finance leases .....	288.5	283.0
Lease debt liability (IFRS 16) .....	336.1	287.6
Accrued interest on debt securities and loans .....	25.9	29.0
Other financial debt .....	18.3	4.1
Bank overdrafts .....	1.1	1.6
<b>Loans and financial debt (gross debt) .....</b>	<b>4,241.1</b>	<b>4,390.6</b>
Cash .....	(127.8)	(573.0)
Marketable investment securities .....	(102.3)	(103.4)
<b>Cash and cash equivalents .....</b>	<b>(230.1)</b>	<b>(676.3)</b>
<b>Net debt .....</b>	<b>4,011.0</b>	<b>3,714.2</b>

Net debt decreased by €296.7 million to €3,714.2 million as of September 30, 2020 from €4,011.0 million as of December 31, 2019, primarily as a result of a positive free cash flow of €251.5 million and a positive impact in change on the IFRS 16 lease liability of €48.6 million.

As of September 30, 2020, our gross financial debt (excluding derivatives and including lease liabilities) amounted to €4,390.6 million, compared to €4,241.1 million as of December 31, 2019. From the end of March 2020, the Group increased the liquidity on the balance sheet by drawing all its bilateral facilities as well as its €75 million RCF facility and subsequently secured new bilateral loans with a State guarantee in France ("PGE"), Spain, Italy and Switzerland for €259.6 million.

During Q3 2020, given the high level of cash on the balance sheet and in order to optimize its financial costs, the Group fully repaid outstanding drawings on the €75.0 million of RCF facility, and reimbursed some bilateral loans, and repurchased some subordinated notes for an amount of €15.1 million. Therefore the gross amount of financial debt decreased by € 237.1 million (including IFRS16 lease liabilities).

As of September 30, 2020, we had €2,961.7 million of outstanding bond debt, after deduction of €23.2 million of issuance costs. Our bond debt of €2,984.9 million comprised €300.0 million of senior secured notes due in April 2022, €250.0 million of senior secured notes due in May 2023, €300.0 million of senior secured notes due in April 2024, €249.0 million of senior subordinated notes due in April 2025, €300.0 million of senior secured notes due in April 2026 and €192.6 million of senior subordinated notes due in April 2027, €700.0 million of senior secured notes due in January 2025, €450.0 million of senior secured notes due in July 2026, €243.3 million of senior subordinated notes due in July 2027.

As of September 30, 2020, bilateral facilities from banks amounted to €485.0 million, finance leases €283.0 million, Commercial Papers at Ramirent to €79.0 million, and the loans with a state guarantee to €259.6 million. In the nine-month period ended September 30, 2020, new bilateral credit facilities and finance leases were entered into for €161.9 million and €35.2 million, respectively.

The €75 million RCF was not drawn on September 30<sup>th</sup>, 2020 but remains fully available. Loxam benefits from a suspension of covenant until and including March 31<sup>st</sup> 2021.

Cash and cash equivalents on our balance sheet amounted to €676.3 million as of September, 2020.

### **Debt maturity profile**

The table below provides the maturity profile of our outstanding indebtedness, as of September 30, 2020.

									2027 and later
(in millions of euros; excluding IFRS 16)	Total	2020	2021	2022	2023	2024	2025	2026	
State guarantee bilateral loans <sup>(1)</sup> .....	259.6	0.4	235.0	7.7	7.0	6.5	3.0		
Bilateral loans.....	485.0	38.9	161.6	74.4	52.7	140.4	10.4	5.2	1.4
Commercial papers .....	79.0	79.0							
Lease liabilities .....	283.0	26.8	100.5	75.9	52.6	21.1	5.3	0.5	0.3
<b>Loans and financial debt owed to credit institutions .....</b>	<b>1,106.6</b>	<b>145.1</b>	<b>497.1</b>	<b>158.0</b>	<b>112.4</b>	<b>167.9</b>	<b>18.7</b>	<b>5.6</b>	<b>1.7</b>
Other financial debt.....	4.1	3.2	0.9						
2017 senior secured notes due 2022.....	300.0			300.0					
2017 senior secured notes due 2024.....	298.2					298.2			
2017 senior subordinated notes due 2025	246.9						246.9		
2016 senior secured notes due 2023.....	249.6				249.6				
2019 senior secured notes due 2026.....	298.2							298.2	
2019 senior subordinated notes due 2027	191.4								191.4
2019 senior secured notes due 2025.....	692.6						692.6		
2019 senior secured notes due 2026.....	444.5							444.5	
2019 senior subordinated notes due 2027	240.1								240.1
<b>Total debt <sup>(2)</sup> .....</b>	<b>4,072.4</b>	<b>148.3</b>	<b>498.0</b>	<b>458.0</b>	<b>362.0</b>	<b>466.2</b>	<b>958.3</b>	<b>748.4</b>	<b>433.2</b>

(1) Includes the French loan of €230 million with a potential maturity of up to 5 years as from May 2021, the Spanish loan of €23.6 million and the Italian loan of €5.5 million with a 5 years maturity, the Swiss loan of CHF 0.5 million, due in 2025.

(2) Total debt figures exclude accrued interests, bank overdrafts and lease liabilities under IFRS 16 and are presented net of issuance costs.

### Currency and interest rate derivatives

We are exposed to market risks arising from fluctuations in interest rates and exchange rates in the ordinary course of our business. To manage these risks effectively, we enter into hedging transactions and use derivative financial instruments to mitigate the adverse effects of these risks. We do not enter into financial instruments for trading or speculative purposes.

The Group still owns a portfolio of derivative financial instruments hedging interest rate variations for a notional amount of €286.9 million at September 30, 2020 for a maximum term in February 2024. These derivatives are recognized in financial liabilities for an amount of €4.1 million at September 30, 2020, of which Ramirent for €2.3 million (for a notional amount of €165.0 million), Nationwide Platforms for €1.1 million (for a notional amount of GBP 90.0 million) and Loxam for €0.7 million (for a notional amount of €20.8 million). As of September 30, 2020, 87% of our financial debt has a fixed interest rate compared to 85% at the end of 2019.

The majority of our revenue (66% in Q3 2020), expenses and obligations are denominated in euros. However, we are exposed to foreign exchange rate risk, primarily in respect of British pounds, Norwegian krone and Swedish krona. Our foreign exchange rate derivative financial instruments as of September 30, 2020 covered current liabilities denominated in British pounds for GBP 46.3 million, in Norwegian krone for NOK (365.0) million and in Swedish krona for SEK 395.0 million.

**Critical Accounting Policies and Estimates**

Critical accounting policies are described in the appendix within the notes to financial statements.



**APPENDIX - UNAUDITED FINANCIAL STATEMENTS**

**LOXAM GROUP**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**30 September 2020**

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2020

### Condensed statement of financial position

ASSETS (€'000)	Notes	31.12.2019	30.09.2020
Intangible assets and goodwill	5	2,353,604	2,324,704
Property, plant and equipment	6	2,362,477	2,108,152
Investments in associates	7	9,815	6,967
Financial assets	8	21,369	20,134
Financial derivatives	14	-	991
Deferred tax assets	23	18,461	18,615
<b>Non-current assets</b>		<b>4,765,726</b>	<b>4,479,563</b>
Inventories	9	49,302	50,506
Trade and other receivables	10	496,581	451,868
Other current assets	11	52,466	44,759
Corporate income tax receivables	11	22,570	18,771
Cash and cash equivalents	12	230,087	676,316
<b>Current assets</b>		<b>851,006</b>	<b>1,242,220</b>
<b>Total assets</b>		<b>5,616,732</b>	<b>5,721,783</b>

LIABILITIES (€'000)	Notes	31.12.2019	30.09.2020
Share capital	13	229,818	229,818
Additional paid-in capital		1,882	1,882
Consolidated reserves		407,439	410,691
Net profit for the year		49,389	(849)
<b>Shareholders' equity (Group share)</b>		<b>688,528</b>	<b>641,542</b>
Non-controlling interests		9,507	6,287
<b>Total equity</b>		<b>698,035</b>	<b>647,829</b>
Employee benefits	16	44,188	49,424
Deferred tax liabilities	23	191,004	195,959
Borrowings and financial debt	15	3,771,635	3,687,401
Financial derivatives	14	7,608	4,950
<b>Non-current liabilities</b>		<b>4,014,436</b>	<b>3,937,734</b>
Provisions	17	19,468	14,758
Borrowings and financial debt	15	474,173	703,151
Trade and other payables	18	205,265	199,651
Other liabilities	18	193,415	207,871
Corporate income tax liabilities	18	11,942	10,789
<b>Current liabilities</b>		<b>904,262</b>	<b>1,136,219</b>
<b>Total shareholders' equity and liabilities</b>		<b>5,616,732</b>	<b>5,721,783</b>

## Condensed consolidated income statement and statement of comprehensive income

€'000	Notes	30.09.2019	30.09.2020
<b>Revenue</b>	19	<b>1,284,181</b>	<b>1,455,501</b>
Other income		39,343	53,090
<b>Operating income</b>		<b>1,323,524</b>	<b>1,508,591</b>
Purchases consumed		(131,652)	(128,907)
Personnel expenses	20	(321,743)	(380,308)
Other current expenses		(370,632)	(452,500)
Taxes and duties		(15,870)	(15,200)
Depreciation and amortization – Tangible assets		(292,956)	(371,837)
Depreciation and amortization – Intangibles assets		(10,244)	(36,775)
<b>Profit from ordinary operations</b>	19	<b>180,427</b>	<b>123,065</b>
Other operating incomes	21	721	225
Other operating expenses	21	(13,097)	(836)
<b>Operating profit</b>		<b>168,051</b>	<b>122,454</b>
Interest and financing-related expenses		(85,425)	(119,027)
Other financial expenses		(33,436)	(5,683)
Financial income		1,886	3,573
<b>Financial income (expense)</b>	22	<b>(116,975)</b>	<b>(121,137)</b>
<b>Profit before tax</b>		<b>51,076</b>	<b>1,318</b>
Share of result in associates and joint ventures	7	363	641
Income tax expense	23	(20,903)	(3,256)
<b>Net profit</b>		<b>30,535</b>	<b>(1,298)</b>
Non-controlling interests		(172)	(449)
<b>Net profit, Group share</b>		<b>30,708</b>	<b>(849)</b>
		<b>30.09.2019</b>	<b>30.09.2020</b>
<b>Net profit</b>		<b>30,535</b>	<b>(1,298)</b>
Exchange gains or losses <sup>(a)</sup>		8,592	(43,178)
Fair value of derivative instruments		3,134	(1,117)
Tax		(627)	214
<b>Items recycled to profit or loss</b>		<b>11,099</b>	<b>(44 081)</b>
Remeasurement of liabilities for defined benefit retirement plans		(1,536)	(3,993)
Tax		329	823
<b>Items not recycled to profit or loss</b>		<b>(1,207)</b>	<b>(3,171)</b>
<b>Other comprehensive income</b>		<b>9,892</b>	<b>(47,252)</b>
<b>Comprehensive income</b>		<b>40,427</b>	<b>(48,550)</b>
<b>EBITDA <sup>(b)</sup></b>	<b>19</b>	<b>483,628</b>	<b>531,676</b>

(a) of which associates and joint ventures for €(3,045)k as at September 30, 2020 and €(182)k as at December 31, 2019.

(b) EBITDA is not a measure of financial performance under IFRS. EBITDA is presented as additional information and is defined by the Group as profit from ordinary operations plus depreciation and amortization of tangible and intangible assets.

## Condensed consolidated cash-flow statement

€'000	Notes	30.09.2019	31.12.2019	30.09.2020
<b>Net profit</b>		<b>30,535</b>	<b>48,176</b>	<b>(1,298)</b>
Share of result in associates and joint ventures	7	(363)	(899)	(641)
Income tax expense (including deferred tax)	23	20,903	9,697	3,256
Net finance costs	22	116,975	153,817	121,137
Other operating income and expense		(455)	5,139	38
Depreciation and provisions, net of reversals		305,287	466,145	407,890
Capital gains on asset disposals		(32,156)	(48,455)	(44,829)
<b>Cash flow from operations (before cost of financing and tax)</b>		<b>440,727</b>	<b>633,620</b>	<b>485,554</b>
Income tax paid		(8,148)	(4,718)	(13,406)
Financial interest paid		(100,883)	(140,546)	(111,392)
Financial interest received		755	1,194	2,033
Change in working capital requirements		(1,329)	(35,047)	55,045
<b>Cash flow from operating activities</b>	<b>A</b>	<b>331,122</b>	<b>454,503</b>	<b>417,835</b>
Impact of changes in scope		(1,052,460)	(1,052,460)	(17,283)
Acquisitions of fixed assets		(356,105)	(466,086)	(183,120)
Disposals of fixed assets		47,646	73,234	63,539
<b>Cash flow from investing activities</b>	<b>B</b>	<b>(1,360,918)</b>	<b>(1,445,313)</b>	<b>(136,864)</b>
Dividends paid		(6,895)	(6,895)	-
Proceeds from loans and borrowings	15	2,261,709	2,244,609	684,603
Repayment of loans and borrowings	15	(982,980)	(1,160,437)	(516,318)
<b>Cash flow from financing activities</b>	<b>C</b>	<b>1,271,834</b>	<b>1,077,278</b>	<b>168,285</b>
<b>Change in cash and cash equivalents</b>	<b>A+B+C</b>	<b>242,038</b>	<b>86,468</b>	<b>449,256</b>
Cash and cash equivalents at beginning of period		141,418	141,418	229,035
Cash and cash equivalents at end of period		384,552	229,035	674,688
Impact of exchange rate fluctuations		(1,096)	(1,150)	3,603
<b>Change in cash and cash equivalents</b>		<b>242,038</b>	<b>86,468</b>	<b>449,256</b>
Other marketable securities		102,847	102,269	103,362
Cash at bank and on hand		288,136	127,818	572,954
Current bank borrowings		(6,431)	(1,052)	(1,627)
<b>Cash and cash equivalents</b>		<b>384,552</b>	<b>229,035</b>	<b>674,688</b>

## Condensed consolidated statement of changes in equity

€'000	Share capital	Additional paid-in capital	Other consolidated reserves	Reserves to be recycled (OCI)	Shareholders' equity (Group share)	Non-controlling interests	Total equity
<b>At 31 December 2018</b>	<b>229,818</b>	<b>1,882</b>	<b>408,945</b>	<b>(20,798)</b>	<b>619,847</b>	<b>10,621</b>	<b>630,468</b>
Net profit for the period			49,389		49,389	(1,213)	48,176
Employee benefits				416	416	(40)	376
Exchange gains or losses				25,880	25,880	138	26,018
<b>Comprehensive income</b>			<b>49,389</b>	<b>26,296</b>	<b>75,685</b>	<b>(1,115)</b>	<b>74,570</b>
Capital movements					-		-
Dividends			(6,895)		(6,895)		(6,895)
Changes in scope					-		-
Other movements			(110)		(110)	1	(109)
<b>At 31 December 2019</b>	<b>229,818</b>	<b>1,882</b>	<b>451,330</b>	<b>5,498</b>	<b>688,528</b>	<b>9,507</b>	<b>698,035</b>
Net profit for the period			(849)		(849)	(449)	(1,298)
Employee benefits				(3,171)	(3,171)		(3,171)
Derivatives instruments				(903)	(903)		(903)
Exchange gains or losses				(41,955)	(41,955)	(1,224)	(43,178)
<b>Comprehensive income</b>			<b>(849)</b>	<b>(46,028)</b>	<b>(46,877)</b>	<b>(1,673)</b>	<b>(48,550)</b>
Capital movements					-		-
Dividends					-		-
Changes in scope					-	(1,404)	(1,404)
Other movements			(109)		(109)	(143)	(252)
<b>At 30 September 2020</b>	<b>229,818</b>	<b>1,882</b>	<b>450,372</b>	<b>(40,530)</b>	<b>641,542</b>	<b>6,287</b>	<b>647,829</b>

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## **Note 1 – Overview**

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### **1.1 Presentation of the Group**

Loxam is a French simplified joint stock company (“Société par actions simplifiée”) with a capital of €229,818,150 as of September 30, 2020, governed by all of the legislation and regulations for commercial companies in France, and particularly the French commercial code (“Code de commerce”).

Its registered office is located at 256 rue Nicolas Coatanlem, 56850 Caudan, France.

Following the acquisition of Ramirent in July 2019, Loxam has comforted its leadership in the European equipment rental industry based on pro forma revenue for the 12-month period ended September 2020 of €2,043 million.

The Group has operations in 30 countries, mainly in Europe but also in North Africa, the United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait as well as in Brazil and Colombia. With Ramirent, it operates as well in Finland, Sweden, Poland, Czech Republic, Slovakia and also Estonia, Lithuania and Latvia.

### **1.2 Basis of preparation**

The interim consolidated financial statements (the “interim financial statements”) for the nine-month period ended September 30, 2020 include Loxam SAS and its subsidiaries (together “the Group” or “Loxam Group”), including the Group’s share in equity affiliates and joint ventures.

These interim financial statements have been prepared by the Group in a voluntary and non-mandatory basis. They have been prepared in accordance with IAS 34 “Interim financial reporting” and should be read in addition to the latest annual consolidated financial statements of the Group for financial year 2019 (“the latest annual financial statements”).

They do not include all the mandatory information for a complete financial report according to IFRS. However, they include a selection of notes explaining significant events and major operations to understand the change in statement of financial position and the Group’s performance since the latest annual financial statements.

### **1.3 Functional and reporting currency**

The consolidated financial statements are prepared and presented in euros, which is the parent company’s functional currency. All the financial data are presented in thousands of euros, rounded to the nearest thousand euros. The total amounts indicated in the tables may differ from the sum of the various items due to rounding.

## Note 2 – Highlights

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### Highlights of the period ended September 30, 2020

In an unprecedented market context linked to the Covid-19 pandemic, LOXAM reacted strongly to limit its impact and gave an immediate priority to the health and safety of the Group's employees and its customers.

The second priority was to strengthen the Group's liquidity and cash position, reduce capital expenditure projects and strictly control costs by using measures made available by governments, particularly in terms of short-time working and bank loans guarantees.

The Revolving Credit Facility was fully drawn for €75 million as from March 26, 2020, for a period of 6 months. The outstanding drawing was fully repaid on September 30, 2020.

In France, LOXAM SAS secured a €230 million loan with a state guarantee ("PGE") with a maturity up to 6 years without any security or covenant. Banks have a guarantee from the French State on this loan covering 90% of the principal borrowed. The funds were received on May 15, 2020.

States guaranteed loans have been granted in Spain for €17 million, in Italy for €5,5 million and in Switzerland for CHF 0,5 million.

### Other events of the period

On January 12, 2020, the 50% stake held by Ramirent Oy in the JV Fehmarnbelt Solution Services A/S (Denmark) was sold to its partner Zeppelin Rental of Germany.

On April 4, 2020, Nummelanrinne Koy, a real estate company held by Ramirent Oy was sold.

Loxamed, a 51% subsidiary of Loxam SAS was created in July 2020.

### Overview of key developments in 2019

On January 14, 2019, Nationwide Platforms acquired UK Platforms Limited ("UK Platforms") from HSS Hire Group Plc. UK Platforms is specialized in renting power access equipment from its branch network throughout the United Kingdom.

On April 11, 2019, Loxam issued €500 million of new bonds, split into two tranches:

- A senior secured bond of €300 million due in 2026, paying a coupon of 2.875%
- A senior subordinated bond of €200 million due in 2027, paying a coupon of 4.50%

The proceeds of the issuance were used to redeem the Senior Secured Notes due 2021 and Senior Subordinated Notes due 2022, for a total amount of €464.3 million. This early repayment generated non-recurring financial expenses of € 11.8 million.

On June 9, 2019, Loxam has entered into a €1,500 million bridge loan for the acquisition of Ramirent Plc. The bridge loan has not been drawn.

On June 19, 2019, Loxam launched a voluntary recommended public cash tender offer to purchase all of the issued and outstanding shares of Ramirent Plc., a leading equipment rental company for the construction, industry and services sectors with operations in the Nordic countries, Central Europe and Eastern Europe and a turnover of €712 million in 2018.

On July 18, 2019, at the expiration of the acceptance period on July 18, 2019, Loxam's offer was declared successful as the shares tendered in the Tender Offer represented approximately 96.2% of all the issued and outstanding shares and votes in Ramirent, satisfying the minimum acceptance condition of the Tender Offer. At the end of the subsequent offer period started on July 24, 2019, the total shares tendered were representing approximately 98.2 % of all the issued and outstanding shares in Ramirent.

On July 22, 2019, Loxam successfully issued new bonds for a total of €1,400 million to finance the acquisition of Ramirent, to refinance certain of Ramirent's gross debt and the debt related to the acquisition of Stavdal AB, and



to pay the fees and expenses related to the offering and the acquisition. The new bonds were split into three tranches:

- A senior secured bond of €700 million due in 2025, paying a coupon of 3.25%
- A senior secured bond of €450 million due in 2026, paying a coupon of 3.75%
- A subordinated secured bond of €250 million due in 2027, paying a coupon of 5.75%.

On October 31, 2019, activities of UK Platforms were merged with Nationwide Platforms Ltd.

On December 13, 2019, Loxam A / S (Denmark) sold 100% of the shares held in Loxam AS (Norway) to Stavdal AS (Norway).

On December 20, 2019, the transfer of ownership and squeeze out of the outstanding shares of Ramirent became effective. Loxam owns 100% of the shares of Ramirent.

## Note 3 – Accounting principles

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### 3.1 Presentation of the financial statements

The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. This standard is composed of IFRS, IAS (International Accounting Standards) and their interpretations that were adopted by the European Union as of September 30, 2020.

The financial statements are prepared on a historical cost basis, with the exception of certain categories of assets and liabilities, measured at fair value, in accordance with IFRS. The categories concerned are mentioned in the following notes.

The financial year-end for the entire Group's subsidiaries and entities is December 31.

The consolidated financial statements are presented in thousands of euros (unless otherwise specified) and include the financial statements of Loxam SAS and its subsidiaries (« the Group ») for the period from January 1, 2020 to September 30, 2020. The list of consolidated companies is presented in Note 4.

### 3.2 Consolidation principle

A subsidiary is an entity controlled by Loxam SAS. An entity's control is based on three criteria:

- Power over the entity, i.e. the ability to direct the activities with the greatest impacts on its profitability;
- Exposure to the entity's variable returns, which may be positive, based on dividends or any other economic benefits, or negative;
- Link between power and these returns, i.e. the ability to exercise power over the entity to influence the returns achieved.

The financial statements of subsidiaries are consolidated from the date on which the Group acquires effective control until such time as control is transferred outside the Group.

The consolidated financial statements include all of the subsidiary's assets, liabilities, income and expenses. Equity and income are shared between the owners of the Group and non-controlling interests. Transactions between consolidated companies and intragroup profits are eliminated when preparing the consolidated financial statements.

An associate is an entity over which the Group has significant influence, without having control or joint control over financial and operational policies. The share in the associate's assets and liabilities, including goodwill, is presented on a separate line on the balance sheet.

A joint venture or joint activity is the result of a contractual arrangement whereby two or more parties agree to carry out an economic activity under joint control. For joint activities, which give each of the co-participants direct rights to assets and obligations for liabilities, assets and liabilities, expenses and income are recognized based on the interests in the joint activity. Joint ventures that confer interests in net assets are accounted for using the equity method.

### 3.3 Comparability of the financial statements

Loxam's consolidated financial statements for the period ended September 30, 2020 include 9 months of activity of Ramirent, acquired on July 24, 2019 and consolidated as of August 1, 2019.

The valuation of intangible assets and goodwill of Ramirent group as well as the purchase price allocation ("PPA") are final in the financial statements at September 30, 2020.

From June 30, 2020, the Group has reviewed its customer provision rules and has adjusted the accounting estimates to be more conservative: customer depreciation rates have been increased based on ageing categories, and receivable balances (excluding disputes) over 18 months are now depreciated 100%. Group rules were then adjusted based on geographies where needed.

### **3.4 Accounting judgments and estimates**

To prepare the consolidated financial statements in accordance with IFRS, the Group makes a certain number of estimates and assumptions that are based on historical information and other factors, including expectations for future events that are considered reasonable in view of the circumstances.

Significant judgments made by management to apply the Group's accounting policies and the main sources of uncertainty in estimates are identical to those described in the financial statements at December 31, 2019.

### **3.5 Business combinations**

#### **a) Business combinations**

In accordance with IFRS 3R, business combinations are accounted for on the acquisition date, which is the date when control is transferred to the Group.

Goodwill represents the fair value of the consideration transferred (including the fair value of any interest previously held in the company acquired), plus the amount recognised for any non-controlling interest in the company acquired, less the net amount recognised (generally at fair value) for the identifiable assets and liabilities assumed.

When the difference is negative, this is badwill, representing a profit resulting from acquisitions under preferential conditions. Badwill is recognised immediately in profit or loss.

The costs relating to the acquisition are expensed as incurred.

Corrections or adjustments may be made to the fair value of the assets and liabilities assumed and the consideration transferred within 12 months of the acquisition. As a result, the goodwill may be revised.

Contingent consideration relating to business combinations is measured at fair value on the acquisition date and subsequently measured at fair value at each future reporting date. After a one-year period from the acquisition date, any change in the fair value of the contingent consideration classified as a financial liability will be recognised in profit or loss. During this one-year period, any changes to this fair value explicitly related to events occurring after the acquisition date will also be recognised in profit or loss. Other changes will be recognised as adjustments to goodwill.

Goodwill is not amortized. In accordance with IAS 36 Impairment of Assets, it is subject to impairment tests at least once a year and more frequently if there are any indications of impairment.

#### **b) Commitment to buy out non-controlling interests (minority interests), entered into at the time of business combinations, if minorities do not retain current access to profits.**

The anticipated acquisition method is applied: the deferred payment for the buyout commitment is recognised as a liability for the present value of the option's exercise price. Goodwill is calculated taking into account the total percentage including the commitment to buy out the non-controlling interests.

#### **c) Commitment to buy out non-controlling interests (minority interests), entered into at the time of business combinations, if minorities retain current access to profits.**

The deferred payment for the buyout commitment is recognised as a liability for the present value of the option's exercise price. Subsequent changes in the value of the commitment are recognised in equity attributable to owners of the parent.

d) Acquisition of non-controlling interests (minority interests), agreed on after business combinations:

For an additional acquisition of shares in an entity that is already controlled, the difference between the acquisition price of the shares and the additional consolidated equity interest acquired is recognised in equity attributable to owners of the parent, while keeping the consolidated value of the subsidiary's identifiable assets and liabilities, including goodwill, unchanged.

### 3.6 Foreign currency translation methods

a) Transactions in foreign currencies

Transactions in foreign currencies are converted into euros based on the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are converted based on the exchange rate at the reporting date.

Profit and loss data denominated in foreign currencies are converted using the average rate for the period.

The resulting exchange gains or losses are recognised in profit or loss for the year under financial income and expenses.

b) Financial statements in foreign currencies

The assets and liabilities of subsidiaries presented in foreign currencies are converted into euros based on the exchange rate at the reporting date. Income and expenses for these companies are converted into euros at the average exchange rate for the year. The resulting exchange gains or losses are recognised directly in other comprehensive income.

Exchange rates applied at September 30, 2020 (Euro vs. currency):

1 EUR =		Closing period rate	Average rate	Opening period rate
AED	Arabic Emirates dirham	4,2786	4,1403	4,1128
BHD	Bahraini dinar	0,4368	0,4234	0,4222
BRL	Brazilian real	6,5119	5,7049	4,5111
CHF	Swiss franc	1,0796	1,0729	1,0874
COP	Colombian peso	4 511,61	4 159,03	3 683,83
CZK	Czech koruna	27,1400	26,3369	25,4309
DKK	Danish krone	7,4446	7,4576	7,4693
GBP	Pound sterling	0,9082	0,8837	0,8533
MAD	Moroccan dirham	10,7102	10,6455	10,6140
NOK	Norwegian krone	11,0814	10,7074	9,8582
OMR	Omani rial	0,4471	0,4332	0,4311
PLN	Polish zloty	4,5618	4,4167	4,2575
QAR	Qatari riyal	4,2138	4,0332	4,0934
SAR	Saudi riyal	4,3665	4,2297	4,2012
SEK	Swedish krona	10,5761	10,5522	10,4449

### 3.7 Breakdown of current / non-current assets and liabilities

Under IAS 1, assets and liabilities are classified as “current” or “non-current”.

Loxam applies the following rules for classifying the main balance sheet aggregates:

- Fixed assets are classified as “non-current”,
- Assets and liabilities included in working capital requirements in connection with the business’ normal operating cycle are classified as “current”,
- All deferred tax assets and liabilities are presented as “non-current”,
- All provisions are classified as “current”,
- Financial liabilities are classified as “current” or “non-current”, depending on whether they are due within or later than one year after the reporting date.

### 3.8 Fair value of financial assets and liabilities

Financial assets and liabilities (including derivatives) measured at fair value are categorized into three levels (1 to 3), each corresponding to a level of fair value observable inputs based on data used in the fair value measurement technique:

- Level 1: fair value determined based on quoted prices in active markets for identical assets or liabilities;
- Level 2: fair value estimated based on observable data for the asset or liability, either directly (i.e. prices) or indirectly (i.e. pricing-derived data);
- Level 3: fair value estimated using valuation techniques that include data relating to the asset or liability that are not based on observable market data.

Further information on the classification of financial instruments for each category is presented in Note 3.16 Cash and cash equivalents, and Note 3.17 Derivative financial instruments - relating to the interest rate risk.

### 3.9 Intangible assets and goodwill

#### a) Goodwill

The goodwill resulting from acquisitions of subsidiaries is included in intangible assets. It represents an asset with an indefinite useful life. For the valuation of goodwill, see Note 3.5.

#### b) Trademarks and customer relationships

The application of IFRS 3R may lead to the allocation of an acquisition price to identified intangible assets such as trademarks and client relationships. These intangible assets could be depreciated over 5 to 18 years. Trademarks are depreciated over 5 to 12 years and customer relationships over 8 to 18 years.

#### c) Other intangible assets

Other intangible assets have a finite useful life and are recorded at their acquisition cost, after deducting accumulated amortization and impairment losses.

The amortization of intangible assets is recorded as an expense on a straight-line basis over the estimated useful life from the moment assets are brought into service.

These other intangible assets are primarily software products, amortized over one to three years.

### 3.10 Property, plant and equipment

Property, plant and equipment are recognised at their acquisition cost, after deducting accumulated depreciation and impairment losses. They are not revalued.

The cost includes the expenditure directly attributable to the asset's acquisition.

Depreciation charges for property, plant and equipment are calculated on a straight-line basis over the useful lives indicated below. Land is not depreciated.

- Buildings	10 to 50 years
- Building fixtures and fittings	5 to 20 years
- Tools	3 to 5 years
- Fleet equipment	3 to 15 years
- Other property, plant and equipment	2 to 5 years

Property, plant and equipment are depreciated from the moment they are brought into service.

A residual value is applied to some categories of equipment, in order to take into account the resale value of this equipment at the end of its life.

### 3.11 Leases

Leases contracts are governed by IFRS 16 since January 1, 2019. The standard has removed the distinction previously made between simple leases and finance leases for the lessee; the lessee recognizes a right-of-use asset and a financial debt representing the rental obligation.

The Group presents the right-of-use within "Property, plant and equipment" on the same line as the underlying assets of same nature of which it has full ownership (see Note 6) and the lease liabilities within "Borrowings and financial debts" in the statement of financial position (see details in Note 15).

Following the Covid-19 pandemic, the Group has obtained rental reductions or deferrals agreed with lessors. Some leases were modified with an impact on the lease duration (extension of several months at the end of the lease). Under IFRS 16, a lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. The modification of the lease requires the lessee to make a corresponding adjustment to the right-of-use asset as well as the the remeasurement of the lease liability. The Group has performed these adjustments accordingly. The initial incremental borrowing rates were kept as the extension of leases duration was mostly for a 6-month period and determining a revised discount rate was not eased by market volatility following the coronavirus outbreak.

### 3.12 Impairment of intangible assets and property, plant and equipment

Assets are reviewed at each reporting date to determine whether there are any indications of impairment. If such indications are identified, the asset's recoverable amount is estimated.

Goodwill is tested annually and whenever indications of impairments arise.

Given the health crisis occurred during the first half of 2020 and consequences on the Group performance, the Group has performed impairment tests on all its subsidiaries.

No depreciation was recorded since the recoverable value exceeded the book value for each CGU.

### 3.13 Financial assets

Financial assets include:

- Securities of non-consolidated companies,
- Security deposits paid,
- Cash management assets,
- Cash and cash equivalents.

Financial assets are measured and recognised in accordance with IAS 32 and IFRS 9.

Financial assets are initially recognised at their fair value.

Financial assets maturing in under one year are classified as current financial assets.

### **3.14 Inventories**

Inventories primarily include trade products, parts and consumables. Inventories are measured using the weighted average cost method. An impairment is recognised when the realisable value, less costs of disposal, is lower than the book value.

### **3.15 Trade receivables and other current assets**

Trade receivables and other current assets are generally measured at their nominal value, when this is considered to be close to their fair value. Provisions for impairment are recorded for receivables when their recoverable value amount is lower than their book value.

The Group has adopted an expected credit loss impairment model from January 1, 2018 following the simplified method allowed by the IFRS 9 standard. At September 30, 2020, the Group has assessed the Expected Credit Loss considering reasonable and supportable information at the reporting date. The provision matrix used in the ECL model has remained unchanged. This analysis will be updated at each reporting date in order to consider the consequences of the Covid-19 pandemic.

### **3.16 Cash management assets and Cash and cash equivalents**

In accordance with IAS 7 Statement of Cash Flows, the cash recorded in the consolidated cash flow statement includes cash at bank and on hand, bank credit balances and cash equivalents.

Cash equivalents correspond to liquid short-term deposits that are easily convertible into a determinable amount of liquid assets and subject to an insignificant risk of changes in value.

Term deposits for over three months, which include options for early withdrawals at any time without notice, particularly to cover short-term cash commitments, are consistent with the definition of cash and cash equivalents from IAS 7 in the following cases:

- The capital is guaranteed even in the event of early withdrawal,
- No penalties are due in the form of payments to the financial institution managing the investment, or non-payment of part of the return on the investment. When the return is calculated based on the rate for the previous period or a reduced rate, without any significant change in the value of the amount of the return received, this is not considered to be a penalty and does not call into question the investment's classification as cash and cash equivalents.

Cash management financial assets comprise money-market securities, bonds and shares in UCITS invested over a short-term management horizon that do not meet the criteria for being classified as cash equivalents under IAS 7. They are measured and recognised at fair value. Changes in fair value are recognised in profit or loss.

Purchases and sales of cash management financial assets are recognised on the transaction date.

Marketable securities classified as cash equivalents on the reporting date are recognised at fair value through profit or loss, with their fair value based on their net asset value.

### **3.17 Derivative financial instruments – relating to the interest rate risk**

The Group holds interest rate swaps to reduce its net interest rate risk exposure.

These derivative financial instruments are initially recognised at their fair value. This fair value corresponds to Category 2 consistent with the definitions given in Note 3.8. Since the hedging relationship is not documented, changes in fair value are recognised in profit or loss.

### **3.18 Derivative financial instruments – relating to the foreign exchange risk**

On an ad hoc basis, and consistent with its market forecasts, the Loxam Group uses financial instruments to reduce its net foreign exchange risk exposure, mainly on Pound Sterling, Norwegian krone and Swedish krona since the acquisition of Ramirent.

The Group primarily uses forward currency sales options. As these instruments concern intra-group receivables, which are eliminated in the consolidated financial statements, the Group has not opted to apply hedge accounting. These foreign exchange derivative instruments are recognised at fair value on the balance sheet. Fair value adjustments are recognised in profit or loss.

### **3.19 Employee benefits**

Under IAS 19 (revised), all current and future benefits or compensation acquired by employees in return for services rendered during the current period and prior periods must be recognised as an expense over the period when rights are vested.

In accordance with the laws and practices in each country where it operates, the Group is part of various plans for retirement and post-employment benefits.

#### **a) Defined contribution plans**

For defined contribution plans, the Group has no obligations other than the payment of contributions. The contributions paid in to plans are recognised as expenses for the period. Where applicable, provisions are recorded for contributions not made during the period.

#### **b) Defined benefits plans**

Retirement and related benefits under defined benefit plans are subject to provisions based on an actuarial calculation carried out at least once a year in accordance with IAS 19 R.

To assess retirement benefits, the projected unit credit method is applied: each period of service gives rise to an additional unit of benefit entitlements, and each unit is valued separately to determine the obligation in relation to employees.

The calculations consider the specific features of the various plans, as well as the assumptions for retirement dates, career development and wage increases, and the probability of employees still being employed by the Group when they reach retirement age (informed by staff turnover, mortality tables, etc.). The present value of the obligation is determined based on the interest rates for long-term bonds from top-tier issuers.

An employee benefit liability is recorded for the obligation net of any plan assets measured at fair value.

The net expenses for retirement and related benefits are recognised in operating profit for the period in relation to the cost of services provided during the period. The net financial cost is recognised in financial income and expenses.



Under IAS 19 R, the actuarial gains or losses generated by changes in assumptions on the net defined benefit liability or differences between interest income and the actual returns on plan financial assets are recognised immediately in other comprehensive income and cannot be recycled to profit or loss.

**c) Other long-term benefits**

Certain other long-term benefits are also subject to provisions, which are determined with a similar actuarial calculation to that applied for defined benefit plans.

These benefits primarily concern jubilee awards. Remeasurements of the obligation are recognised in profit or loss.

For the interim financial statements, the Group uses the projections made by actuaries for 2020 and keeps a pro rata portion for the period. Variations are only accounted for in profit or loss.

### **3.20 Provisions**

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, a provision is recorded when, on the reporting date, the Group has an obligation (legal or implied), it is probable that an outflow of resources representing economic benefits will be required to extinguish this obligation, and the amount of the obligation can be estimated reliably.

These provisions are estimated taking into account the most probable assumptions on the reporting date.

### **3.21 Borrowings and financial debt**

Interest-bearing liabilities are initially measured at their fair value, less any directly attributable transaction costs. Subsequently, borrowings and financial debt are measured at their amortized cost using with the effective interest rate method.

The Loxam Group regularly issues loans on the bond market in order to finance its acquisitions. As part of its policy aimed at renewing its debt, the Group's Finance Division weighs up the renewal of tranches reaching maturity at least two years before the redemption term.

Since 2016, the effective interest rate on bond loans has been calculated over the term of the loan less two years. As from the 1 January 2019, borrowings and financial debts include the debts related to leases contracts.

### **3.22 Trade payables and related**

Trade and other payables are recorded at their nominal value, which corresponds to their fair value.

### **3.23 Tax**

Income tax includes both current and deferred tax.

Current tax corresponds to the cumulative amount of corporate income tax payable on taxable income for all the Group's companies and is determined using the tax rates adopted on the reporting date.

Deferred tax is recorded, using the accrual method, generally for temporary differences on the reporting date between the taxable base for assets and liabilities and their book value on the balance sheet.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets will be realized or the liabilities settled, based on the tax rates - and tax regulations - that have been enacted or substantively enacted at the reporting date.

In the event of deductible temporary differences and tax losses, deferred tax assets are recognised for the amount of the deferred tax liabilities whose repayment will make it possible to allocate these tax losses, and beyond that if it is likely that the Group will have future taxable profits.

Deferred taxes are recorded for each entity. Deferred tax assets and liabilities are offset on the balance sheet when taxes are levied by the same tax authority and they relate to the same taxable entity.

Taxes relating to elements recorded in other comprehensive income are recognised in other comprehensive income and not in profit or loss.

### **3.24 Revenue**

Revenue comprises income from equipment rental, services and sales related to rental activities (transportation, damage waivers, labor charges invoiced for repairs) and sales of goods.

#### *Rental revenue*

Revenue generated from equipment rental is recognised straight line over the rental period. Contract durations can vary from one day to a few months but are mostly short-term. The contract ends upon the equipment return.

#### *Additional services to the equipment rental and other services*

Additional services mainly concern transportation, damage waivers, labor charges invoiced for repairs. Other services comprise training and repair recharges (including spare parts). These services are recognised at the end of the service completion. Revenue linked to fuel consumption is recognised upon the equipment return.

The Group is also offering a wide range of different kind of services thanks to the acquisition of Ramirent group: worksite planning, logistics, on-site support, assembly and disassembly services. The revenue is recognized in accordance with IFRS 15 «Revenue from contracts with customers», when the services are rendered to the customer over time or when the customer controls the work in progress.

#### *Retail revenue and sale of equipment*

Revenue from retail activities and sale of equipment is recognised upon delivery to the customer.

### **3.25 Other income**

Other income primarily concerns net capital gains on disposals of assets in connection with the Group's normal operating cycle.

### **3.26 Other current expenses**

Other current expenses primarily include external services (particularly subcontracted maintenance and transportation costs, property and real estate rentals that are not in the scope of the new IFRS 16 standard, and general administrative costs), in addition to losses on receivables net of changes in provisions.

### **3.27 Other operating income and expenses**

Other operating income and expenses concern items that involve a very limited number of occurrences, that are unusual, abnormal and uncommon and that involve particularly significant amounts, which the company presents separately in profit or loss to make it easier to understand recurring operational performance.

### **3.28 Financial income and expenses**

Financial income primarily concerns interest on investments.

Financial expenses primarily concern interest on bonds, bilateral loans and leasing, amortized cost related to bonds, as well as changes to the fair value of financial instruments. It also includes the interest cost related to the lease liability following the application of IFRS 16 since January 1, 2019.

Exchange gains and losses are recorded as financial income or expenses consistent with fluctuations in foreign currencies resulting in gains or losses.

## Note 4 – Scope of consolidation

Legal entities	SIREN number (France) or country	% of control	% of interest	Consolidation method
<b>SAS LOXAM</b>	<b>450776968</b>	<b>100%</b>	<b>100%</b>	<b>Parents</b>
SAS LOXAM MODULE	433911948	100%	100%	Full
SAS LOXAM POWER	366500585	100%	100%	Full
LOXAMED	887672137	100%	51%	Non- consolidated
LOXAM GMBH	Germany	100%	100%	Full
LOXAM S.A.	Switzerland	100%	100%	Full
LOXAM S.A.	Belgium	100%	100%	Full
LOXAM RENTAL SARL	Luxembourg	100%	100%	Full
LOXAM LTD	Ireland	100%	100%	Full
LOXAM BV	Netherlands	100%	100%	Full
ATLAS RENTAL	Morocco	100%	51%	Full
LOXAM HOLDING A/S	Denmark	100%	100%	Full
LOXAM A/S	Denmark	100%	100%	Full
DEGRAUS	Brazil	100%	50.1%	Full
SCI AVENUE ARISTIDE BRIAND	384564472	100%	100%	Full
SCI EST POSE	340583160	100%	100%	Full
SAS LOXAM GRANDE ARMEE	572045953	100%	100%	Full
SCI TARTIFUME	328948013	100%	100%	Full
SCI THABOR	332962125	100%	100%	Full
LOXAMAM	799097944	100%	100%	Full
HUNE RENTAL S.L.	Spain	100%	100%	Full
HUNE ALUGUER LDA	Portugal	100%	100%	Full
GRUAS Y EQUIPOS HUNE	Colombia	100%	100%	Full
HUNE SICO LLC	Saudi Arabia	100%	49%	Full
LAVENDON HOLDINGS LTD	United Kingdom	100%	100%	Full
ZOOM HOLDINGS LTD	United Kingdom	100%	100%	Full
ACCESS SOLUTIONS LTD	United Kingdom	100%	100%	Full
LAVENDON ACCESS SERVICES LTD	United Kingdom	100%	100%	Full
NATIONWIDE PLATFORMS LTD	United Kingdom	100%	100%	Full
UK PLATFORMS LTD	United Kingdom	100%	100%	Full
BLUESKY TOPCO LTD	United Kingdom	100%	100%	Full
BLUESKY SOLUTIONS LTD	United Kingdom	100%	100%	Full
DK RENTAL NV	Belgium	100%	100%	Full
RAPID ACCESS BV	Netherland	100%	100%	Full
RAPID ACCESS LLC (a)	United Arab Emirates	100%	49%	Full
RAPID ACCESS Holdings S.P.C	Bahrain	100%	100%	Full
RAPID Saudi Arabia Ltd	Saudi Arabia	100%	100%	Full
RAPID ACCESS LLC (b)	Oman	100%	70%	Full
RAPID ACCESS MIDDLE EAST LLC	United Arab Emirates	100%	100%	Full
RAPID ACCESS TRADING WLL (c)	Bahrain	100%	49%	Full
LOXAM ACCESS SRL	Italia	100%	80%	Full
SWAN	Ireland	100%	100%	Full

LIR HOLDINGS LTD	Ireland	100%	100%	Full
RAMIRENT OYJ	Finland	100%	100%	Full
RAMIRENT INTERNAL SERVICES AB	Sweden	100%	100%	Full
SAFETY SOLUTIONS JONSEREDS AB	Sweden	100%	96,4%	Full
RAMIRENT AB	Sweden	100%	100%	Full
RAMIRENT SAFE ACCESS AB	Sweden	100%	100%	Full
RENTSAFE SVERIGE AB	Sweden	100%	100%	Full
RAMIRENT FINLAND OY	Finland	100%	100%	Full
FORTRENT OY	Finland	50%	50%	Equity
FORTRENT LLC	Russia	50%	50%	Equity
RAMIRENT AS	Norway	100%	100%	Full
RAMIRENT BALTIC AS	Estonia	100%	100%	Full
RAMIRENT MODULAR FACTORY AS	Estonia	100%	100%	Full
RAMIRENT AS VILNIUS FILIALAS	Lithuania	100%	100%	Full
RAMIRENT AS RIGAS FILIALE	Latvia	100%	100%	Full
RAMIRENT SHARED SERVICES AS	Estonia	100%	100%	Full
RAMIRENT S.A.	Poland	100%	100%	Full
RAMIRENT S.R.O.	Czech Republic	100%	100%	Full
RAMIRENT SPOL S.R.O.	Slovakia	100%	100%	Full
STAVDAL AB	Sweden	100%	100%	Full
STAVDAL AS	Norway	100%	100%	Full
STAVDAL I SKOVDE AB	Sweden	100%	66%	Full

(a) Rapid Access BV has a 49% interest in the shares of Rapid Access LLC (United Arab Emirates). The Company as a right to give directions with respect to the operating and financial policies of Rapid Access LLC (UAE) and thus is considered to have control. Rapid Access LLC (UAE) is treated as a wholly owned subsidiary for the group's accounting purposes.

(b) Rapid Access Holding SPC has a 70% interest in the shares of Rapid Access LLC (Oman). The Company has a right to give directions with respect to the operating and financial policies of Rapid Access LLC (Oman) and thus is considered to have control. Rapid Access LLC (Oman) is treated as a wholly owned subsidiary for the group's accounting purposes.

(c) Rapid Access Middle East LLC (UAE) has a 49% interest in the shares of Rapid Access Trading WLL (Bahrain). The Company has a right to give directions with respect to the operating and financial policies of Rapid Access Trading WLL (Bahrain) and thus is considered to have control. Rapid Access Trading WLL (Bahrain) is treated as a wholly owned subsidiary for the group's accounting purposes.

## Note 5 – Intangible assets and goodwill

### Changes in intangible assets and goodwill at September 30, 2020

€'000	Intangible assets	Goodwill	Total
<b>Net book value at beginning of year</b>	<b>430,516</b>	<b>1,923,088</b>	<b>2,353,604</b>
PPA allocation (a)	96,819	(74,081)	<b>22,738</b>
Increase	3,608	100	<b>3,708</b>
Amortization and depreciation of the year	(36,775)	(673)	<b>(37,448)</b>
Decrease / disposals	(4)	-	<b>(4)</b>
Reclassification	912	-	<b>912</b>
Exchange gains or losses (b)	(3,801)	(15,004)	<b>(18,805)</b>
<b>Net book value at end of the period</b>	<b>491,273</b>	<b>1,833,430</b>	<b>2,324,704</b>

(a) PPA of Ramirent group adjusted by introducing a Tax Amortization Benefit ("TAB") and updating the amortization durations.

(b) Exchange variations mainly concern the Lavendon group.

### Goodwill impairment tests:

In light of the sanitary crisis and its consequences on Group performance, impairment tests were completed on all subsidiaries.

No impairment was recorded since the recoverable value exceeded the book value for each CGU.

### Changes in intangible assets and goodwill at December 31, 2019

€'000	Intangible assets	Goodwill	Total
<b>Net book value at beginning of year</b>	<b>75,009</b>	<b>1,252,277</b>	<b>1,327,286</b>
Changes in scope	373,152	668,171	<b>1,041,324</b>
Increase	4,574	-	<b>4,574</b>
Amortization and depreciation of the year (a)	(26,648)	(10,000)	<b>(36,648)</b>
Decrease / disposals	(10)	-	<b>(10)</b>
Reclassification	966	-	<b>966</b>
Exchange gains or losses (b)	3,474	12,639	<b>16,113</b>
<b>Net book value at end of the period</b>	<b>430,516</b>	<b>1,923,088</b>	<b>2,353,604</b>

(a) Corresponds to the depreciation on goodwill for Loxam A/S (Denmark).

(b) Exchange variations mainly concern the Lavendon group.

### Trademarks and customer relationships at September 30, 2020

The purchase price for the following acquisitions was allocated to intangible assets and valued as follows at September 30, 2020:

€'000	Trademarks	Customer Relationships	Total
Lavendon Group	11,050	40,730	51,780
Hune Group	737	3,525	4,262
Loxam Access SRL	413	1,039	1,451
Ramirent Group	106,959	311,611	418,571
<b>Net value at end of period</b>	<b>119,159</b>	<b>356,905</b>	<b>476,064</b>

### Note 6 – Property, plant and equipment

#### Change in property, plant and equipment at September 30, 2020

At September 30, 2020, the gross book value of the Group's fleet amounts to € 4,270,598k.

€'000	Rental equipment	Other (a)	Total
<b>Net value at beginning of year</b>	<b>1,891,220</b>	<b>471,257</b>	<b>2,362,477</b>
Increase	130,202	51,258	<b>181,460</b>
Amortization and depreciation of the year	(271,651)	(100,186)	<b>(371,837)</b>
Decrease / disposals	(16,173)	(4,154)	<b>(20,327)</b>
Reclassification	(5,371)	2,903	<b>(2,467)</b>
Exchange gains or losses	(35,742)	(5,413)	<b>(41,155)</b>
<b>Net value at end of the period (a)</b>	<b>1,692,486</b>	<b>415,666</b>	<b>2,108,152</b>

- (a) Since the application of IFRS 16, the Group presents the “right-of-use” assets within “Property, plant and equipment” on the same line as the underlying assets of same nature of which it has full ownership. At September 30, 2020, the breakdown of the right-of-use by assets' category is the following:

€'000	Real estate	Heavy vehicles	Light vehicles	Total
<b>Net value at beginning of the period</b>	<b>270,073</b>	<b>32,104</b>	<b>27,433</b>	<b>329,610</b>
Increase	16,666	3,506	11,737	<b>31,908</b>
Amortization of the year	(55,532)	(8,301)	(12,171)	<b>(76,004)</b>
Decrease / disposals	(656)	(2,708)	-	<b>(3,364)</b>
Exchange gains or losses	(3,200)	(428)	(588)	<b>(4,216)</b>
<b>Net value at end of the period</b>	<b>227,351</b>	<b>24,173</b>	<b>26,409</b>	<b>277,933</b>

## Change in property, plant and equipment at December 31, 2019

At December 31, 2019, the gross book value of the Group's fleet amounts to € 4,492,690k.

€'000	Rental equipment	Other	Total
<b>Net value at beginning of year</b>	<b>1,247,993</b>	<b>106,708</b>	<b>1,354,701</b>
Changes in scope	624,622	133,970	<b>758,592</b>
Increase	344,915	113,973	<b>458,888</b>
Impact of first time application IFRS 16 (a)	-	224,887	<b>224,887</b>
Amortization and depreciation of the year	(320,800)	(108,019)	<b>(428,819)</b>
Decrease / disposals	(21,281)	(2,373)	<b>(23,653)</b>
Reclassification	(2,200)	(772)	<b>(2,972)</b>
Exchange gains or losses	17,972	2,883	<b>20,855</b>
<b>Net value at end of the period (b)</b>	<b>1,891,220</b>	<b>471,257</b>	<b>2,362,477</b>

(a) The group has applied IFRS16 on January 1, 2019, using the modified retrospective approach.

The breakdown of gross values by assets' category is the following at January 1, 2019:

€'000	Real Estate	Heavy vehicles	Light vehicles	Total
<b>Right-of-use assets</b>	175,311	17,847	31,728	<b>224,887</b>

(b) Property acquired under finance leases and historically accounted for in accordance with IAS 17 are almost entirely included in the "Rental Equipment" column and amount to €375,123k of net book value.

At December 31, 2019, the gross value of right-of-use amounts to €426,063k as a result of the acquisition of Ramirent and of the new head office lease in France.

## Note 7 – Investments in associates

Investments in associates relate to Fortrent Oy in Finland (with a subsidiary operating in Russia, Fortrent LLC). Fehmarnbelt Solution Services A/S in Denmark was sold in January 2020 (Note 2 Highlights).

€'000	30.09.19	31.12.19	30.09.20
<b>Value at beginning of the period</b>	<b>0</b>	<b>0</b>	<b>9,815</b>
Changes in scope (a)	8,734	8,734	(444)
Group share in the results	379	899	641
Exchange gains or losses (b)	-	182	(3,045)
<b>Value at end of the period</b>	<b>9,113</b>	<b>9,815</b>	<b>6,967</b>

(a) Related to the disposal of the JV Fehmarnbelt Solution Services A/S (Denmark).

(b) Related to Fortrent Russia.



## Note 8 – Financial assets

### Change of Financial assets at September 30, 2020

This heading primarily concerns security deposits paid, mainly in connection with branch real estate leases.

€'000	Deposits and guarantees	Loans and other non-current financial assets	Total
<b>Net value at beginning of period</b>	<b>13,244</b>	<b>8,125</b>	<b>21,369</b>
Increase	1,498	57	1,555
Decrease	(145)	(1,865)	(2,010)
Exchange gains or losses	(748)	(32)	(780)
<b>Net value at end of the period</b>	<b>13,848</b>	<b>6,286</b>	<b>20,134</b>

### Change of Financial assets at December 31, 2019

€'000	Deposits and guarantees	Loans and other non-current financial assets	Total
<b>Net value at beginning of period</b>	<b>13,284</b>	<b>1,097</b>	<b>14,381</b>
Changes in scope (a)	-	7,133	7,133
Increase	507	1,878	2,385
Decrease	(515)	(1,983)	(2,498)
Exchange gains or losses	(32)	-	(33)
<b>Net value at end of the period</b>	<b>13,244</b>	<b>8,125</b>	<b>21,369</b>

(a) Relates to Ramirent.

## Note 9 – Inventories

€'000 - Net value	31.12.19	30.09.20
Trade	20,606	22,308
Parts and consumables	28,696	28,198
<b>Total inventories, net</b>	<b>49,302</b>	<b>50,506</b>

## Note 10 – Trade and other receivables

€'000	31.12.19	30.09.20
Gross value	596,657	545,232
Impairment	(100,076)	(93,364)
<b>Total trade and other receivables - net</b>	<b>496,581</b>	<b>451,868</b>

### Note 11 – Income tax receivables and other current assets

€'000	31.12.19	30.09.20
Income tax receivables	22,570	18,771
Prepaid expenses	26,096	22,743
Other receivables	26,370	22,016
Other current assets	52,466	44,759
<b>Total income tax receivables and other current assets</b>	<b>75,036</b>	<b>63,530</b>

### Note 12 – Cash management assets, cash and cash equivalents

€'000	31.12.19	30.09.20
Other marketable securities	102,269	103,362
Cash	127,818	572,954
<b>Total</b>	<b>230,087</b>	<b>676,316</b>

Marketable securities comprise cash investment funds (SICAV) as well as term accounts and deposits in line with the IAS 7 definition of cash and cash equivalents (cf. Note 3.16).

### Note 13 – Shareholders' equity

The share capital amounts to €229,818,150, split into 22,981,815 shares with a par value of €10 at September 30, 2020 and unchanged since September 30, 2019. It is fully paid up.

### Note 14 – Financial risk management - Financial instruments

#### Financial instruments relating to interest rate:

As indicated in Note 3.17, the interest rate swaps entered into by the Group are classified as derivative financial instruments.

At September 30, 2020, these agreements relate to a notional amount of €286,897k, with next maturity date in April 2021 (mainly concerning Ramirent group for €165,000k and Nationwide Platforms for €90,000k). At September 30, 2020, the fair value of these derivative instruments amounts to €4,096k compared to €3,168k at December 31, 2019. Fair value adjustments are accounted in financial income for an amount of €159k and in OCI for €1,087k as at September 30, 2020.

The fair value is estimated based on forecasts of observable interest rates on the derivatives market and classified as Level 2 in accordance with the classification presented in Note 3.8.

## Financial instruments relating to foreign exchange:

As indicated in Note 3.18, foreign currency put options entered into by the Group are classified as derivative financial instruments.

At September 30, 2020, Loxam SAS held forward contracts on the British pound sterling for GBP 46,290k, unchanged from December 31, 2019. Ramirent held contracts on the Norwegian krone for NOK 365,000k and the Swedish krona for SEK 395,000k.

The fair value of these financial instruments is an asset of €137k at September 30, 2020, compared to a liability of €4,440k at December 31, 2019. The change in fair value is accounted as a financial income for an amount of €4,578k at September 30, 2020.

The fair value is estimated based on forecasted exchange rates observable on the currency market and is classified as Level 2 in accordance with the classification presented in Note 3.8.

## Change in the valuation of financial instruments at September 30, 2020

€'000	Interest Rate swaps	Exchange rate hedging	Financial instruments
Fair value level	Level 2	Level 2	
<b>Value at beginning of year</b>	<b>3,168</b>	<b>4,440</b>	<b>7,608</b>
Value adjustment in OCI	1,087	-	<b>1,087</b>
Value adjustment in P&L	(159)	(4,578)	<b>(4,736)</b>
<b>Value at end of the period</b>	<b>4,096</b>	<b>(137)</b>	<b>3,959</b>
<b>Derivatives instruments included in the assets</b>			<b>(991)</b>
<b>Derivatives instruments included in the liabilities</b>			<b>4,950</b>

## Change in the valuation of financial instruments at December 31, 2019

€'000	Interest Rate swaps	Exchange rate hedging	Financial instruments
Fair value level	Level 2	Level 2	
<b>Value at beginning of year</b>	<b>1,400</b>	<b>913</b>	<b>2,313</b>
Changes in scope	3,227	(264)	<b>2,963</b>
Value adjustment in P&L	(1,459)	3,791	<b>2,332</b>
<b>Value at end of the period</b>	<b>3,168</b>	<b>4,440</b>	<b>7,608</b>
<b>Derivatives instruments included in the assets</b>			<b>-</b>
<b>Derivatives instruments included in the liabilities</b>			<b>7,608</b>

### Liquidity risk information

Liquidity risk is managed by Loxam's Finance Department, which provides subsidiaries with access to adequate short or long-term financing facilities.

The subsidiaries can look to local financing to fund their investments; in this case, these agreements are validated by the Group's Finance Department.

Liquidity is optimised at the parent company level through investment tools with capital guarantees (particularly marketable securities or instant access term deposit accounts).

Transfers between the parent company and its subsidiaries are covered by cash management agreements or loan agreements.

The group is subject to financial ratios pursuant to its bond issuances.

In light of the sanitary crisis and its immediate effect on the business and its financial performance, LOXAM has obtained from its RCF lenders a waiver which entails a covenant holiday on its financial debt ratio until March 31, 2021.

### Credit risk information

The Loxam group has a credit management policy in place enabling it to evaluate the creditworthiness of the customers. Outstanding balances are monitored with regular reports and financial information concerning customers is tracked daily. Customer provisions are recorded in the accounts for uncollectable amounts at each month end.

## Note 15 – Borrowings and financial debt

Following the application of IFRS 16 standard, the Group is presenting separately the lease debt related to finance leasing and the lease liability related to operating lease contracts.

### Breakdown of current and non-current financial debt:

€'000	31.12.19	30.09.20
Bond (a)	2,969,877	2,961,699
State guarantee loan	-	25,979
Bilateral and bridge loans net of issuance costs	366,912	311,290
Lease debt	191,542	179,405
Lease liability	242,790	208,593
Other financial debt	514	434
<b>Non-current financial debt</b>	<b>3,771,635</b>	<b>3,687,401</b>
State guarantee loan	-	233,607
Short-term bilateral loans	119,337	173,702
Commercial papers	115,000	79,000
Short-term lease debt	96,975	103,610
Short-term lease liability	93,354	78,988
Other financial debt	48,455	32,615
Current bank borrowings	1,052	1,627
<b>Current financial debt</b>	<b>474,173</b>	<b>703,151</b>
<b>Financial debt</b>	<b>4,245,808</b>	<b>4,390,551</b>

(a) Net of bond issuance costs.

## Breakdown of financial debt by interest rate

€'000	31.12.19	30.09.20
Variable-rate debt	571,948	539,358
Fixed-rate debt	3,671,441	3,849,271
Bank overdrafts	1,052	1,627
Other	1,367	295
<b>TOTAL</b>	<b>4,245,808</b>	<b>4,390,551</b>

## Breakdown of financial debt by maturity

€'000	31.12.19	30.09.20
< 1 year	474,173	703,151
1 to 5 years	1,628,641	2,452,910
> 5 years	2,142,995	1,234,490
<b>TOTAL</b>	<b>4,245,808</b>	<b>4,390,551</b>

## Change in borrowings and financial debt at September 30, 2020

€'000	Beginning of year	Change in scope	Increase	Decrease	Other (a)	Exchanges gains or losses	30.09.20
Bond issues (b)	2,969,877	-	-	(15,090)	6,912	-	2,961,699
Revolving Credit Facility	-	-	75,000	(75,000)	-	-	-
State guarantee loan	-	-	259,589	-	-	(3)	259,586
Bilateral loans	486,249	-	161,927	(154,069)	625	(9,739)	484,992
Commercial papers	115,000	-	121,000	(157,000)	-	-	79,000
Lease debt	288,517	-	35,179	(39,255)	(357)	(1,070)	283,015
Lease liability	336,145	-	31,908	(75,891)	32	(4,613)	287,581
Other financial debt	50,020	(17,736)	-	-	3,320	(926)	34,677
<b>TOTAL</b>	<b>4,245,808</b>	<b>(17,736)</b>	<b>684,603</b>	<b>(516,304)</b>	<b>10,532</b>	<b>(16,351)</b>	<b>4,390,551</b>

(a) Other financial debt: including accrued interests for €3,074k.

(b) Net of issuance costs.

## Change in borrowings and financial debt at December 31, 2019

€'000	Beginning of year	Change in scope	First time application IFRS 16	Increase	Decrease	Other	Exchanges gains or losses	31.12.19
Bond issues	1,552,170	-	-	1,873,774	(464,300)	8,233	-	2,969,877
Bilateral loans	409,093	232,945	-	174,495	(337,279)	319	6,676	486,249
Commercial papers	-	280,000	-	-	(165,000)	-	-	115,000
Lease debt	293,332	66	-	113,336	(118,360)	-	144	288,517
Lease liability	-	102,934	224,887	83,004	(75,498)	(1,432)	2,249	336,145
Other financial debt	24,938	20,706	-	-	-	4,394	(19)	50,020
<b>TOTAL</b>	<b>2,279,533</b>	<b>636,651</b>	<b>224,887</b>	<b>2,244,609</b>	<b>(1,160,437)</b>	<b>11,515</b>	<b>9,050</b>	<b>4,245,808</b>

## Note 16 – Employee benefits

€'000	31.12.19	30.09.20
Net Defined Benefit Obligation	44,188	49,424

### Reconciliation of the commitment and the provision

Commitment	46,072	51,308
Plan assets	(1,884)	(1,884)
<b>Net Defined Benefit Obligation at year-end / period</b>	<b>44,188</b>	<b>49,424</b>

### Movement in Defined Benefit Liability

<b>Net Defined Benefit Liability at beginning of year</b>	<b>11,111</b>	<b>44,188</b>
Expense for the financial year	2,063	2,246
Recognition of actuarial gains or losses through OCI (a)	(498)	3,993
Benefits or contributions paid by the employer	(1,025)	(608)
Exchange gains or losses	656	(395)
Changes in scope and other (b)	31,881	-
<b>Net Defined Benefit Obligation at year-end / period</b>	<b>44,188</b>	<b>49,424</b>

(a) At September 30, 2020, mainly relates to the update of effective hiring dates at Ramirent Sweden.

(b) At December 31, 2019, concerns the defined benefit pension plan "ITP2" of Ramirent Sweden.

Breakdown of the expense for the financial year	31.12.19	30.09.20
Current service cost	1,583	1,861
Other	89	19
Interest cost	391	365
<b>Expense for the year / period</b>	<b>2,063</b>	<b>2,246</b>

The provisions for employee benefits concern retirement benefits for €48,489k at September 30, 2020 compared to €43,222k at December 31, 2019 and jubilee awards for €935k at September 30, 2020 compared to €966k at December 31, 2019.

## Note 17 – Provisions

### Change in provisions at September 30, 2020

€'000	Provisions for restructuring	Others provisions for contingencies	Provisions for charges	Total
<b>Balance at beginning of year</b>	<b>8,192</b>	<b>7,896</b>	<b>3,380</b>	<b>19,468</b>
Change in scope	-	13	-	13
Allocations	1,230	2,008	598	3,837
Reversals	(4,993)	(1,043)	(1,145)	(7,181)
Reclassification	-	-	-	-
Exchange gains or losses and other	(271)	(1,096)	(11)	(1,379)
<b>Balance at end of year / period</b>	<b>4,158</b>	<b>7,779</b>	<b>2,821</b>	<b>14,758</b>

## Change in provisions at December 31, 2019

€'000	Provisions for restructuring	Others provisions for contingencies	Provisions for charges	Total
<b>Balance at beginning of year</b>	<b>14</b>	<b>6,944</b>	<b>4,139</b>	<b>11,098</b>
Changes in scope	2,957	719	578	<b>4,254</b>
Allocations	6,455	1,910	1,116	<b>9,481</b>
Reversals	(1,217)	(1,447)	(968)	<b>(3,632)</b>
Exchange gains or losses and other	(18)	(229)	(1,486)	<b>(1,733)</b>
<b>Balance at end of year / period</b>	<b>8,192</b>	<b>7,896</b>	<b>3,380</b>	<b>19,468</b>

## Note 18 – Trade payables and other current liabilities

€'000	31.12.19	30.09.20
Trade payables	178,598	165,229
Payables to fixed asset suppliers	26,666	34,422
<b>Trade payables and related</b>	<b>205,265</b>	<b>199,651</b>
<b>Corporate income tax liabilities</b>	<b>11,942</b>	<b>10,789</b>
Tax and social security liabilities	160,102	172,319
Other liabilities	32,086	34,902
Accrued income	1,227	650
<b>Other liabilities and accruals</b>	<b>193,415</b>	<b>207,871</b>
<b>Total current liabilities</b>	<b>410,621</b>	<b>418,311</b>

## Note 19 – Segments information

The business of LOXAM group is organized into three divisions:

- Generalist France division, which comprises the generalist rental operations in France;
- Specialist France division, which comprises the specialist rental operations in France;
- International division, which is composed of both generalist and specialist rental operations in 29 countries other than France.

### Revenue by division

€'000	30.09.19	% of total	30.09.20	% of total
Generalist France	506,928	39.5	421,647	29.0
Specialist France	180,447	14.1	153,145	10.5
<b>Total France</b>	<b>687,375</b>	<b>53.5</b>	<b>574,792</b>	<b>39.5</b>
International	596,806	46.5	880,709	60.5
<b>Total Revenue</b>	<b>1,284,181</b>		<b>1,455,501</b>	

## EBITDA by division

EBITDA is not a measure of financial performance under IFRS and should not be considered as an alternative to net profit as an indicator of the operating performance or any other measures of performance derived in accordance with IFRS. EBITDA is defined by the Group as profit from ordinary operations plus depreciation and amortization of tangible and intangible assets.

€'000	30.09.19	EBITDA margin	30.09.20	EBITDA margin
Generalist France	203,036	40.1%	169,021	40.1%
Specialist France	64,230	35.6%	57,426	37.5%
<b>Total France</b>	<b>267,266</b>	<b>38.9%</b>	<b>226,447</b>	<b>39.4%</b>
International	211,498	35.4%	300,547	34.1%
Real estate (a)	4,864	n.a	4,682	n.a
<b>Total EBITDA</b>	<b>483,628</b>	<b>37.7%</b>	<b>531,676</b>	<b>36.5%</b>

(a) Real estate EBITDA corresponds to rental income from real estate held by the group that is not assigned to a division less direct external costs.

## Profit from ordinary operations by division

€'000	30.09.19	% of total	30.09.20	% of total
Generalist France	87,442	48.5	55,760	45.3
Specialist France	23,376	13.0	17,540	14.3
<b>Total France</b>	<b>110,818</b>	<b>61.4</b>	<b>73,299</b>	<b>59.6</b>
International	67,392	37.4	47,988	39.0
Real estate	2,218	1.2	1,777	1.4
<b>Total Profit from ordinary operations</b>	<b>180,428</b>		<b>123,065</b>	

## Note 20 – Personnel expenses

€'000	30.09.19	30.09.20
Salaries	240,573	284,256
Payroll taxes	73,881	88,281
Employee benefits	540	1,272
Incentive and employee profit-sharing	6,749	6,499
<b>Total personnel expenses</b>	<b>321,743</b>	<b>380,308</b>
Average headcount	11,372	11,093

## Note 21 – Other operating income and expenses

At September 30, 2020, other operating income and expense for the third quarter included non-recurring costs mainly related to the squeeze out process of the remaining stakeholders of Ramirent for €(572)k and the net results on disposal of the JV in Denmark for €225k and of the Ramirent subsidiary in Finland for €(263)k.

At September 30, 2019, other operating income and expense related to UK Platforms acquisition for €(530)k and to Ramirent acquisition for €(12,300)k, an impairment loss on fleet of €(266)k and an exceptional profit related to a tax relief program in Brazil of €721k.



## Note 22 – Financial income (expense)

€'000	30.09.19	30.09.20
Interest and financing-related expenses (a)	(85,425)	(119,027)
Income from cash and cash equivalents	29	21
<b>Net finance costs</b>	<b>(85,396)</b>	<b>(119,006)</b>
Fair value of derivatives instruments	(948)	4,736
Non-recurring financial costs (b)	(31,522)	(680)
Foreign exchange gains or losses	575	(7,572)
Other financial expenses	(397)	(627)
Other financial income	713	1,071
Capital gain on bond redemptions	-	941
<b>Financial income (expense)</b>	<b>(116,975)</b>	<b>(121,137)</b>

(a) At September 30, 2020, include expenses related to lease financial debt €(3,749)k and interest related to lease liabilities €(7,399)k.

At September 30, 2019, include expenses related to lease financial debt €(4,293)k and interest related to lease liabilities €(5,451)k.

(b) At September 30, 2020, related to consulting fees on new loans, following the health crisis and exceptional fees following the redemption of bonds.

At September 30, 2019, mainly related to exceptional fees following the early repayment of bonds in April 2019 €(10,792)k, fees relating to the bridge loan €(16,500)k, the fair value adjustments on swaps of Ramirent €(3,212)k.

## Note 23 – Corporate income tax

### Analysis of tax expense

€'000	30.09.19	30.09.20
Current tax	(8,148)	(13,406)
Deferred tax	(12,755)	10,150
<b>Total</b>	<b>(20,903)</b>	<b>(3,256)</b>

### Deferred tax assets and liabilities

€'000	31.12.19	30.09.20
<b>Opening balance</b>	<b>(52,006)</b>	<b>(172,543)</b>
Income (expense)	(4,979)	10,150
Change in scope	(117,254)	-
Own funds allocation	316	1,037
PPA adjustments (a)	-	(19,742)
Other changes	1,380	3,754
<b>Closing balance</b>	<b>(172,543)</b>	<b>(177,344)</b>
Deferred tax assets	18,461	18,615
Deferred tax liabilities	(191,004)	(195,959)

(a) Related to the adjustment of PPA of Ramirent (introduction of "Tax Amortization Benefits" and adjustments in amortization durations).

Deferred tax assets primarily relate to temporary differences and the use of loss carry forwards. The deferred tax liabilities relate to temporary differences primarily linked to accelerated tax depreciation charges and to the intangible assets recognized in the PPA.

## Note 24 – Off-balance sheet commitments

€'000	31.12.19	30.09.20
Guarantee given to banks for payment of real estate rentals	2,106	2,106
Pledging of business assets as collateral	360	360
<b>Total commitments given</b>	<b>2,466</b>	<b>2,466</b>
Other bank guarantees received	727	277
<b>Total commitments received</b>	<b>727</b>	<b>277</b>

Other commitments given to guarantee bank borrowings recorded on the balance sheet:

- Guarantees from Loxam SAS on subsidiaries' borrowings (bilateral loans and finance leases) for €27,523k at September 30, 2020 compared to €31,101k at December 31, 2019.
- Pledge of Loxam Power, Loxam Module, Lavendon Group Ltd and Ramirent OYJ shares as well as the Loxam brand as collateral to guarantee €2,300 million of Senior Secured bonds at September 30, 2020 and as December 31, 2019.
- €75 million RCF, transfer under the Dailly Act: 120% of the outstanding amount drawn on the revolving loan and pledging of a bank account as collateral to guarantee the revolving loan, unchanged since December 30, 2019.

The revolving loan was fully drawn and repaid during the period.

In addition, following the application of IFRS 16, the Group applies the exemptions provided by the standard (low-value equipment and short-term contracts) and therefore keeps contractual operating lease commitments.

## Note 25 – Related-party transactions

There is no significant change in related-party transactions compared with the information given in the financial statements as at December 31, 2019. Also the Group does not have any significant transactions with related parties that have not been entered into under normal market conditions.

## Note 26 – Impact of IFRS 16 on financial statements

For the sake of comparison with 2019, the impact of the adjustment related to operating leases following the adoption of IFRS 16 on the interim financial statements as of September 30, 2020 is presented below.

### Statement of financial position at September 30, 2020

ASSETS (€'000)	30.09.20 (excluding IFRS 16)	IFRS 16 Impact	30.09.20
Intangible assets and goodwill	2,324,704	-	2,324,704
Property, plant and equipment	1,830,218	277,933	2,108,152
Investments in associates	6,967	-	6,967
Financial assets	20,134	-	20,134
Financial derivatives	991	-	991
Deferred tax assets	18,615	-	18,615
<b>Non-current assets</b>	<b>4,201,629</b>	<b>277,933</b>	<b>4,479,563</b>
Inventories	50,506	-	50,506
Trade and other receivables	451,868	-	451,868
Other current assets	44,759	-	44,759
Corporate income tax receivables	18,771	-	18,771
Cash and cash equivalents	676,316	-	676,316
<b>Current assets</b>	<b>1,242,220</b>	<b>-</b>	<b>1,242,220</b>
<b>Total assets</b>	<b>5,443,849</b>	<b>277,933</b>	<b>5,721,783</b>

LIABILITIES (€'000)	30.09.20 (excluding IFRS 16)	IFRS 16 Impact	30.09.20
Share capital	229,818	-	229,818
Additional paid-in capital	1,882	-	1,882
Consolidated reserves	415,091	(4,399)	410,691
Net profit for the year	1,706	(2,555)	(849)
<b>Shareholders' equity (Group share)</b>	<b>648,496</b>	<b>(6,954)</b>	<b>641,542</b>
Non-controlling interests	6,296	(9)	6,287
<b>Total equity</b>	<b>654,792</b>	<b>(6,963)</b>	<b>647,829</b>
Employee benefits	49,424	-	49,424
Deferred tax liabilities	198,644	(2,685)	195,959
Borrowings and financial debt	3,478,808	208,593	3,687,401
Financial derivatives	4,950	-	4,950
<b>Non-current liabilities</b>	<b>3,731,826</b>	<b>220,097</b>	<b>3,937,734</b>
Provisions	14,758	-	14,758
Borrowings and financial debt	624,162	78,988	703,151
Trade and other payables	199,651	-	199,651
Other liabilities	207,871	-	207,871
Corporate income tax liabilities	10,789	-	10,789
<b>Current liabilities</b>	<b>1,057,231</b>	<b>78,988</b>	<b>1,136,219</b>
<b>Total shareholders' equity and liabilities</b>	<b>5,443,849</b>	<b>277,933</b>	<b>5,721,783</b>

## Consolidated income statement at September 30, 2020

€'000	30.09.20 (excluding IFRS 16)	IFRS 16 Impact*	30.09.20
<b>Revenue</b>	<b>1,455,501</b>	-	<b>1,455,501</b>
Other income	52,949	141	53,090
<b>Operating income</b>	<b>1,508,450</b>	<b>141</b>	<b>1,508,591</b>
Purchases consumed	(128,907)	-	(128,907)
Personnel expenses	(380,308)	-	(380,308)
Other current expenses	(532,300)	79,800	(452,500)
Taxes and duties	(15,200)	-	(15,200)
Depreciation and amortization – Property, plant and equipment	(295,833)	(76,004)	(371,837)
Depreciation and amortization – Intangibles assets	(36,775)	-	(36,775)
<b>Profit from ordinary operations</b>	<b>119,128</b>	<b>3,937</b>	<b>123,065</b>
Other operating incomes	225	-	225
Other operating expenses	(836)	-	(836)
<b>Operating profit</b>	<b>118,517</b>	<b>3,937</b>	<b>122,454</b>
Interest and financing-related expenses	(111,628)	(7,399)	(119,027)
Other financial expenses	(5,683)	-	(5,683)
Financial income	3,573	-	3,573
<b>Financial income (expense)</b>	<b>(113,738)</b>	<b>(7,399)</b>	<b>(121,137)</b>
<b>Profit before tax</b>	<b>4,780</b>	<b>(3,462)</b>	<b>1,318</b>
Share of result in associates and joint ventures	641	-	641
Income tax expense	(4,164)	908	(3,256)
<b>Net profit</b>	<b>1,257</b>	<b>(2,555)</b>	<b>(1,298)</b>
Non-controlling interests	(439)	(9)	(449)
<b>Net profit, Group share</b>	<b>1,697</b>	<b>(2,546)</b>	<b>(849)</b>
<b>EBITDA</b>	<b>451,735</b>	<b>79,941</b>	<b>531,676</b>

\* The implementation of the standard since January 1, 2019 has led to the cancellation of lease expenses ("Other current expenses") for lease contracts listed in the scope of IFRS 16 standard, the depreciation of the right-of-use (on a straight line basis over the lease term) and the recognition of financial expenses (interest cost of the lease liability).

## Consolidated cash-flow statement at September 30, 2020

€'000	30.09.20 (excluding IFRS 16)	IFRS 16 Impact *	30.09.20
<b>Net profit</b>	<b>1,257</b>	<b>(2,555)</b>	<b>(1,298)</b>
Share of result in associates and joint ventures	(641)	-	(641)
Income tax expense (including tax)	4,164	(908)	3,256
Net finance costs	121,137	-	121,137
Other operating income and expense	38	-	38
Depreciation and provisions, net of reversals	331,886	76,004	407,890
Capital gains on asset disposals	(44,688)	(141)	(44,829)
<b>Cash flow from operations (before cost of financing and tax)</b>	<b>413,153</b>	<b>72,401</b>	<b>485,554</b>
Income tax paid	(13,406)	-	(13,406)
Financial interest paid	(111,392)	-	(111,392)
Financial interest received	2,033	-	2,033
Change in working capital requirements	55,045	-	55,045
<b>Cash flow from operating activities</b>	<b>345,433</b>	<b>72,401</b>	<b>417,835</b>
Impact of changes in scope	(17,283)	-	(17,283)
Acquisitions of fixed assets	(154,715)	(28,405)	(183,120)
Disposals of fixed assets	63,539	-	63,539
<b>Cash flow from investing activities</b>	<b>(108,459)</b>	<b>(28,405)</b>	<b>(136,864)</b>
Dividends paid	-	-	-
Proceeds from loans and borrowings	652,695	31,908	684,603
Repayment of loans and borrowings	(440,413)	(75,904)	(516,318)
<b>Cash flow from financing activities</b>	<b>212,281</b>	<b>(43,996)</b>	<b>168,285</b>
<b>Change in cash and cash equivalents</b>	<b>449,256</b>	<b>-</b>	<b>449,256</b>
Cash and cash equivalents at beginning of period	229,035	-	229,035
Cash and cash equivalents at end of period	674,688	-	674,688
Impact of exchange rate fluctuations	3,603	-	3,603
<b>Change in cash and cash equivalents</b>	<b>449,256</b>	<b>-</b>	<b>449,256</b>
Other marketable securities	103,362	-	103,362
Cash at bank and on hand	572,954	-	572,954
Current bank borrowings	(1,627)	-	(1,627)
<b>Cash and cash equivalents</b>	<b>674,688</b>	<b>-</b>	<b>674,688</b>

\* The main impacts of IFRS 16 on the consolidated cash-flow statement are the following:

- the depreciation of the right-of-use (on a straight line basis over the lease term) for €76,004k ;
- the variations of the right-of-use assets related to the new contracts for €(31,908)k and the corresponding increase of the lease liability for €31,908k ;
- the decrease of the lease liability related to the repayments for €(75,904)k.