



SIA Arsenal Industrial

Unaudited consolidated quarterly results
Q3 2024

November 30, 2024



INFORMATION ABOUT THE GROUP

Name of the Parent Company	Arsenal Industrial SIA
Legal status	Limited liability company
Registration number, place and date of registration	40103815302, Riga, August 8, 2014
Activity code (NACE)	NACE2 77.32 Renting and leasing of construction and civil engineering machinery and equipment NACE2 46.14 Agents involved in the sale of machinery, industrial equipment, ships and aircraft
Legal address	Stabu street 61-11, Riga, Latvia, LV-1011
Shareholders	SIA "Klucīši" (51%) FlyCap Investment Fund I AIF, limited partnership (49%)
Board Members	Gints Vanags, Member of the Board
Council Members	Ģirts Milgrāvis, Chairman of the Council Eva Miķelsone, Deputy Chairman of the Council Jānis Liepiņš, Council Member
Subsidiaries	ARSENAL INDUSTRIAL OU Suur-Sõjamäe 25a, Tallinn, 11415, Estonia Reg.No. 14041623 (100%, 02.05.2016.) ARSENAL INDUSTRIAL Sp.z o.o. ul. Marszałkowska, nr 111, lok., miejsc. Warszawa, kod 00-102, Poland Reg.No. 634144 (100%, 31.08.2016.) ARSENAL INDUSTRIAL UAB Perkūnkiemio g. 13-91, Vilnius, LT-12114, Lithuania Reg.No. 304784353 (100%, 07.03.2018.)



BUSINESS & OPERATIONS OVERVIEW

Management report



Gints Vanags
CEO since 2014

The main activity of the Group, the Parent Company of which is SIA Arsenal Industrial (hereinafter- the Parent Company, together with daughter companies – “the Group”), is rent and sale of construction equipment and hand tools with complementary activities of transportation and technical services.

Currently, the Group works in all three Baltic countries. The Group's goal is to provide products and services in high quality and to be an effective company that listens to the wishes of customers and implements them. To be a stable cooperation partner providing high quality customer service, establishing partnerships with entrepreneurs and continuing to invest in the Group's infrastructure.

In the reporting period from 1 January 2024 to 30 September 2024, the Group's net turnover was EUR 8 346 050. Compared to the corresponding period in 2023, it has increased by 5%. The largest impact was from an increase in the sales of goods by 36%. The Group's rental income has decreased by 11%, compared to the last year, because while the rental equipment was transferred from Estonia to Latvia and Lithuania, due to the suspension of economic activities in Estonia, and its maintenance work, the equipment could not generate income. However, it is expected to generate more income next year and more than it did in Estonia. Rental income in Latvia increased by 17% which was facilitated by high demand for the Group's products and good cooperation conditions with suppliers.

Similarly to previous years, the first three quarters of 2024 were completed with losses EUR 398 758. This year the losses are related to the reduction of the Group's operations in Estonia, the transfer of equipment to Latvia and Lithuania, the preparation of equipment for work, repairs and re-registration. Due to these reasons, in the second and third quarters, the Group's own equipment, that previously worked in Estonia, was not available for work and it was necessary to use much more re-rent equipment, which does not give as high a return on EBITDA as own equipment.

As with most construction services companies, the first half of the years earnings were negatively impacted by low activity in the construction market, rising sales force costs and higher interest payments. This reporting period ended with a net loss and a notably lower EBITDA than in the respective period last year. Starting from the fourth quarter, when the Group focuses on working only in the Latvian and Lithuanian markets, it will no longer generate costs in Estonia, and an improvement in the Group's financial results is expected in 2025.

Arsenal initiated a bondholder voting on a proposal to amend the financial covenants – Interest Coverage Ratio and Net Debt Leverage Ratio – in October 2024. The bondholder's voting closed on 23 October 2024 and 76% of bondholders voted “in favour” of the amendments to the Terms of Issue.



FINANCIAL HIGHLIGHTS

Income Statement

€'000	9m 2024	9m 2023	12m 2023 Audited
Net turnover	8,346	7,911	11,152
Cost of goods sold (COGS)	6,549	5,910	8,371
Gross profit	1,797	2,001	2,781
Sales costs	1,035	915	1,289
Administration costs	677	631	903
Other operating income	170	122	204
Other operating expenses	25	18	51
EBIT	230	559	742
Other interest and similar income	3	-	884
Interest and similar expenses	632	666	949
Tax	-	-	3
Profit (loss)	-399	-107	674
EBITDA	861	1,215	1,615

FINANCIAL HIGHLIGHTS

Balance Sheet

€'000	30.09.2024	30.09.2023	2023 Audited
ASSETS	10,478	9,887	10,023
LONG-TERM INVESTMENTS	7,321	7,067	7,097
Intangible assets	97	119	117
Fixed assets	7,110	6,948	6,866
Non-current financial assets	114	-	114
CURRENT ASSETS	3,157	2,820	2,926
Inventories	1,342	1,012	1,216
Receivables	1,581	1,486	1,404
Cash	234	322	306
LIABILITIES	10,478	9,887	10,023
Adjusted EQUITY*	1,747	591	1,365
CREDITORS	8,731	9,296	8,658
Long-term creditors	6,374	2,155	5,667
Bond issue	4,500	0	4,500
Long-term leasing	1,874	2,155	1,167
Short-term creditors	153	5,345	988
Bond issue	0	5,200	988
Short-term leasing	153	145	-
Other short-term creditors	2,204	1,796	2,003

*Including Subordinated Debt 643 thousand EUR on 30.09.2024 and 689 thousand EUR on 30.09.2023.

FINANCIAL HIGHLIGHTS

Statement of Changes in Equity

€'000	Share capital	Share premium	Revaluation reserves	Foreign currency revaluation reserve	Retained loss	Profit for the reporting year	Total
BALANCE AT 01.01.2023	49	981	788	20	-1,969	295	164
Revaluation of property, plant and equipment	-	-	-73	-	-	-	-73
Profit carried forward	-	-	-	-	295	-295	0
Profit for year 2023	-	-	-	-	-	674	674
Foreign currency revaluation	-	-	-	-2	-	-	-2
BALANCE AT 31.12.2023	49	981	715	18	-1,674	674	763
Revaluation of property, plant and equipment, net	-	-	740	-	-	-	740
Profit carried forward	-	-	-	-	674	-674	0
Loss for year 2024	-	-	-	-	-	-399	-399
Foreign currency revaluation	-	-	-	-	-	-	0
BALANCE AT 30.09.2024	49	981	1,455	18	-1,000	-399	1,104

FINANCIAL HIGHLIGHTS

Cash Flow statement

€'000	9m 2024	9m 2023	12m 2023
Cash flows to/ from operating activities			
Profit or loss before corporate income tax	-399	-107	681
Adjustments for:			
Depreciation and impairment of property, plant and equipment	524	551	732
Amortization and impairment of intangible assets	20	16	22
Gain or loss from fluctuations of currency exchange rates	-	-	-2
Gain or loss from disposal of property, plant and equipment	-122	-86	-134
Other interest and similar income	-3	-	-888
Interest and similar expense	632	666	949
Profit or loss before adjustments for the effect of changes in current assets and current liabilities	652	1,040	1,360
• (increase) or decrease in receivables	-181	-394	-373
• (increase) or decrease in inventories	-122	-203	-408
• increase or (decrease) in trade and other payables	167	534	759
Cash generated from operations	517	977	1,338
Corporate income tax paid	-	-	-4
Net cash flows to/ from operating activities	517	977	1,334

FINANCIAL HIGHLIGHTS

Cash Flow statement

€'000	9m 2024	9m 2023	12m 2023
Cash flows to/ from investing activities			
Purchase of property, plant and equipment and intangible assets	-32	-75	-209
Proceeds from sale of property, plant and equipment and intangible assets	295	212	291
Loans issued	-	-	-
Loans repaid	-	-	-
Interest received	3	-	1
Net cash flows to/ from investing activities	266	137	83
Cash flows to/ from financing activities			
Expenditure on interest payments	-571	-612	-818
Expenditure on fixed assets acquired under finance leases	-285	-471	-584
Loans received	-	-	4,500
Loans repaid	-	-	-4,500
Net cash flows to/ from financing activities	-857	-1,084	-1,402
Net foreign exchange difference	-	-	-
Net cash flow for the quarter	-74	31	15
Cash and cash equivalents at the beginning of the year	308	291	291
Cash and cash equivalents at the end of the quarter	234	322	306

FINANCIAL HIGHLIGHTS

Financial covenants calculation

	9m 2024	6m 2024	12m 2023
Capitalization Ratio	17%	17%	23%
Net Debt Leverage Ratio	4.99	4.36	3.9
Collateral Coverage Ratio	1.60	1.68	1.54

ARSENAL

Gints Vanags

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