



## SIA Arsenal Industrial

Unaudited consolidated quarterly results  
Q1 2024

May 29, 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 Kaspars Zuicens, 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 &amp; 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 31 March 2024, the Group's net turnover was EUR 2 564 694. Compared to the corresponding period in 2023, it has increased by 29 %. The largest impact was from increase in the sales of goods (+95%), which was facilitated by high demand for the Group's products and good cooperation conditions with suppliers.

«Similarly to previous years, the first quarter of 2024 was completed with losses EUR 371 228. Beginning of the year (winter) is a low season in rental business and it is common to have low profit or losses in this period. These losses will be recovered during the high season (summer). Most of our excavators are out in rental and we are looking for options how to increase our rental fleet to meet customer demand.» says Gints Vanags, CEO of the Group.

In the first quarter of 2024, the Group asked an independent valuator to perform a valuation of the Groups fixed assets. The valuation report showed that the market value of fixed assets is higher by EUR 1 186 763 than the book value in accounting. Based on this report, the fixed assets book value in accounting was increased by that difference on the Assets side of the Balance sheet and reserves of revaluated assets was increased on the EQUITY side of the Balance sheet. The Equity adjustment improved the financial covenant Capitalization ratio, which was not fulfilled in the fourth quarter of 2023 and if tested again, the Capitalization ratio would be 23%, which is higher by 8% than it was required in the fourth quarter of 2023.



**FINANCIAL HIGHLIGHTS**

# Income Statement

€'000	3m 2024	3m 2023
Net turnover	2,565	1,991
Cost of goods sold (COGS)	2,190	1,630
<b>Gross profit</b>	<b>375</b>	<b>361</b>
Sales costs	332	291
Administration costs	245	205
Other operating income	49	24
Other operating expenses	8	5
<b>EBIT</b>	<b>-161</b>	<b>-116</b>
Other interest and similar income	2	-
Interest and similar expenses	212	206
Tax	-	-
<b>Profit (loss)</b>	<b>-371</b>	<b>-322</b>
<b>EBITDA</b>	<b>51</b>	<b>97</b>

FINANCIAL HIGHLIGHTS

# Balance Sheet

€'000	31.03.2024	31.03.2023
<b>ASSETS</b>	<b>10,869</b>	<b>9,841</b>
<b>LONG-TERM INVESTMENTS</b>	<b>7,980</b>	<b>7,400</b>
Intangible assets	110	133
Fixed assets	7,756	7,267
Non-current financial assets	114	-
<b>CURRENT ASSETS</b>	<b>2,889</b>	<b>2,441</b>
Inventories	1,285	1,221
Receivables	1,468	1,055
Cash	136	165
<b>LIABILITIES</b>	<b>10,869</b>	<b>9,841</b>
<b>Adjusted EQUITY*</b>	<b>2,124</b>	<b>449</b>
<b>CREDITORS</b>	<b>8,745</b>	<b>9,392</b>
<b>Long-term creditors</b>	<b>5,669</b>	<b>1,996</b>
Bond issue	4,500	0
Long-term leasing	1,167	1,996
<b>Short-term creditors</b>	<b>736</b>	<b>5,611</b>
Bond issue	0	5,200
Short-term leasing	736	411
<b>Other short-term creditors</b>	<b>2,340</b>	<b>1,785</b>

\*Including Subordinated Debt 615 thousand EUR on 31.03.2024 and 659 thousand EUR on 31.03.2023.

**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
<b>BALANCE AT 01.01.2023</b>	<b>49</b>	<b>981</b>	<b>788</b>	<b>20</b>	<b>-1,969</b>	<b>295</b>	<b>164</b>
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
<b>BALANCE AT 31.12.2023</b>	<b>49</b>	<b>981</b>	<b>715</b>	<b>18</b>	<b>-1,674</b>	<b>674</b>	<b>763</b>
Revaluation of property, plant and equipment, net	-	-	1,117	-	-	-	1,117
Profit carried forward	-	-	-	-	674	-674	0
Loss for year 2024	-	-	-	-	-	-371	-371
Foreign currency revaluation	-	-	-	-	-	-	0
<b>BALANCE AT 31.03.2024</b>	<b>49</b>	<b>981</b>	<b>1,832</b>	<b>18</b>	<b>-1,000</b>	<b>-371</b>	<b>1,509</b>

**FINANCIAL HIGHLIGHTS**

# Cash Flow statement

€'000	3m 2024	3m 2023
<b>Cash flows to/ from operating activities</b>		
<b>Profit or loss before corporate income tax</b>	-371	-322
Adjustments for:		
Depreciation and impairment of property, plant and equipment	177	182
Amortization and impairment of intangible assets	7	2
Gain or loss from fluctuations of currency exchange rates	-	-
Gain or loss from disposal of property, plant and equipment	-35	-11
Other interest and similar income	-2	-
Interest and similar expense	212	206
<b>Profit or loss before adjustments for the effect of changes in current assets and current liabilities</b>	<b>-12</b>	<b>57</b>
• (increase) or decrease in receivables	-68	37
• (increase) or decrease in inventories	-64	-412
• increase or (decrease) in trade and other payables	352	585
<b>Cash generated from operations</b>	<b>208</b>	<b>267</b>
Corporate income tax paid	-	-
<b>Net cash flows to/ from operating activities</b>	<b>208</b>	<b>267</b>

**FINANCIAL HIGHLIGHTS**

# Cash Flow statement

€'000	3m 2024	3m 2023
<b>Cash flows to/ from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	-20	-90
Proceeds from sale of property, plant and equipment and intangible assets	116	32
Loans issued	-	-
Loans repaid	-	-
Interest received	2	-
<b>Net cash flows to/ from investing activities</b>	<b>98</b>	<b>-58</b>
<b>Cash flows to/ from financing activities</b>		
Expenditure on interest payments	-220	-194
Expenditure on fixed assets acquired under finance leases	-258	-141
Loans received	-	-
Loans repaid	-	-
<b>Net cash flows to/ from financing activities</b>	<b>-478</b>	<b>-335</b>
<b>Net foreign exchange difference</b>	-	-
<b>Net cash flow for the quarter</b>	<b>-172</b>	<b>-126</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>308</b>	<b>291</b>
<b>Cash and cash equivalents at the end of the quarter</b>	<b>136</b>	<b>165</b>



**FINANCIAL HIGHLIGHTS**

# Financial covenants calculation

	<b>3m 2024</b>	<b>12m 2023 After Equity cure</b>	<b>12m 2023 Reported on 29.02.2024</b>
Interest Coverage Ratio	1.78	1.80	1.80
Capitalization Ratio	20%	23%*	14%*
Net Debt Leverage Ratio	4.0	3.9	3.9
Collateral Coverage Ratio	1.73	1.54	1.54

\* The minimum required Capitalization Ratio for the fourth quarter of 2023 was 15%. Actual Capitalization ratio was 14%. An independent valuator made a valuation of fixed assets and reported that the market value of fixed assets are higher by almost 1.2M EUR. The value of fixed assets was increased by this difference in Q1 2024 on Assets side and booked in Reserves of revaluated assets (under EQUITY) on Liabilities side. If this equity adjustment is tested on 31.12.2023, the capitalization ratio would be 23%.

# ARSENAL

**Gints Vanags**

*Director, Member of the Board*

E: [gints.vanags@arsenalrent.com](mailto:gints.vanags@arsenalrent.com)

P: +371 26 303 848

