



SIA Arsenal Industrial

Unaudited consolidated quarterly results
Q2 2025

August 31, 2025



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.

During the reporting period from 1 January 2025 to 30 June 2025, both Latvia and Lithuania demonstrated solid turnover growth compared to the same period in 2024. In Latvia, turnover increased by 15% (EUR 3,795,606 in 2025 vs. EUR 3,308,068 in 2024), while in Lithuania, rental turnover grew by 21% (EUR 807,106 in 2025 vs. EUR 669,637 in 2024). These results confirm the strong development of the Group's core markets and highlight a positive regional growth trajectory. Overall, the Group achieved an improved EBITDA, rising by 59.6% (from EUR 316,558 in 2024 to EUR 515,300 in 2025).

The Group successfully reduced its second-quarter loss by 40% compared to 2024 (EUR -320,297 vs. EUR -532,305). Operating costs were reduced by 6%, from EUR 2.3 million to EUR 2.16 million, primarily due to effective cost-control measures. This substantial improvement underscores that the business is firmly on a recovery path. With demand strengthening during the peak construction season, the Group anticipates further improvements in profitability over the coming quarters.

The Group's growth is driven by its 3,500 active customers, who are central to its success, as well as by the dedication of our professional employees who serve them. These strong results were achieved thanks to the work of our teams. Demand for rental equipment is rising faster than the moderate pace of overall construction growth in recent years. The strongest momentum is observed in the military, infrastructure, and energy sectors, which remain the Group's strategic focus areas. At the same time, customers are increasingly adopting the Group's digital solutions, such as the ability to sign rental agreements remotely, which enhances convenience and strengthens client loyalty. In addition, we have introduced a Customer Portal that allows clients to easily order equipment, track their transactions, and view invoices, further improving service quality.

In anticipation of peak rental demand, the Group has continued to invest strategically. In Q1 2025, EUR 1 million was invested into fleet expansion, followed by an additional EUR 1 million in Q2. At the same time, we have significantly increased the number of mechanics, customer service, and technical staff, and invested in their professional growth. We believe that while the first piece of equipment is sold by the salesperson, every subsequent one is sold by customer service and repair teams. This ensures not only today's success but also future sales and rentals. These investments are designed to strengthen the equipment base, improve the fixed asset turnover ratio, and ensure the Group can fully meet growing market demand. The deployment of new equipment is expected to drive stronger financial results in Q3 and Q4 2025, significantly surpassing those of the corresponding periods in 2024. Furthermore, in Q3 we will report on the relocation of our Riga rental branch to a new site, which will provide improved accessibility and service conditions for our customers.

Taking into account the solid performance in the first half of 2025, effective cost reductions, growing demand in key sectors, and continued investments in the rental fleet, the Group is well positioned for further growth and profitability. Management remains confident that these measures will provide a strong foundation for sustained improvement in the Group's financial results throughout the remainder of 2025.



FINANCIAL HIGHLIGHTS

Balance Sheet

€'000	30.06.2025	2024 Audited
ASSETS	12,393	11,324
LONG-TERM INVESTMENTS	9,016	7,138
Intangible assets	77	90
Fixed assets	8,865	7,014
Non-current financial assets	74	34
CURRENT ASSETS	3,377	4,186
Inventories	1,476	2,432
Receivables	1,572	1,478
Cash	329	276
LIABILITIES	12,393	11,324
Adjusted EQUITY*	1,651	1,643
CREDITORS	10,742	9,681
Long-term creditors	6,552	5,180
Bond issue	4,500	4,500
Long-term leasing	2,052	680
Short-term creditors	4,190	1,227
Short-term leasing	377	1,227
Other short-term creditors	3,813	3,274

**Including Subordinated Debt 658 thousand EUR on 31.12.2024 and 687 thousand EUR on 30.06.2025.*

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 01.01.2024	49	981	715	18	-1674	674	763
Revaluation of property, plant and equipment	-	-	621	-	-	-	621
Profit carried forward	-	-	-	-	674	-674	-
Losses for year 2024	-	-	-	-	-	-400	-400
Foreign currency revaluation	-	-	-	-	-	-	-
BALANCE AT 31.12.2024	49	981	1,336	18	-1,000	-400	984
Revaluation of property, plant and equipment, net	-	-	299	-	-	-	299
Losses carried forward	-	-	-	-	-400	400	-
Loss for year 2025	-	-	-	-	-	-320	-320
Foreign currency revaluation	-	-	-	-	-	-	-
BALANCE AT 31.03.2025	49	981	1,634	18	-1,400	-320	963

FINANCIAL HIGHLIGHTS

Cash Flow statement

€'000	6m 2025	12m 2024 Audited
Cash flows to/ from investing activities		
Purchase of property, plant and equipment and intangible assets	-1,314	-201
Proceeds from sale of property, plant and equipment and intangible assets	147	350
Loans issued	-	-
Loans repaid	-	-
Interest received	7	6
Net cash flows to/ from investing activities	-1,160	155
Cash flows to/ from financing activities		
Expenditure on interest payments	-339	-739
Expenditure on fixed assets acquired under finance leases	-196	-1,206
Loans received	-	799
Loans repaid	-	-
Net cash flows to/ from financing activities	-535	-1,146
Net foreign exchange difference	-	-
Net cash flow for the quarter	54	-31
Cash and cash equivalents at the beginning of the year	275	306
Cash and cash equivalents at the end of the quarter	329	275

FINANCIAL HIGHLIGHTS

Financial covenants calculation

	6m 2025	12m 2024
Capitalization Ratio	13,3%	14,3%
Net Debt Leverage Ratio	4,48	4,72
Collateral Coverage Ratio	2,14	1.83



Gints Vanags

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