

Arrival (NASDAQ: ARVL)

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Stock Analysis - Oct 31, 2023

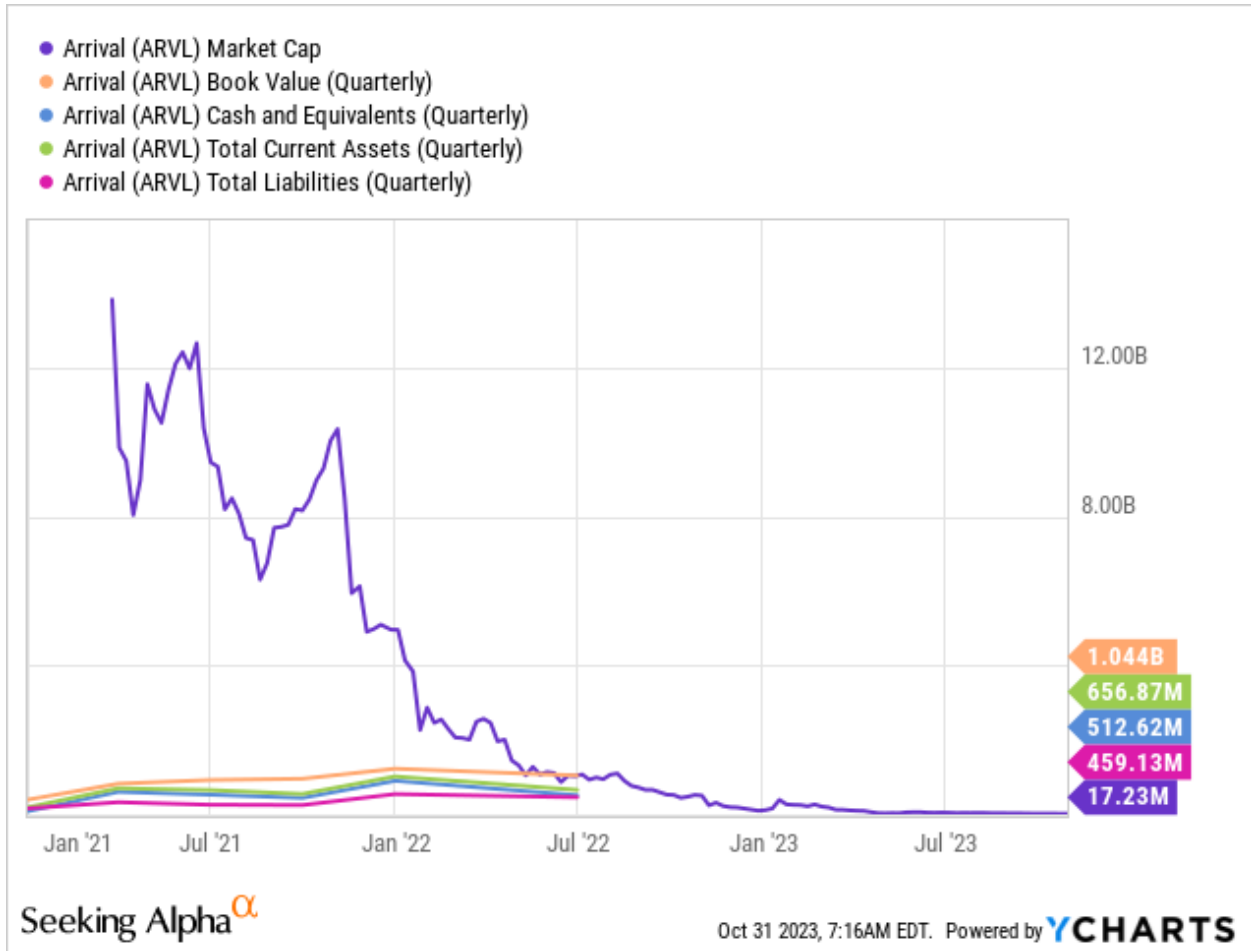
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All I know about ARVL is that it is an electric vehicle (EV) company on the point of closing down.

There is a big difference between filing for bankruptcy and closing down a business. In either scenario, one can make a profit if one is smart. For example, I invested in Whiting Petroleum after its bankruptcy as its balance sheet got better and it was undervalued.

As for a company closing down (without the risk of bankruptcy), you can be rewarded as a shareholder if the company has extra cash on its balance sheet.



It seems that the net current asset value of ARVL is \$197 million, which makes it massively undervalued at a \$17 million valuation. However, these numbers have not been updated for over a year.

Before we go any further, we need to have a look at the most recent numbers.

Let's look at the last quarterly earnings.

On their website, only the 1Q23 earnings are available.

<https://arrival.gcs-web.com/node/8636/pdf>

First Quarter 2023 Cash and Recent Business Updates

- Cash and cash equivalents of approximately \$130 million as of March 31, 2023
- In Q1, the change in cash of \$75 million included a \$25 million receipt from Antara and use of cash of approximately \$60 million for restructuring-related costs and legacy supplier payments.
- Advanced U.S. commercialization plans through a business combination with Kensington Capital Acquisition Corp. V. This transaction will allow Arrival to access up to \$283 million of cash (subject to redemptions) held in trust for the build-out of the Company's expected Charlotte, North Carolina factory for continued development of Arrival's XL Van.
- Built 3 L Vans at the Bicester factory with 5 more in progress and accumulated over 90,000 kilometers of on-road test driving. Build and road testing of the L Vans has proven to be a valuable source of insights as the Company finalizes manufacturing methods and designs for the XL Van.
- Continued development of the XL Van design process, with design release targeted for later this year.

There is no need for us to continue this analysis.

The lack of updated numbers is a big red flag.

Let's assume that they still have \$130 million in cash, the liabilities are bigger, giving them a negative value.