

Company Arco Vara AS
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Attachments:

- ArcoVara_Q1 2024 ENG.pdf (<http://oam.fi.ee/en/download?id=8354>)
- ArcoVara_Q1 2024 EST.pdf (<http://oam.fi.ee/en/download?id=8355>)
- AV-Presentatsioon_Q1_2024.pdf (<http://oam.fi.ee/en/download?id=8356>)

Currency

Title Arco Vara unaudited consolidated interim report for Q1 of 2024

GROUP CEO'S REVIEW

The beginning of the year was dominated by the European Central Bank's benchmark rate cut, aimed at bringing about economic revival. However, instead of relying on factors that are outside of our control, we should continue to realize completed and planned developments, assessing them realistically.

In the first quarter, we were mainly engaged in the preparation of the sale of completed apartments of the Kodulahe development and the sale of Soodi 6 development. In addition, we have continued the construction works in Bulgaria and the detailed planning procedure at Arcojärve. In the last three months, the pace of sales has slowed down a little, which is why the sales revenue and profit of Arco Vara Group are slightly lower than the plan.

Despite the lower-than-planned sales revenue, the Company's capitalisation remains very good, as the equity to assets ratio is almost 60%. The Company's current 4-quarter return on equity is also close to our target of 20%.

Arco Tarc's team continues construction works on the padel centre that is being built at Helme 18, which is likely to benefit also from the predicted slight decrease in the final construction price. The padel center is 100% covered by a lease agreement and will be open for sports in the final quarter of the year.

Our Bulgarian team is also on track to continue with the construction and development of the Botanica Lozen Residences. Approximately 40% of the development which is expected to be completed in 9 months have been sold. In the second quarter, we expect to be granted a building permit for the Stage 2 of the Botanica Lozen development, which will enable us to start sale and construction of the buildings, provided that the market situation is favourable.



Looking at the next quarter, our main challenge is the sale of already completed homes in the Kodulahe and Kuldlehe buildings, which would provide confidence for starting new construction activities. We also consider it critically important to acquire a new property for development, which is extremely important in the Company's view of the next five years in terms of the long-term nature of the real estate business.

KEY PERFORMANCE INDICATORS

In Q1 2024, the group's sales revenue was 990 thousand euros, which is about four times more than the sales revenue of the Q1 2023 of 253 thousand euros. The sales revenue of Q1 2023 consisted mainly of the operation of the commercial building in Madrid. In 2024, the Madrid commercial building is no longer part of the group - in the Q1 2024 own real estate property was sold.

In Q1 2024, the group's operating loss (=EBIT) was 208 thousand euros and net loss 349 thousand euros. In Q1 2024, the group had an operating loss of 184 thousand euros and net loss of 291 thousand euros.

In Q1 2024, 3 apartments and 1 commercial premise were sold. In Q1 2023, final sales were formalized for only 1 parking space in the projects developed by the group.

In the first 3 months of 2024, the group's debt burden (net loans) increased by 1,951 thousand euros up to the level of 10,559 thousand euros as of 31 March 2024. As of 31 March 2024, the weighted average annual interest rate of interest-bearing liabilities was 7.8%. This is a decrease of 0.4 percentage points compared to 31 December 2023.

OPERATING REPORT

The group's sales revenue was 990 thousand euros in Q1 2024 (Q1 2023: 253 thousand euros), including the sale of real estate in the group's own development projects 927 thousand euros (7 thousand euros in Q1 2023). Other sales revenue in 2024 mainly includes revenue from franchise fees of real estate agencies in Estonia, Latvia and Bulgaria. Franchise fees for the Q1 2024 were 55 thousand euros, franchise revenues for the Q1 2023 were 53 thousand euros.

In the most premium phase of Kodulahe, Rannakalda, a pavilion, 4 service areas and 108 apartments (as three separate apartment buildings), many of which have a sea view, have been completed. As of the publication date of the quarterly report, 71 of the 113 plots have been sold.

A subsidiary of Arco Vara, Arcojärve OÜ (previously called Kolde OÜ), in 2021 signed an agreement for land acquisition beside Lake Harku, address Paldiski road 124b, Tallinn. More than 35,000 m² of residential and commercial real estate (GBA) is planned for development. The project is called Arcojärve. As of



31.03.2024, the total advance payment for the land is 4,978 thousand euros. The subsidiary of Arco Vara is obliged to pay an additional 1,627 thousand euros for the purchase of the land within three months from the establishment of the detailed plan for the property by the Tallinn City Government, but no later than 30.04.2026. The start of the construction of the first stage is planned for the end of 2024.

In the Kuldlehe project, a spacious and exclusive cluster house with 5 homes was built in Pirita. The sale of the project has started.

The Botanica Lozen project foresees construction of 54 homes (houses) in three stages. Construction and sales of the first 16 buildings have begun - the private houses of the first phase will be completed by the end of 2024. By the date of publication of the quarterly report, 6 out of 16 houses have been pre-sold.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	Q1 2024	Q1 2023
Revenue from sale of own real estate	927	7
Revenue from rendering of services	63	246
Total revenue	990	253
Cost of sales	-817	-86
Gross profit	173	167
Other income	0	22
Marketing and distribution expenses	-70	-57
Administrative expenses	-297	-315
Other expenses	-14	-1
Operating loss	-208	-184



Financial costs	-141	-107
Loss before tax	-349	-291
Net loss for the period	-349	-291

Total comprehensive loss for the period	-349	-291
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Earnings per share (in euros)

- basic	-0.03	-0.03
- diluted	-0.03	-0.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros	31 March 2024	31 December 2023
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Cash and cash equivalents	734	1,472
Receivables and prepayments	5,486	5,798
Inventories	28,276	27,637
Total current assets	34,496	34,907
Receivables and prepayments	18	18
Investment property	341	20
Property, plant and equipment	203	221
Intangible assets	21	24
Total non-current assets	583	283
TOTAL ASSETS	35,079	35,190



Loans and borrowings	3,391	3,391
Payables and deferred income	2,931	4,013
Warranty provision	187	80
Total current liabilities	6,509	7,484
Loans and borrowings	7,902	6,689
Total non-current liabilities	7,902	6,689
TOTAL LIABILITIES	14,411	14,173
Share capital	7,272	7,272
Share premium	3,835	3,835
Statutory capital reserve	2,011	2,011
Other reserves	56	56
Retained earnings	7,494	7,843
Total equity attributable to owners of the parent	20,668	21,017
TOTAL EQUITY	20,668	21,017
TOTAL LIABILITIES AND EQUITY	35,079	35,190

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