

Company Arco Vara AS
Type Company Release
Category Management interim statement or quaterly financial report
Disclosure time 25 Jul 2024 09:00:00 +0300

Attachments:

- ArcoVara_report Q2 2024 ENG.pdf (<http://oam.fi.ee/en/download?id=8606>)
- ArcoVara_aruanne Q2 2024 EST.pdf (<http://oam.fi.ee/en/download?id=8607>)
- AV-Presentatsioon_Q2_2024.pdf (<http://oam.fi.ee/en/download?id=8608>)

Currency

Title Unaudited consolidated interim report for Q2 and 6 months of 2024

GROUP CEO'S REVIEW

The decrease in activity of the real estate sector following the surge in Vitamin D has now become the norm, which is well illustrated by the Q2 results of Arco Vara. At that, the slight drop in base interest rates has not yet shown a significant impact.

Despite low activity, our team has managed to continue sales of the Kodulahe Rannakalda project and we also commenced preliminary sales in the next stage of Kodulahe. While three homes were sold at Rannakalda in the previous quarter, eight homes and two commercial premises had been sold in the future Soodi 6 development as at the publishing of this report. The construction of the next stage of Kodulahe should commence at the end of this year.

We have also reached the point of initiating the detailed plan of the final stage of the Kodulahe development: Lammi 6. Approximately 175 homes are planned for the Lammi 6 property, construction is expected to begin in about two years.

The proceedings of the detailed plan of Arcojärve, the next major project of Arco Vara, are nearing the stage of approval. Due to this, we have begun the designing works for stage I and are registering interested parties.

Our Bulgarian team is continuing development activities at Botanica Lozen, where approximately 40% of the development volume has been sold. We have noticed the positive sign of a certain increase in interest, but the important thing is to convert inquiries into sales, which has not yet reached the desired degree of efficiency.

The team of Arco Tarc is continuing construction at the padel centre being built at Helme 18, intended to be completed as early as Q3 of this year. Here, we have



also noticed a slight decrease in construction prices, allowing to increase the ROE of rental properties during the lease period of the facility.

Our primary challenges in the near future are the sales of the homes completed at Kuldlehe and Kodulahe, which contain nearly 15 million euros' worth of homes without contracts. With these projects, any revenue can be redirected into existing projects and new properties.

KEY PERFORMANCE INDICATORS

In Q2 2024, the group's sales revenue was 943 thousand euros, which is 3.7 times more than the sales revenue of the Q2 2023 of 254 thousand euros. The group's sales revenue was 1,933 thousand euros for the 6 months of 2024 which is 3.8 times higher than the sales revenue of 507 thousand euros for the 6 months of 2023.

In Q2 2024, the group's operating loss (=EBIT) was 103 thousand euros and net loss 339 thousand euros (in 6 months 2024: operating loss 311 thousand euros and net loss of 688 thousand euros). In Q2 2023, the group had operating loss of 249 thousand euros and net loss of 347 thousand euros. In 6 months 2023, the group had operating loss of 433 thousand euros and net loss of 638 thousand euros.

In Q2 2024, 3 apartments were sold, 7 apartments were sold in total in 6 months 2024. As of 30 of June 2024, 44 apartments and one commercial space were ready in stock. In Q2 2023, no final sales were formalized (in 6 months only 1 parking space was sold), because group did not have any apartments ready for sale that time.

In the first 6 months of 2024, the group's debt burden (net loans) increased by 5,610 thousand euros up to the level of 14,218 thousand euros as of 30 June 2024. As of 30 June 2024, the weighted average annual interest rate of interest-bearing liabilities was 9.4%. This is an increase of 1.2 percentage points compared to 31 December 2023.

OPERATING REPORT

The group's sales revenue was 943 thousand euros in Q2 2024 (Q2 2023: 254 thousand euros), including the sale of real estate in the group's own development projects 870 thousand euros (0 euros in Q2 2023). In 2023, income was received from the operation of the commercial building in Madrid in Sofia - the commercial building was sold in 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 Q2 2024 were 73 thousand euros (in 6 months 128 thousand euros), franchise revenues for the Q2 2023 were 66 thousand euros (in 6 months 119 thousand euros).

In Q2 2024, the pre-sale of the next stage of Kodulahe began: 66 apartments and



4 commercial premises in the form of three buildings will be built at Soodi 6. By the time this report is published, 8 apartments and 2 commercial premises have been booked. The homes are planned to be completed by the very end of 2025.

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, 36 of the 113 are vacant.

A subsidiary of Arco Vara, Arcojärve 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 30.06.2024, 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 2025.

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.

Kerberon OÜ, a subsidiary of Arco Vara, is developing a fully automatic padel center with six indoor courts at Helme 18 with the help of the construction company Arco Tarc OÜ. The hall is fully leased and according to the plan, will open its doors in the Q4 2024.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	6m 2024	6m 2023	Q2 2024	Q2 2023
Revenue from sale of own real estate	1,797	7	870	0
Revenue from rendering of services	136	500	73	254
Total revenue	1,933	507	943	254



Cost of sales	-1,376	-191	-559	-105
Gross profit	557	316	384	149
Other income	0	76	0	54
Marketing and distribution expenses	-219	-177	-149	-120
Administrative expenses	-632	-646	-336	-331
Other expenses	-17	-2	-2	-1
Operating loss	-311	-433	-103	-249
Financial costs	-377	-205	-236	-98
Loss before tax	-688	-638	-339	-347
Net loss for the period	-688	-638	-339	-347
Total comprehensive loss for the period	-688	-638	-339	-347

Earnings per share (in euros)				
- basic	-0.07	-0.06	-0.03	-0.03
- diluted	-0.07	-0.06	-0.03	-0.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros	30 June 2024	31 December 2023
Cash and cash equivalents	1,504	1,472
Receivables and prepayments	6,245	5,798



Inventories	29,619	27,637
Total current assets	37,368	34,907
Receivables and prepayments	18	18
Investment property	1,430	20
Property, plant and equipment	186	221
Intangible assets	19	24
Total non-current assets	1,653	283
TOTAL ASSETS	39,021	35,190
Loans and borrowings	3,391	3,391
Payables and deferred income	3,388	4,013
	206	80
Total current liabilities	6,985	7,484
Loans and borrowings	12,331	6,689
Total non-current liabilities	12,331	6,689
TOTAL LIABILITIES	19,316	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	6,531	7,843
Total equity attributable to owners of the		



parent	19,705	21,017
TOTAL EQUITY	19,705	21,017
TOTAL LIABILITIES AND EQUITY	39,021	35,190

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