

Company Hepsor AS
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The consolidated sales revenue of Hepsor AS amounted to 5.2 million euros in the second quarter of 2024 and the net loss was 0.56 million euros (including a net loss attributable to the owners of the parent of 0.65 million euros). The consolidated sales revenue for the six months of 2024 was a total of 7.4 million euros, with a net loss of 1.5 million euros (including the net loss attributable to the owners of the parent company, which was 1.5 million euros).

The Group's revenues and profitability are directly dependent on the development cycle of projects, which is approximately 24 to 36 months. Sales revenue is generated only at the end of the cycle. Calendar quarters vary in terms of the number of projects ending during the quarter, which is why both profits and sales revenue can differ significantly across quarters. Therefore, performance can be considerably weaker or stronger in some years and quarters than in others.

The portfolio of the company's development projects and three-year average financial results are a better criteria for assessing the group's performance in order to assess the overall sustainability and economic results of a real estate development company.

In the second quarter of 2024, construction and sales began at the historic main building of the former Baltic Cotton Spinning and Weaving Factory located at Manufaktuuri 5. Also, the third investment in Canada was made, construction and financing agreements were signed for the construction of the StokOfiss 34 business building in Riga, and construction work has already commenced.

A large portion of the sales revenue for the second quarter of 2024 is attributed to the sale of apartments in the Ojakalda Kodud project. Most of the forecasted sales revenue for 2024 is expected to be received in the second half of the year, when the signing of real rights contracts for the Manufaktuuri 7 and Nameja Residence apartments begins. Additionally, sales will continue for already completed projects.



In 2024, we forecast sales revenue of EUR43.1 million, net profit of EUR4.5 million, and net profit attributable to the parent company's shareholders of EUR2.5 million.

Completed development projects

In the first six months of 2024, 46 homes were handed over to buyers, 34 of which were handed over in the second quarter – 30 homes in Tallinn and 4 homes in Riga.

In terms of commercial real estate, construction and financing agreements were signed in the second quarter for the construction of the StokOfiss 34 business building in Riga, with the first lease agreement already signed by the end of the quarter. For Büroo 113, building belonging to an associate company Hepsor Pl13 OÜ, we signed new lease agreements, and as of the date of this report, 37% of the building is covered by lease agreements (30.06.2024: 26% and 31.03.2024: 11%). We are preparing new lease agreements for the remaining spaces and forecast that at least 75% of the rentable area in Büroo 113 will be covered by lease agreements by the end of Q3.

Development projects under construction and available for sale

In the second quarter of 2024, Hepsor had four residential development projects under construction, totaling 377 apartments:

- * Manufaktuuri 7 (150 apartments and 453 m² of commercial space) in Tallinn, set to be completed in the summer. The first two real rights contracts were signed at the end of June, with more active signing starting in mid-July.
- * Manufaktuuri 5 (149 apartments and 1,515 m² of commercial space) in Tallinn, whose construction began in the second quarter of 2024. Completion is planned for the end of 2026.
- * Nameja Residence (38 apartments) in Riga, scheduled for completion in the third quarter of 2024, and first homes will be handed over to buyers also at that time.
- * Annenhof House (40 apartments) in Riga, expected to be completed in early 2025, with most of the sales revenue also reflected in 2025.

As of June 30, 2024, contracts under the law of obligations and written reservations have been made for a total of 123 apartments (33%) across these four projects.

Hepsor in Canada

In the second quarter of 2024, Hepsor made its third investment in Canada, in collaboration with Elysium Investments Inc., by acquiring seven properties at 17-29 Glenavy Avenue in the Leaside area of downtown Toronto. The aim is to develop a residential high-rise building with rental apartments in the future. To develop the property, Elysium Glenavy Limited Partnership was established, which includes participation from various Canadian and European investors in



addition to Hepsor and Elysium. Hepsor was advised on the transaction by Fasken, one of Canada's largest law firms, and the project development will involve a team of local advisors led by the internationally renowned architectural firm Gensler Architects and one of Toronto's leading urban planning companies, Bousfields.

As of the end of the second quarter, Hepsor, together with its Canadian partners, has made three investments:

- A property located at 3406-3434 Weston Road, Toronto (investment made in Q2 2023).
- 3 properties in Toronto at the address 164-168 Isabella Street (investment made in Q2 2023).
- 7 properties in Toronto at 17-29 Glenavy Avenue (investment made Q2 2024).

All those properties have been acquired for the purpose of land development, which is expected to take approximately 2-2.5 years.

Outlook for 2024

Hepsor plans to start the construction and sales of another new project in Latvia in 2024 - the Zala Jugla project with 105 new homes - and we aim to make further investments in Canada. While customers are not making quick purchasing decisions today, there is still ongoing interest in our projects. Therefore, we remain moderately optimistic and continue with the execution of existing and new projects.

Please see Hepsor AS consolidated unaudited interim report for Q2 2024: <https://hepsor.ee/en/for-investors/stock/reports-2/>
(https://www.globenewswire.com/Tracker?data=iQbFRwwJzcvH7f7hheYRn-w0Ek3TqZgBHX8shjgCzj5rx5Aiizlw7DCyF6feILkLfKa_FVxKjNjy4W2M0lBxpv6D5E7BWJsnQA01Bkek90OpwRuII4xhLkJHE5ZnJw8x5gTnIMUa3K3aoYux9benyhRW4eHBHeBWJKj6G-yu8jXQUaiXccndBIftf8grRJMPCLmVzF16PR8yFEYBt_TfVomxxLABG2nIjR1M_lvjjWN8pJHLSks1SK67oFDLFnMxEfUFpLYoI-CV3VvXLs1q0B2k2fW7gN7Ii36YQo7hhi3Z78j-XVT_pwWjwvh6ef92i-zhJ5AuZzf0RcF1YRaWXLy6Gf-6ZHfnz2w_bmvPlnsegrvXYo2Jk88vlgBfaMhTIhSyOpl_UmSUB0mgw-YedVa-oOh8oBASvw71hyn8E=)

Consolidated statement of financial position

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in thousands of euros		30-Jun-24	31-Dec-23	30-Jun-23
+-----+-----+-----+-----+				
+-----+-----+-----+-----+				
Assets				
+-----+-----+-----+-----+				



Current assets			
Cash and cash equivalents	4,731	7,604	8,304
Trade and other receivables	1,170	1,544	1,372
Current loan receivables	311	311	311
Inventories	86,064	77,439	68,776
Total current assets	92,276	86,898	78,763
Non-current assets			
Property, plant and equipment	183	162	233
Intangible assets	4	4	5
Financial investments	2,668	2,005	2
Investments in associates	0	0	912
Non-current loan receivables	2,161	1,729	3,233
Other non-current receivables	271	203	136
Total non-current assets	5,287	4,103	4,521
Total assets	97,563	91,001	83,284
Liabilities and equity			
Current liabilities			
Loans and borrowings	33,258	40,600	11,056
Current lease liabilities	76	40	64
Prepayments from customers	3,399	2,620	3,748
Trade and other payables	6,226	7,188	8,570
Total current liabilities	42,959	50,448	23,438
Non-current liabilities			
Loans and borrowings	29,622	16,305	35,144
Non-current lease liabilities	29	29	68



Other non-current liabilities	4,237	2,058	2,442
Total non-current liabilities	33,888	18,392	37,654
Total liabilities	76,847	68,840	61,092
Equity			
Share capital	3,855	3,855	3,855
Share premium	8,917	8,917	8,917
Reserves	385	385	385
Retained earnings	7,559	9,004	9,035
Total equity	20,716	22,161	22,192
incl. total equity attributable to owners of the parent	19,423	20,993	21,709
incl. non-controlling interest	1,293	1,168	483
Total liabilities and equity	97,563	91,001	83,284

Consolidated statement of profit and loss and other comprehensive income

in thousands of euros	6 M 2024	6M 2023	Q2 2024	Q2 2023
Revenue	7,422	20,590	5,151	14,615
Cost of sales (-)	-7,045	-15,799	-4,811	-10,759
Gross profit	377	4,791	340	3,856
Marketing expenses (-)	-390	-268	-205	-197
Administrative expenses (-)	-889	-787	-446	-440
Other operating income	70	82	25	62
Other operating expenses (-)	-24	-92	-6	-69
Operating profit (-loss) of the year	-856	3,726	-292	3,212



Financial income	201	1,046	164	996
Financial expenses (-)	-871	-1,184	-433	-759
Profit before tax	-1,526	3,588	-561	3,449
Net profit (-loss) for the year	-1,526	3,588	-561	3,449
Attributable to owners of the parent	-1,526	1,803	-647	1,563
Non-controlling interest	0	1,785	86	1,886
Other comprehensive income (-loss)				
Changes related to change of ownership	76	68	76	68
Change in value of embedded derivatives with minority shareholders	0	-1,787	0	-1,795
Other comprehensive income (-loss) for the period	76	-1,719	76	-1,727
Attributable to owners of the parent	-44	40	-44	54
Non-controlling interest	120	-1,759	120	-1,781
Comprehensive income (-loss) for the period	-1,450	1,869	-485	1,722
Attributable to owners of the parent	-1,570	1,843	-691	1,617
Non-controlling interest	120	26	206	105
Earnings per share				
Basic (euros per share)	-0.40	0.47	-0.17	0.41
Diluted (euros per share)	-0.40	0.47	-0.17	0.41

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Hepsor AS (www.hepsor.ee (<http://www.hepsor.ee>)) is one of the fastest growing residential and commercial real estate developers in Estonia and Latvia, operating also in the Canadian real estate market since 2023. Over the last thirteen years Hepsor has developed more than 1,800 homes and 36,000 m² of commercial space. Hepsor was the first real estate developer in the Baltic States to implement several innovative engineering solutions that make the buildings we construct more energy-efficient and thus more environmentally friendly. The company's portfolio is comprised of 24 development projects with a total sellable space of 173,700 m².

