

Liven, Q2 2025 unaudited financial results presentation, 31 June 2025

Chairman of the Board, Andero Laur; Chief Financial Officer, Joonas Joost

An unofficial automatic translation of the original Estonian transcription.

Hello. I am Andero, and today we present Liven's half-year financial results.

The presentation will be conducted by myself, Andero Laur, Chairman of the Board and CEO, and Joonas Joost, the company's CFO.

Before we begin – questions can be submitted using the icon in the bottom right corner. Clicking it will open a panel where you can write your questions. We will answer them at the end of the presentation.

For newcomers to our webinars – Liven is a residential developer operating mainly in Tallinn and, to a lesser extent, in Berlin, where we currently have one project. We stand out from competitors by continuously seeking new ways to give our customers the opportunity to participate in designing and personalizing their homes. This concept could be described as mass individualization, which we strive to implement in a cost-efficient and integrated manner for the customer.

Key indicators for Q2:

Revenue was €7.4 million, mainly driven by the Iseära project, where the second phase apartments were completed. Most of the completed apartments that had been sold were also handed over. A few units remain for sale. This was the primary driver for the quarterly net profit of €1 million. The net profit for the six-month period was slightly lower, €0.3 million, because our sales were very small in the first quarter. We continue to expect the main revenue and profit to come in the second half of the year. We expect the highest sales revenue and profitability in the fourth quarter.

Sales overview:

At the beginning of the year, we had €35.6 million in pre-sales – meaning contracts under the law of obligation in our projects that were either ongoing or about to begin. In Q1, we sold €7 million worth, of which €5.1 million was pre-sales. As a result, pre-sales increased to €40.7 million by the end of the quarter. Revenue was €1.9 million. In the second quarter, new sales reached €7.8 million. Again, about €2 million worth were handed over immediately, and €5.9 million were pre-sales. Handover volume totaled €7.4 million. Total pre-sales by the end of Q2 reached €41.1 million. If you look at various later-stage sales indicators, there were also many reservations, but reservations are not reflected here – only notarized agreements are shown. A small part of these pre-sales will be completed in 2026, but most in 2025.

Important events:

The most significant event was the partial acquisition of a new project. This is a 50/50 project in cooperation with Oma Grupp. Oma Grupp and its subsidiary Oma Ehitaja are also the general contractor for this development. As neither party holds a controlling interest, we do not consolidate this project in our results.

In terms of sales, the key events were the completion and handover of the apartment buildings in the second phase of Iseära, as well as the beginning of several pre-sales. In some projects, reservation agreements were signed. In others, contracts under the law of obligation were concluded.

In the German project, we reached the point where the construction contract was signed, and in July – we signed first contracts under the law of obligation.

In the Luuslangi project, we signed a construction contract with Mitt & Perlebach, who will begin the second phase of construction in the upcoming weeks.

There was a small land transaction – we sold a portion of the Kadaka tee 88 property under the contract under the law of obligation. It was 100% commercial land. Since this is not directly our line of business, and our focus is residential, we found a solution for the property.

Dividend of €180,000 was approved at the general meeting of shareholders with the decision that our auditor remains KPMG Baltics.

Sales activity ratio:

This ratio reflects buyer interest and the number of signed contracts relative to all homes on offer, including reservations. It indicates stronger-than-average demand. Many of the current reservations are expected to convert into contracts of obligations in upcoming quarters.

Here is our sales ratio. The sales ratio is the number of interested buyers and concluded contracts under the law divided by the total number of homes in our offerings. This also includes reservations. We often begin taking reservations long before we're ready to go to a notary. If we only tracked notarized contracts, there would be occasional high spikes at the times we convert existing reservations into notarized deals. This indicator gives a more immediate view of sales activity – how many reservations and contracts are being made. It's safe to say that our sales ratio has consistently been higher than the historical average. There is still plenty of work ahead. A significant increase in the number of contracts under the law of obligations is expected in the coming quarters. Those same reservations will later be formalized as binding contracts.

Project overview:

All projects are approximately on schedule, based on our current best knowledge of how long their construction will take.

Construction of the Wohngarten project in Berlin already began this year. The construction of the Olemuse project in Nõmme is about to start, as are the Virmalise project in Uus Maailm and the first phase of Peakorter in Northern Tallinn, which is our 50/50 joint project with Oma Grupp.

In Regati, we expect the first handovers to take place in Q3, most likely in the final days of the quarter. Most of the handovers will happen in Q4. Final construction is approaching – interior work is ongoing, and preparations for exterior work are underway. Currently, 60% of the units are sold. In terms of revenue, even more, since the more expensive apartments have been sold more often than the cheaper ones.

In the Iseära project, the apartment buildings, shown in the front of the picture, were completed. Additionally, pre-sales and preparations for the next row houses and apartment buildings are underway. The next phase of row houses will be completed soon, and their revenue will mostly fall into Q3. These row houses are just about finished, and handovers will begin shortly. Three apartment buildings were handed over in Q2 – these were the main contributors to Q2 profitability and revenue. Construction of three similar buildings will start later this year.

In the Luuslangi project, only a few apartments remain from the first phase – the last four. We signed a contract with Mitt & Perlebach for the construction of the next building.

Our German project Wohngarten includes 24 apartments. With paid reservations included two contracts under the law of obligation have been concluded. Including reservations, 29% of units are sold. The builder is a local, relatively small contractor who has experience developing similar-sized projects and smaller apartment buildings, so communication has been easy, and they understand our business well.

The Olemuse project is on a plot we acquired last year in Nõmme. Half of the buildings are already on the market. With paid reservations, over 50% are covered, and we've started signing contracts under the law of obligation as of July. The construction preparation is ongoing, and as soon as we reach agreement, we will begin construction – likely in September.

The Virmalise project is located on Virmalise Street in Uus Maailm. It has 28 apartments, 33% of which are reserved. In Q3 we began signing contracts under the law of obligation. The construction preparation is ongoing, and the building permit was issued in Q3. Once the construction contract is signed, we'll begin building immediately.

Peakorter is our first joint project of this kind with a landowner, where Liven was able to acquire 50% of the project. I think it's a good project. We would have been ready to buy 100%, but it wasn't for sale. What's good is that we were able to finalize the construction preparation together with the project, and the project already had a building permit. So we had the chance to immediately start sales, which are ongoing. Currently, 25% of the project is reserved, and we will begin signing contracts under the law of obligation in the coming months. Preparations for construction are underway.

The second phase of Peakorter is on a plot Liven had acquired some time ago, with a detailed plan that was adopted in 2025. We're now waiting for it to be enacted.

"Kadakadabra" is our new name for the project on Kadaka tee 82. Also acquired long ago, the detailed planning process has been ongoing for years. We hope that in 2025 it will finally be enacted. All public discussions and approvals have been resolved, and the final approval is being coordinated with the Tallinn City Government.

A similar story with Juhkentali 48 – most of the planning processes are complete. The order for enacting the detailed plan is being drafted and coordinated internally at the Tallinn City Government. We expect it to be enacted this year.

That was a brief overview of our projects and results. I'll now hand it over to Joonas.

Hello. As Andero mentioned, due to the completion of the Iseära apartment buildings, the number of real right agreements has significantly increased compared to previous quarters. As a result, revenue was €7.3 million. For context – a year ago, the number of real right agreements was somewhat lower, but revenue was higher. This was because last year we handed over more terraced homes, which had significantly larger average unit sizes compared to the units handed over this quarter. Therefore, on a per-unit basis, revenue is lower this time. Nevertheless, gross profit is €1.80 million, which is a good result.

Marketing expenses are significantly higher than in previous quarters, primarily because, as Andero said, several projects entered the pre-sale stage and active sales at the end of Q1 and during Q2. This has been the main reason for the increase in marketing costs. General administrative expenses are somewhat lower than in previous quarters, at €380,000.

Under other operating income, we recorded accounting profit from the sale of the commercial portion of the Kadaka tee 82 property. These assets were reclassified as investment property in connection with this transaction.

Operating profit this time is slightly over €1 million. Due to income tax related to dividends, net profit for the quarter came in below €1 million. Overall, the half-year was positive.

Financial position:

In terms of financial position – mainly due to construction and especially the Regati project – the total assets at the end of the quarter reached €95 million. Equity has also grown due to profit, now standing at €18.4 million. Liabilities, largely due to construction financing, increased by €1.9 million compared to the end of the previous quarter. This includes loan repayments following the completion of Iseära apartments. In addition, partial or full repayments of investment and land loans in both the Kadaka and Luuslangi projects totaled €1.8 million. The equity ratio, excluding construction loans, is 25.2%. Return on equity for the past 12 months is just below 10%.

Outlook:

In terms of outlook, we do not expect a dramatic change in the economic environment. Euribor is at a lower level than in recent years, and real wages are somewhat higher, which may have a positive effect. As several projects are in the pre-sale stage and we have concluded numerous purchase interest and reservation agreements, we truly expect, as Andero said, that the number of contracts under the law of obligation will show significant growth in the coming periods. Several new projects are scheduled to start construction. Over the course of the year, we could theoretically hand over up to 194 units. In practice, this number will likely be much lower, but even so, we've already handed over 41 homes in the first half of the year, with contracts signed for another 88 units, and we have six more months to continue selling. We continue to expect total annual revenue to reach €55 million, which we believe is sufficient to achieve our target return on equity. In Q3, the Iseära row houses will be completed, and we hope the first Regati homes will also be handed over. However, the largest portion of revenue is still expected in the final quarter of the year.

Loan dynamics:

Lastly, an overview of the dynamics of our loan obligations. In recent quarters, these have increased significantly, primarily due to construction loans. With the completion of one of the phases of the Iseära project, we expect the volume of construction loans to decline significantly by the end of the next quarter. On the other hand, in the Regati project, additional construction loans will be taken. After the first handovers, we'll begin repayments, but overall, we forecast the loan balance to remain in a similar range as in the Q2 that just ended. By year-end, with more handovers, we expect a significant decrease in loan obligations. That said, due to pre-sales and upcoming construction projects, construction loan balances are likely to rise again with the next phases. By next summer, they may again be considerably higher than at the end of this year.

That was our overview of the results. If the listeners have questions, please write them in the Q&A box as in previous webinars. And of course, you can also email your questions to investor@liven.ee if you prefer not to ask now. After the webinar, the recording, transcript, and presentation will be uploaded to Liven's website at liven.ee/investor.

Perhaps due to the holiday season, there are fewer questions. Thank you to all listeners and participants and see you in three months.