

# ETALON

## FINANCIAL RESULTS: 1H 2024

August 2024



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## CONTENTS

1	FINANCIAL RESULTS	4
2	APPENDIX	12



# KEY RESULTS

TOTAL REVENUE

▲ +71%

**57** RUB BLN

Residential development revenue **increased by 80%** to RUB 49.6 billion

REVENUE IN REGIONAL MARKETS

▲ 2.5x

**8.6** RUB BLN

Residential development revenue in regional markets **continued to increase at a rate above 2x**

PRE-PPA GROSS MARGIN

**35%**

Margins remain at a high target level; **gross profit rose 70%** to RUB 20.2 billion

OVERHEAD AS A PERCENTAGE OF REVENUE

▼ -5.1 p.p.

**11.6%**

The percentage of selling expenses **decreased by 1.9 p.p.**; administrative expenses, **by 3.2 p.p.**

EBITDA

▲ 2.2x

**13.4** RUB BLN

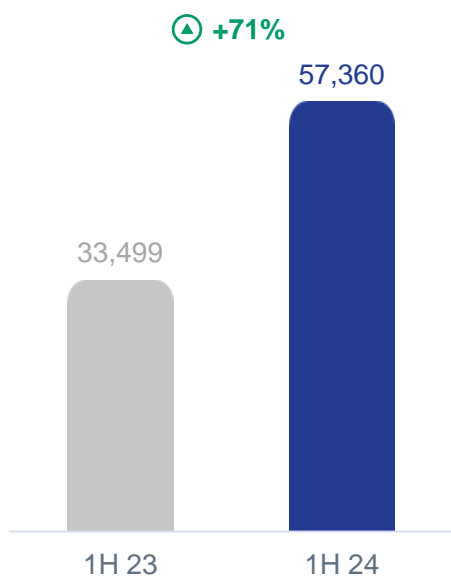
EBITDA margin **was 23.3%**, an increase of 5.2 p.p.

# Financial results

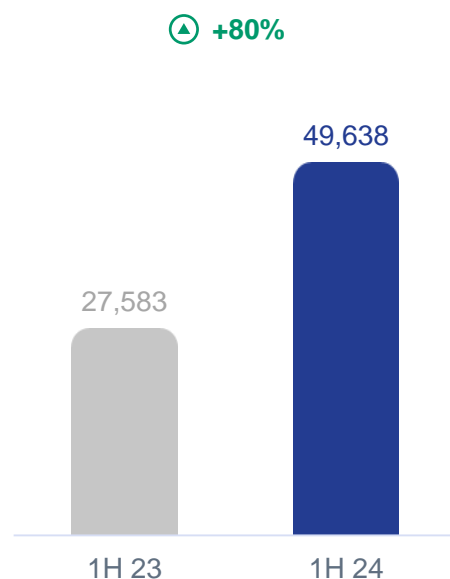
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# RECORD REVENUE GROWTH SINCE IPO

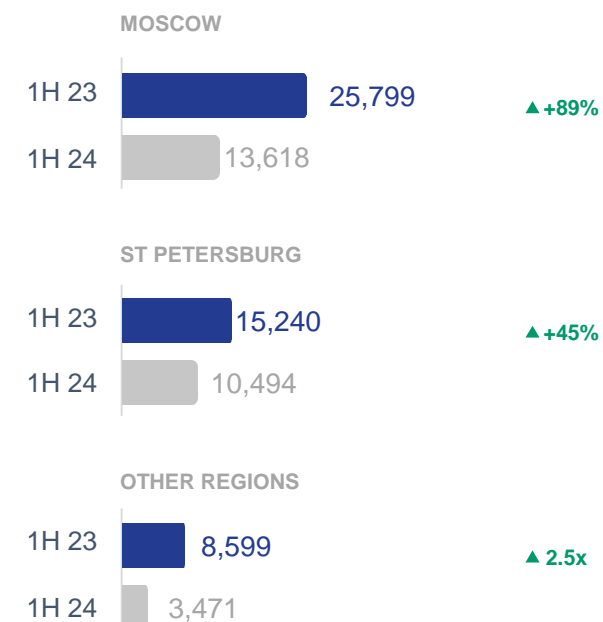
## CONSOLIDATED REVENUE RUB mln



## RESIDENTIAL DEVELOPMENT REVENUE, RUB mln



## RESIDENTIAL DEVELOPMENT REVENUE BY REGION, RUB mln



1

Record-setting results from 2H 2023 and 1H 2024 were reflected in the Company's **best-ever revenue growth (up 71% year-on-year)**

2

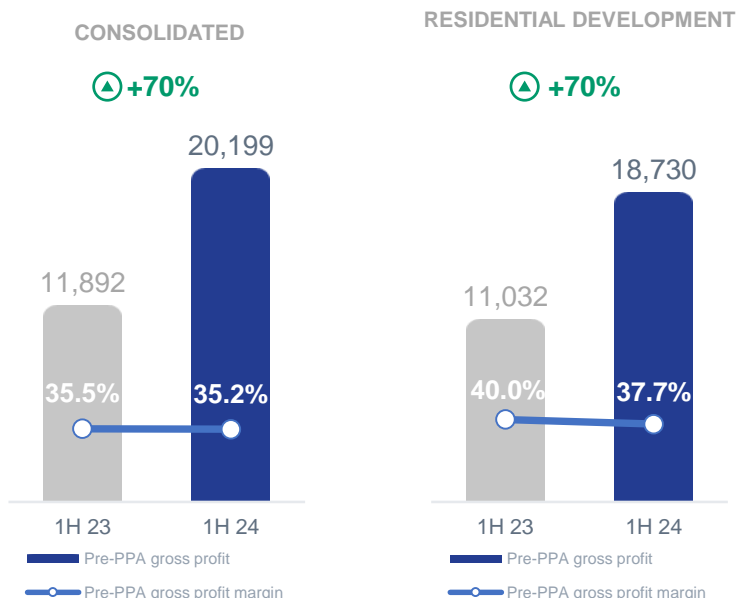
Revenue from the Company's **primary segment** grew **rapidly (up 80%)**, driven mainly by increased revenue from apartment sales (up 82%)

3

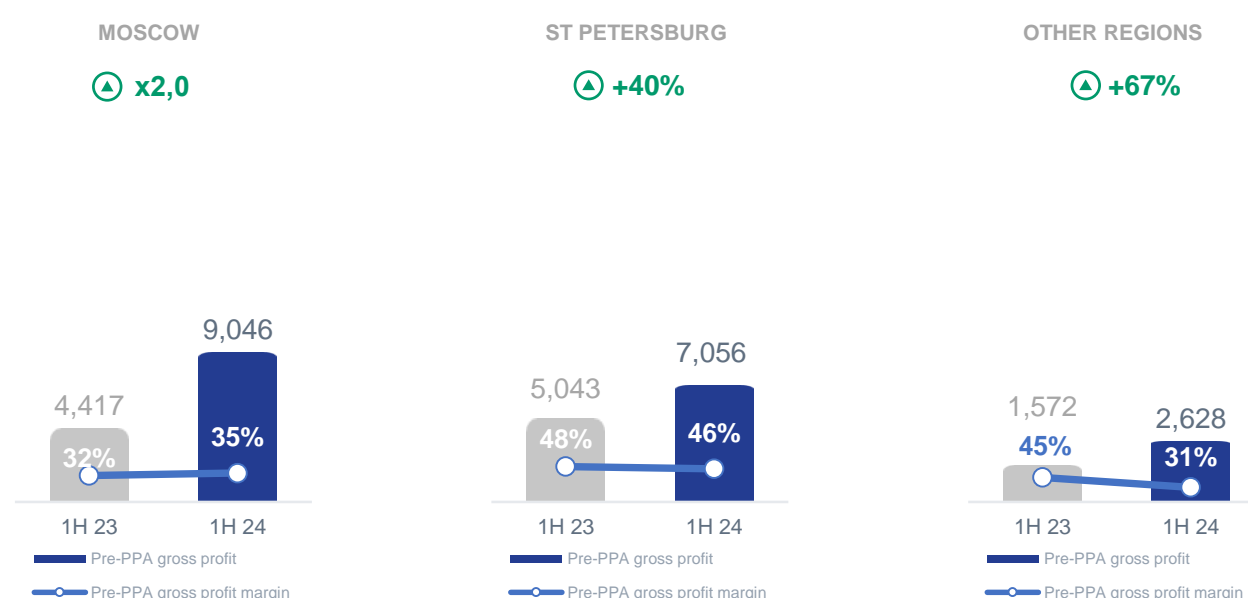
Revenue from **regional** development projects demonstrated the **strongest growth (2.5x)**

# ROBUST, DOUBLE-DIGIT INCREASE IN PRE-PPA GROSS PROFIT, WITH A MARGIN ABOVE 35%

## PRE-PPA<sup>(1)</sup> GROSS PROFIT RUB mln



## PRE-PPA<sup>(1)</sup> RESIDENTIAL DEVELOPMENT GROSS PROFIT RUB mln



1

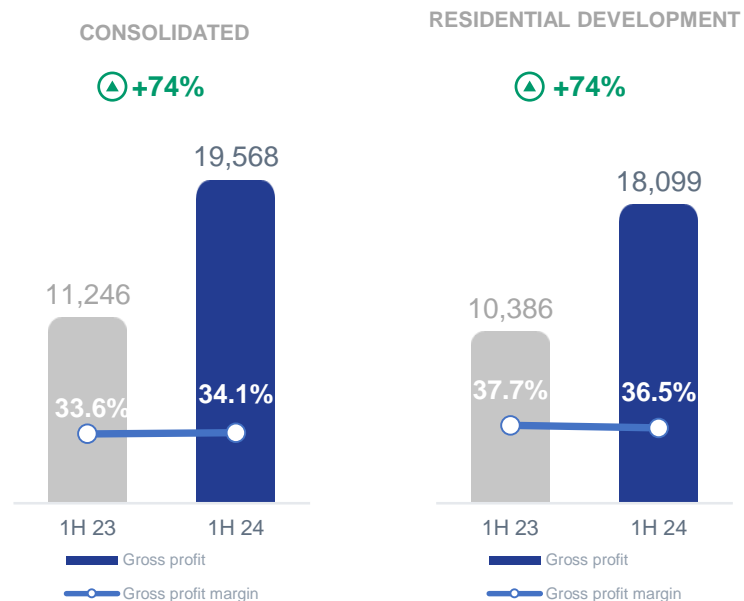
Pre-PPA gross profit increased by **70%**, driven mainly by an increase in gross profit in the residential development segment

2

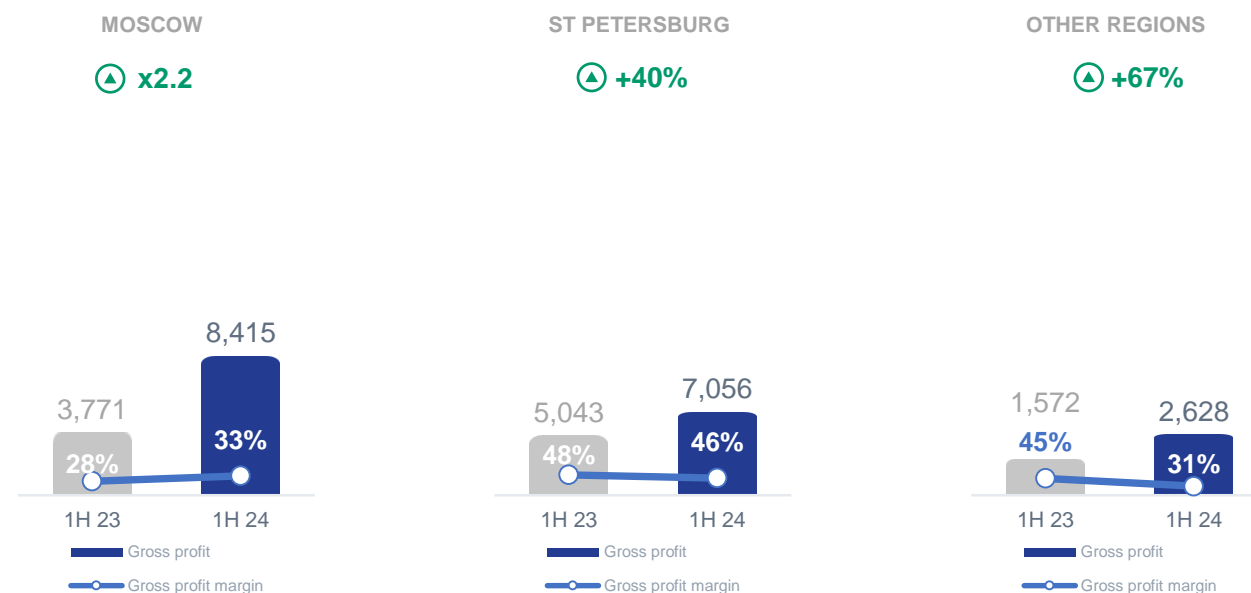
The segment maintained a gross profit margin **above 35%** in the Moscow and St Petersburg regions. Increased cost of sales had a predictably strong impact on mass-market projects in regional markets, which nonetheless maintained a **high profit margin for the segment, at 31%**

# GROSS PROFIT ROSE 74%

## GROSS PROFIT RUB mln



## RESIDENTIAL DEVELOPMENT GROSS PROFIT RUB mln



1

Gross profit margin **rose 0.5 p.p.** alongside a 74% increase in gross profit, driven primarily by the residential development segment

2

**Gross profit** in the Company's main segment demonstrated **robust growth** in the Moscow and St Petersburg areas as well as other regional markets

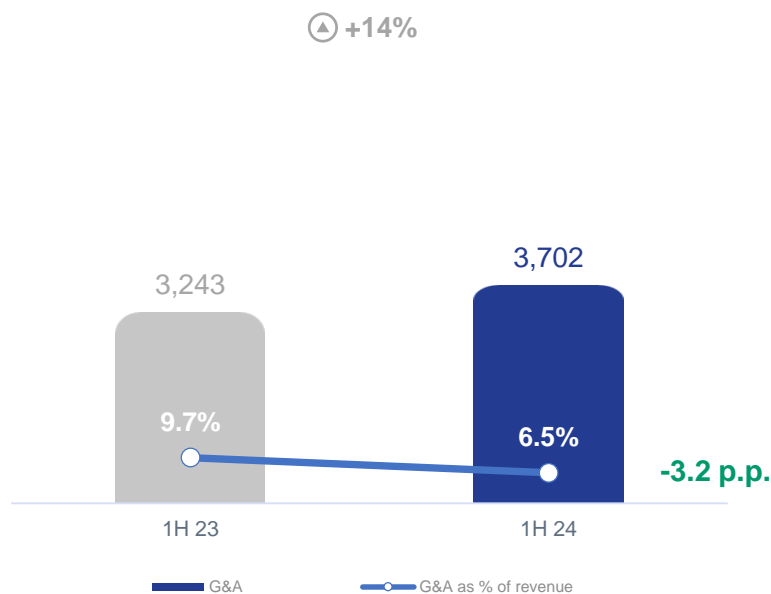
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The product mix and cost of sales had an impact on profit margin

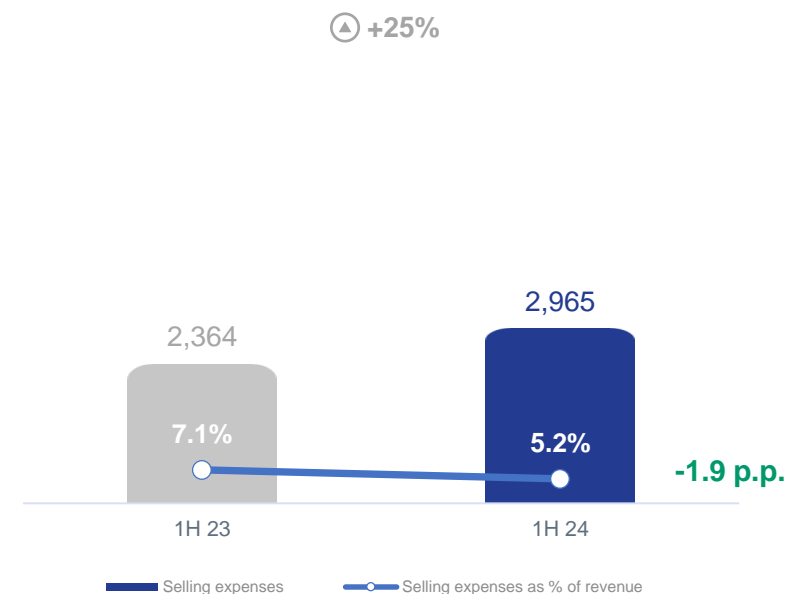


# CONSIDERABLE IMPROVEMENT IN OPERATING EFFICIENCY: OVERHEAD COSTS PER UNIT DECREASED BY 5.1 P.P.

## GENERAL AND ADMINISTRATIVE EXPENSES RUB mln



## SELLING EXPENSES RUB mln

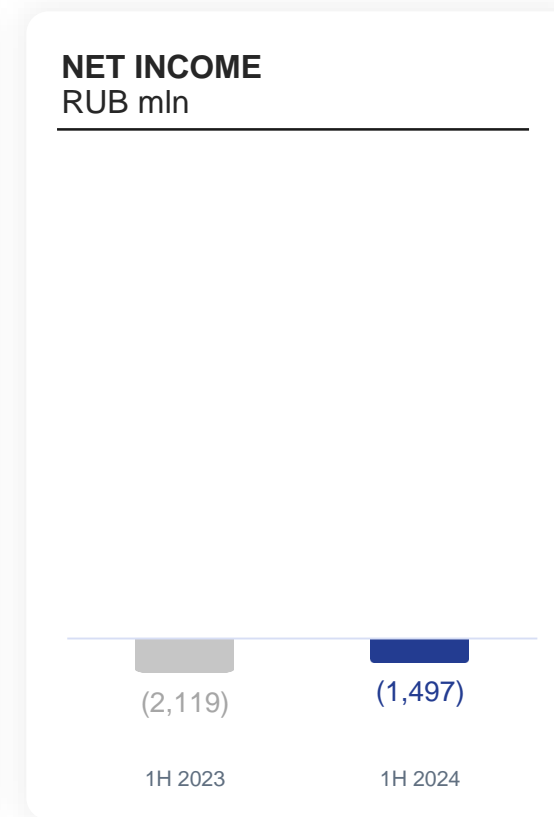
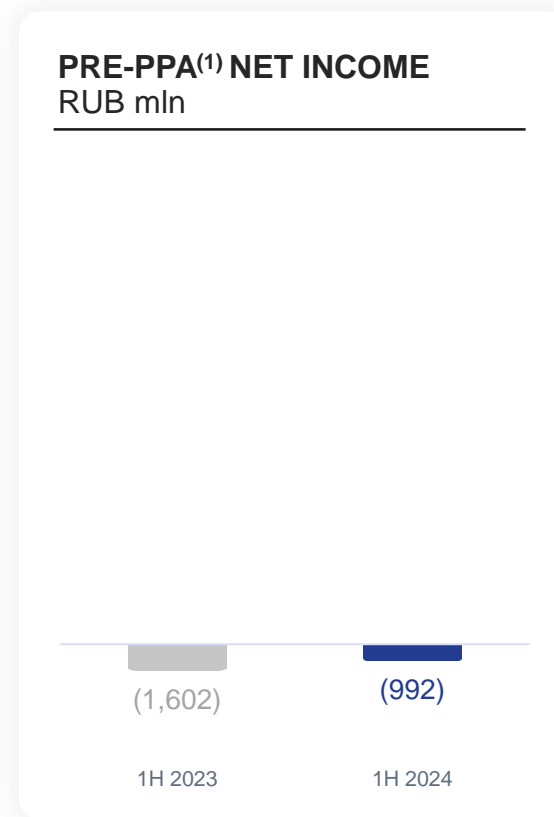
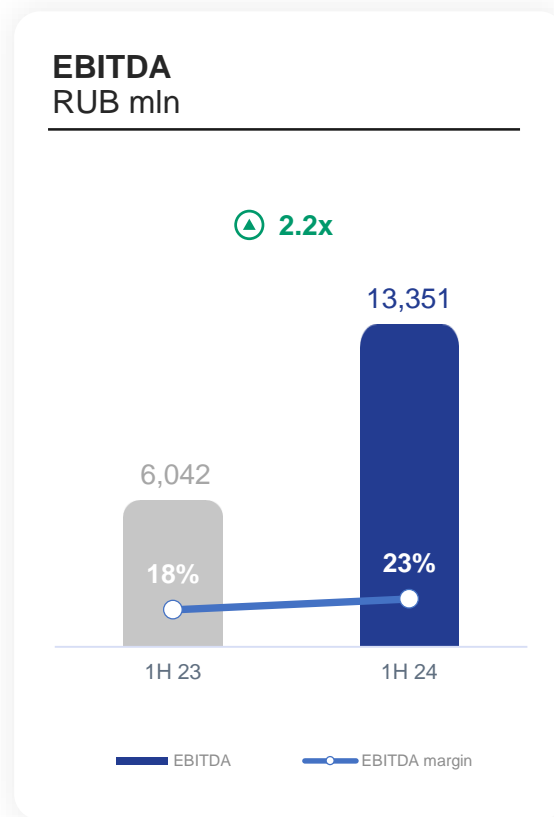
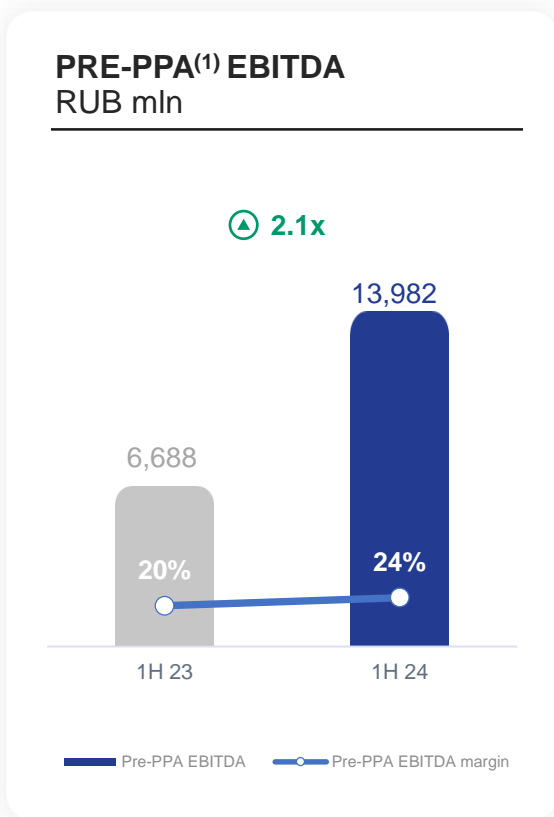


**1** Business expansion drove up overhead costs in absolute terms

**2** At the same time, overhead costs as a percentage of revenue **decreased by 5.1 p.p.**, supporting a 2.6x increase in operating income

**3** Our goal is to decrease overhead costs as a percentage of revenue **to 10% by 2026**, which will improve our financial performance significantly

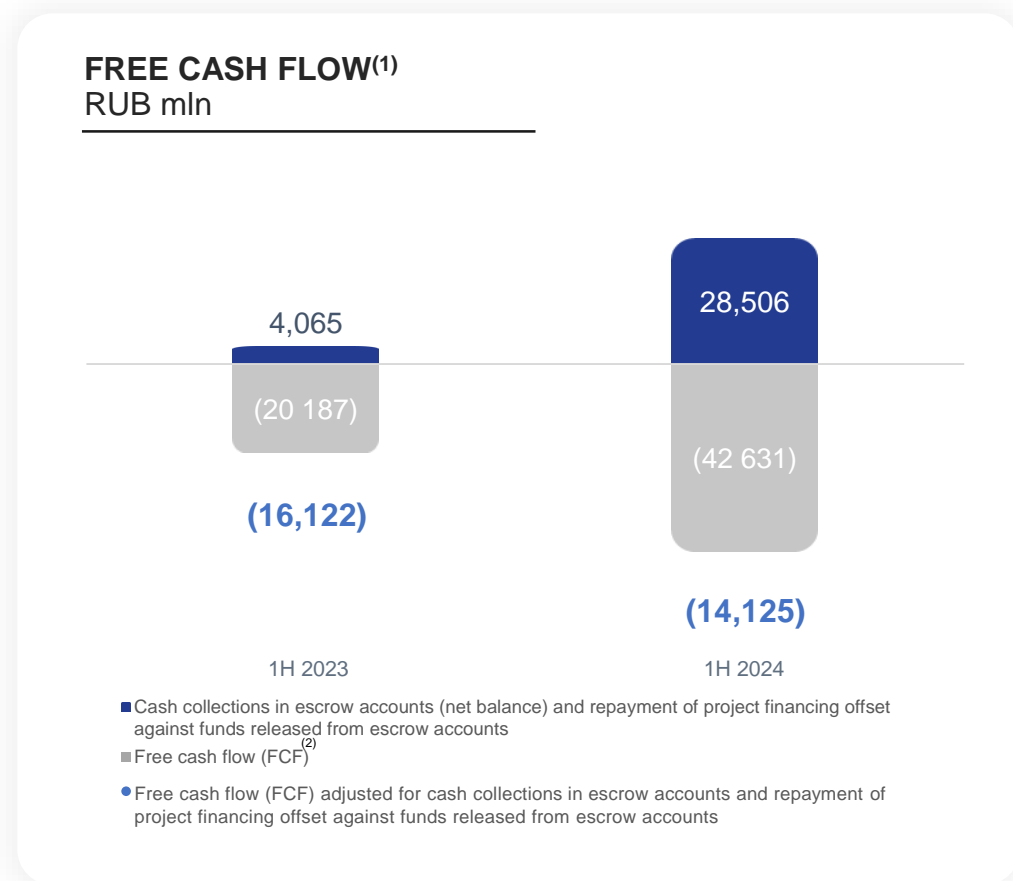
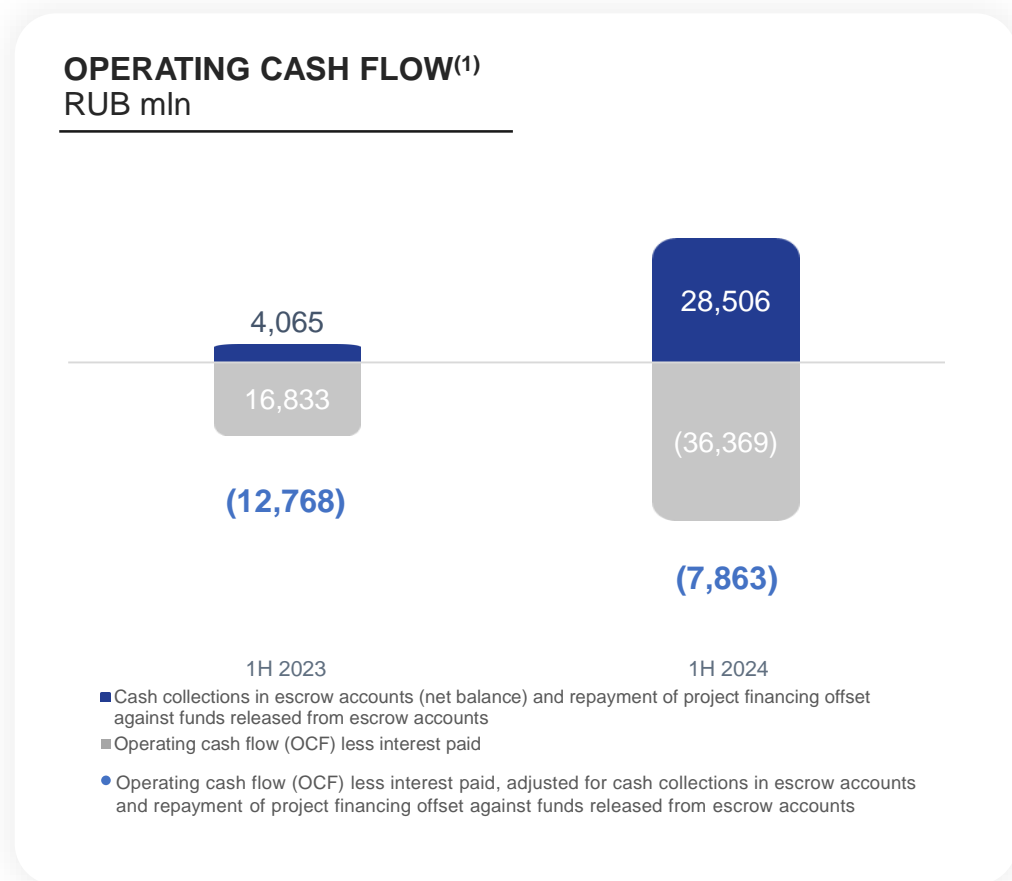
# EBITDA DOUBLED THANKS TO IMPROVED EFFICIENCY, NET INCOME REMAINS UNDER PRESSURE FOR THE TIME BEING



**1** Pre-PPA EBITDA margin increased by 4.4 p.p.; EBITDA margin, by 5.2 p.p.

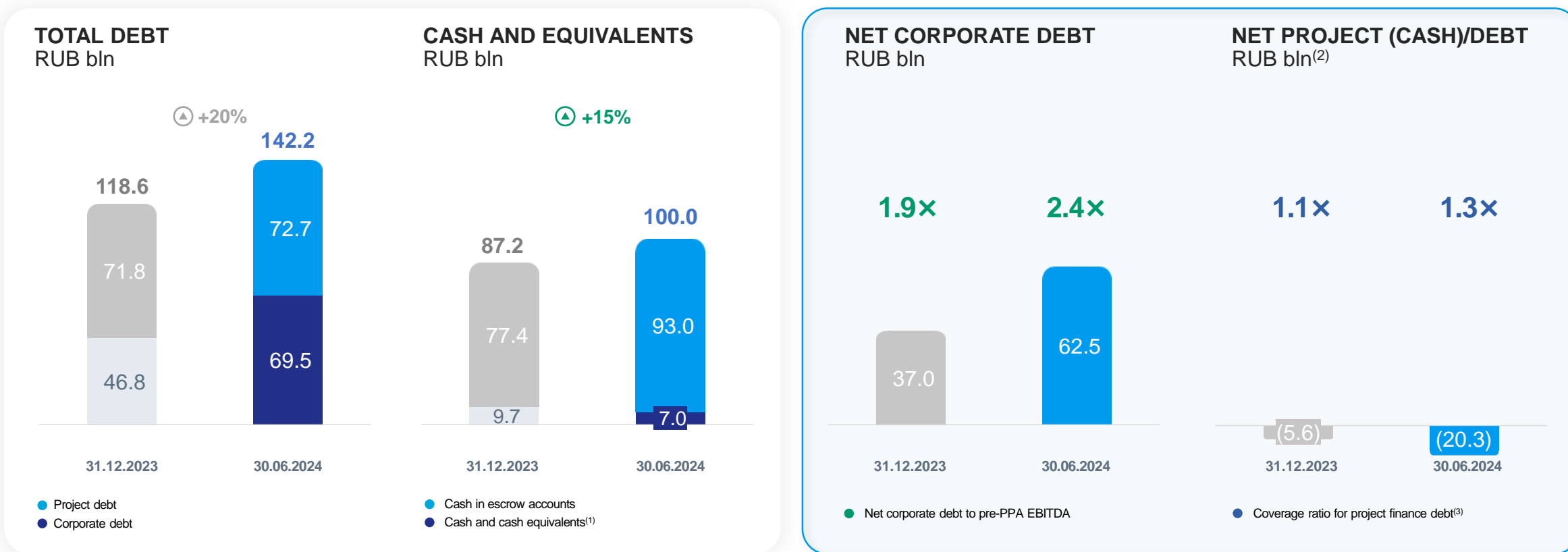
**2** Increased interest expense associated with the Company's investment phase and the high key rate put **temporary pressure on profit**. Business expansion combined with a further reduction in overhead costs per unit will offset this pressure and support financial performance in future periods.

# CASH FLOW DYNAMICS REFLECT INVESTMENT PHASE OF COMPANY'S DEVELOPMENT



An additional factor is the specifics of accounting for the repayment of project financing: repayment is accounted for by offsetting cash received from escrow accounts, while the offset is recorded as a cash outflow from operating activities.

# SUSTAINABLE FINANCIAL POSITION THANKS TO LIQUIDITY CUSHION AND STRICT FINANCIAL DISCIPLINE



1

The average interest rate on the loan portfolio as of the end of 1H 2024 was **10.2%**

2

A coverage ratio for project finance **above 1x** ensures **preferential rates for project financing**

3

The ratio of net corporate debt to pre-PPA EBITDA remains **at a comfortable level between 2x and 3x**

# Appendix

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# INCOME STATEMENT

RUB MLN	1H 2023	1H 2024
<b>Revenue</b>	<b>33,499</b>	<b>57,360</b>
Cost of sales	(22,253)	(37,792)
<b>Gross profit</b>	<b>11,246</b>	<b>19,568</b>
General and administrative expenses	(3,243)	(3,702)
Selling expenses	(2,364)	(2,965)
Change in expected credit loss on trade and other receivables	(633)	(244)
Other expenses, net	(1,013)	(2,127)
<b>Results from operating activities</b>	<b>3,993</b>	<b>10,530</b>
Finance income	1,312	3,046
Finance costs	(6,939)	(12,792)
<b>Net finance income/(costs)</b>	<b>(5,627)</b>	<b>(9,746)</b>
Share of loss of equity accounted investees	17	(1,470)
<b>Profit/(loss) before income tax</b>	<b>(1,617)</b>	<b>(686)</b>
Income tax expense	(502)	(811)
<b>Profit/(loss) for the period</b>	<b>(2,119)</b>	<b>(1,497)</b>
<i>Profit/(loss) attributable to:</i>		
Owners of the Company	(2,119)	(1,497)
Non-controlling interest	-	-
<b>Profit/(loss) for the period</b>	<b>(2,119)</b>	<b>(1,497)</b>

# BALANCE SHEET

RUB MLN	31.12.2023	30.06.2024
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,184	6,743
Intangible assets	2,956	6,599
Investment property	344	311
Other long-term investments	13,427	12,393
Trade and other receivables	1,446	1,738
Deferred tax assets	11,298	13,138
<b>TOTAL NON-CURRENT ASSETS</b>	<b>35,655</b>	<b>40,922</b>
<b>Current assets</b>		
Inventories	152,035	142,139
Contract assets, trade and other receivables	61,278	81,460
Short-term investments	37	28
Cash and cash equivalents	9,724	6,999
Other current assets	1,662	2,845
<b>TOTAL CURRENT ASSETS</b>	<b>224,736</b>	<b>233,471</b>
<b>TOTAL ASSETS</b>	<b>260,391</b>	<b>274,393</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	26,368	26,368
Retained earnings	44,523	43,026
<b>TOTAL equity attributable to equity holders of the Company</b>	<b>70,891</b>	<b>69,394</b>
Non-controlling interest	-	808
<b>TOTAL equity</b>	<b>70,891</b>	<b>70,202</b>
<b>Non-current liabilities</b>		
Loans and borrowings	82,112	122,062
Contract liabilities, trade and other payables	8,957	6,573
Provisions	366	347
Deferred tax liabilities	3,578	4,592
<b>TOTAL non-current liabilities</b>	<b>95,013</b>	<b>133,574</b>
<b>Current liabilities</b>		
Loans and borrowings	36,499	20,181
Contract liabilities, trade and other payables	50,073	42,269
Provisions	7,915	8,167
<b>TOTAL current liabilities</b>	<b>94,487</b>	<b>70,617</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>260,391</b>	<b>274,393</b>

# CASH FLOW STATEMENT

RUB MLN	1H 2023	1H 2024
<b>OPERATING ACTIVITIES</b>		
Profit for the period	(2,119)	(1,497)
Adjustments for:		
Depreciation	403	450
Gain on disposal of PP&E	(197)	(41)
(Gain)/loss on disposal of investment property	23	(39)
Gain on disposal of investment property under construction and development	-	(6)
Impairment loss on inventory	124	1,374
Impairment/reversal of expected losses on trade and other receivables, advances paid to suppliers and investments	633	244
Share of loss of equity accounted investees	(17)	1,470
Gain from bargain purchase	-	-
Cost of social infrastructure for completed projects	612	(3)
Significant financing component from contracts with customers recognised in revenue	(87)	-
Savings on escrow-backed loans recognised in revenue	(1,119)	(3,207)
Net finance costs	5,627	9,746
Income tax expense	502	811
<b>OPERATING INCOME BEFORE CHANGES IN WORKING CAPITAL</b>	<b>4,385</b>	<b>9,302</b>
Change in inventories	(11,430)	9,449
Change in accounts receivable	(2,847)	(10,478)
Change in accounts payable	(1,810)	(16,092)
Change in provisions	(327)	236
Change in contract assets	(5,641)	(30,161)
Change in contract liabilities	2,724	3,536
Income tax paid	(1,887)	(2,161)
Interest paid	(2,588)	(5,342)
<b>NET CASH GENERATED FROM(USED IN) OPERATING ACTIVITIES</b>	<b>(19,421)</b>	<b>(41,711)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of non-current assets	209	677
Proceeds from disposal of investment property	6	43
Interest received	919	649
Acquisition of PP&E	(981)	(1,640)
Loans given	15	-
Loans repaid	-	(370)
Investments in associates and joint ventures	-	-
Acquisition of subsidiary net of cash acquired	-	-
Proceeds from disposal of subsidiary net of cash disposed of (Acquisition)/disposal of other investments	-	-
<b>NET CASH GENERATED FROM(USED IN) INVESTING ACTIVITIES</b>	<b>168</b>	<b>(641)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	35,652	51,071
Repayment of borrowings	(13,683)	(11,014)
Payment of lease liabilities	(1,168)	(426)
Proceeds from issue of share capital	-	-
Dividends paid	-	-
<b>NET CASH GENERATED FROM(USED IN) FINANCING ACTIVITIES</b>	<b>20,801</b>	<b>39,631</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,548</b>	<b>(2,721)</b>
Effect of FX rate fluctuations	328	(4)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>25,687</b>	<b>6,999</b>

# FCF CALCULATION

RUB MLN	1H 2023	1H 2024
<b>Comprehensive income</b>	<b>(2,119)</b>	<b>(1 497)</b>
<i>ADJUSTMENTS FOR:</i>		
Depreciation	403	450
Loss/(gain) on disposal of PP&E	(197)	(41)
(Gain)/loss on disposal of investment property	23	(39)
Gain on disposal of investment property under construction and development	-	(6)
Impairment loss on inventory	124	1,374
Impairment of trade and other receivables	633	244
Share of loss of equity accounted investees	(17)	1,470
Cost of social infrastructure for completed projects	612	(3)
Gain from bargain purchase	-	-
Significant financing component from contracts with customers recognised in revenue	(87)	-
Savings on escrow-backed loans recognised in revenue	(1,119)	(3,207)
Net finance (income)/costs	5,627	9,746
Income tax expense	502	811
Income tax paid	(1,887)	(2,161)
Interest paid	(2,588)	(5,342)
<b>(Increase)/decrease in working capital:</b>	<b>(19,331)</b>	<b>(43,510)</b>
Change in inventories	(11,430)	9,449
Change in accounts receivable	(2,847)	(10,478)
Change in accounts payable	(1,810)	(16,092)
Change in provisions	(327)	236
Change in contract assets	(5,641)	(30,161)
Change in contract liabilities	2,724	3,536
<b>(Increase)/decrease in invested capital based on CF statement:</b>	<b>(766)</b>	<b>(920)</b>
Acquisition of PP&E	(981)	(1,640)
Acquisition of subsidiary net of cash acquired	-	-
Proceeds from disposal of non-current assets	215	720
<b>FCF</b>	<b>(20,187)</b>	<b>(42,631)</b>