



ARCO  
VARA

Interim report for the first quarter of 2025  
(unadited)

**INTERIM REPORT FOR THE FIRST QUARTER OF 2025 (UNAUDITED)**

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<b>Corporate website</b>	www.arcovara.com
<b>Financial year</b>	1 January 2025 – 31 December 2025
<b>Reporting period</b>	1 January 2025 – 31 March 2025
<b>Supervisory board</b>	Tarmo Sild, Steven Yaroslav Gorelik, Kert Keskaik, Hillar-Peeter Luitsalu, Allar Niinepuu
<b>Chief executive</b>	Kristina Mustonen
<b>Auditor</b>	KPMG Baltics OÜ

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# Management Report

## Group CEO's Review

The first quarter of 2025 continued the moderate recovery in Estonia's real estate market that began at the end of 2024. Despite the generally cautious economic sentiment, the market remained stable and showed the first credible signs of revitalization. The continued decline of the Euribor, alongside stabilizing inflation, contributed to increased transaction activity and consumer interest, particularly within the residential segment.

The new development market in Tallinn remained active throughout the quarter. Although no record-breaking sales were achieved, interest remained strong, and price levels stabilized. In the Rannakalda development, Arco Vara sold four additional apartments in Q1 2025, bringing the total number of units sold to 91 out of 113. The pre-sales in the Soodi 6 project continued at a calm pace, with 10 out of 66 apartments pre-sold by the end of the quarter. The building permit process for the start of construction is in its final stage, with construction expected to commence at the end of Q2 2025.

During the first quarter of 2025, Arco Vara acquired a new development site in Tallinn on Spordi Street. The property, located in an attractive area suitable for residential development, expands Arco Vara's project portfolio in sought-after districts of Tallinn. Pre-sales for the project are scheduled to begin in Q2 2025, with construction work planned to start toward the end of the same quarter. Initial planning and preparatory works are currently underway.

The final stage of the Kodulahe development, located at Lammi 6, also made progress. The detailed planning process continued, and in cooperation with the district government, significant advances were made, allowing the project to move forward. Construction is anticipated to start in approximately two years.

Preparatory work for Arco Vara's next major development, Arcojärve, is progressing according to plan. Efforts are focused on developing design solutions, enhancing the project's added value, and mapping out potential target customer groups. The project has already attracted considerable interest, and our primary goal is to secure the approval of the detailed plan in the coming months. Construction is scheduled to begin at the end of 2025.

In Bulgaria, the local team brought the Botanica Lozen project even closer to completion, reaching 95% readiness by the end of the quarter. The entire development is expected to be finalized by the end of Q2 2025. Sales activity in Botanica Lozen remained stable, with 9 of the 16 houses sold by quarter-end. The project's appeal was further enhanced by the near-completion of landscaping work, aligning well with the preferences of local buyers.

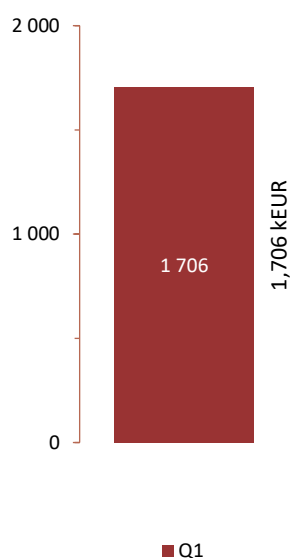
The Merivälja Kuldlehe development maintained its prestigious and exclusive market position. Although no new transactions were recorded during the quarter, interest in the apartments remained steady. Given the development's high market value and unique location, full realization largely depends on overall market confidence and the recovery of purchasing power among the target audience. To date, 2 of the 5 apartments have been sold.

From a broader market perspective, the real estate sector continued on a cautious yet positive trajectory. The number of transactions remained stable or slightly increased compared to the previous quarter, suggesting that the most severe economic challenges have likely passed. The gradual decline in interest rates and renewed investor confidence provide a solid foundation for continued strengthening of the real estate market in the second half of 2025.

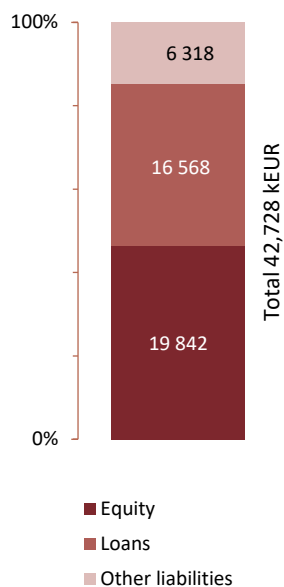
Arco Vara's key near-term challenges remain consistent: achieving successful sales in the Kodulahe and Kuldlehe projects in Estonia, and finalizing the sale of the remaining homes in the Botanica Lozen development in Bulgaria. The main focus of sales activity is on completed apartments and houses to ensure stable cash flow and enable the successful launch of upcoming large-scale projects.

In summary, Q1 2025 was a period of stability and preparation, with the real estate market moving quietly but steadily toward recovery.

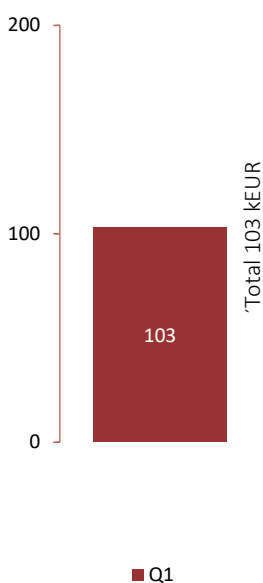
### Revenue 2025



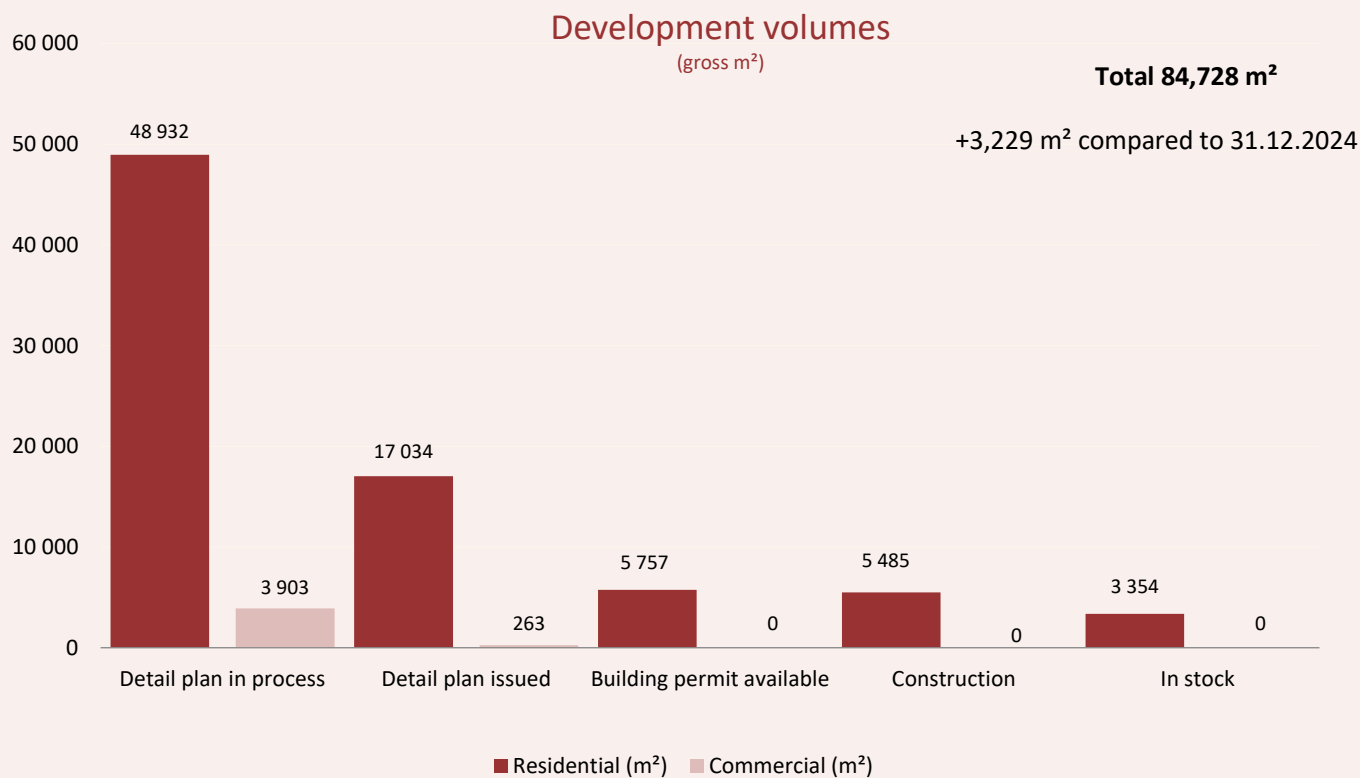
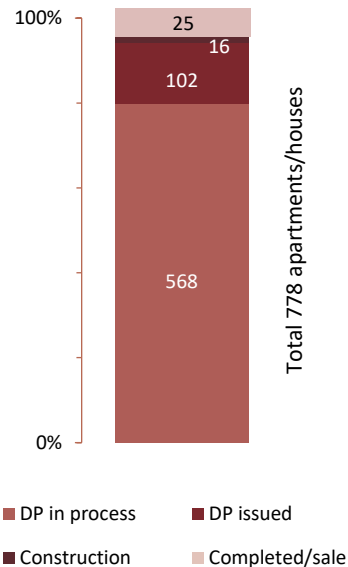
### Balance 31.03.2025



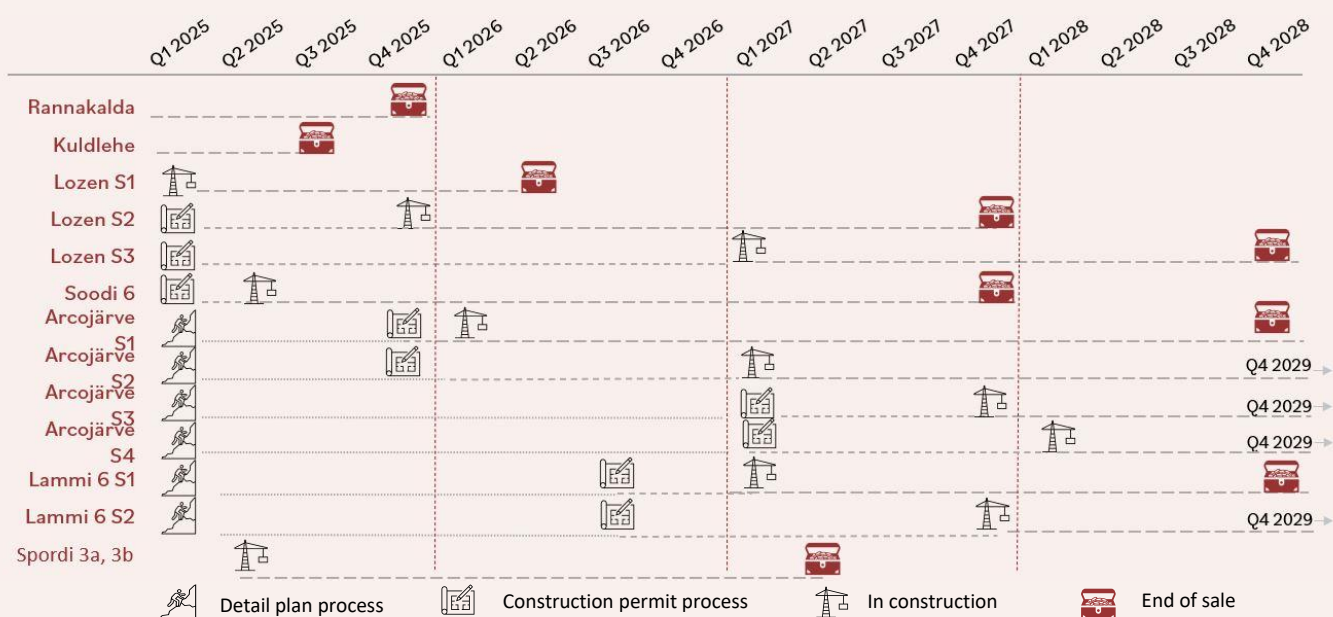
### Net profit 2025



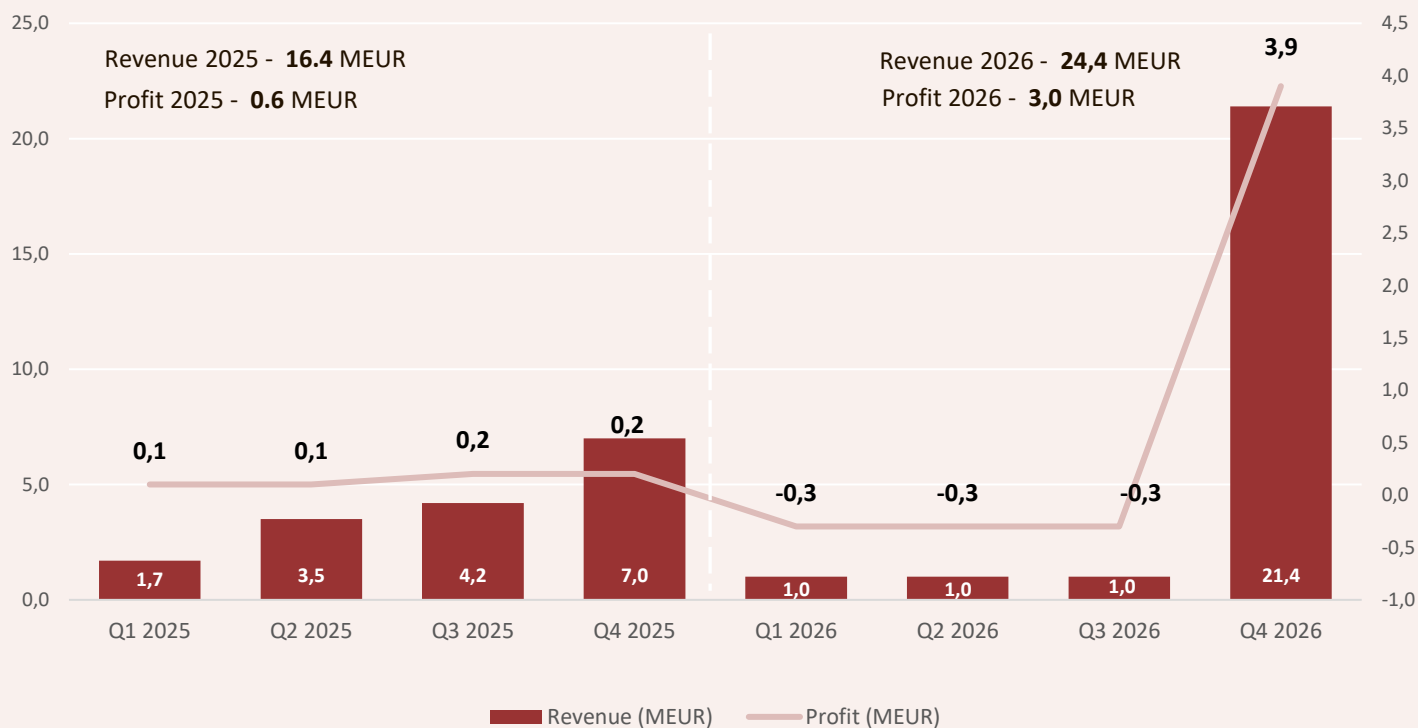
### Residential units in development



## Development schedule 2025 - 2028



## Arco Vara Group revenue and profit prognoses 2025-2026





## Arco Vara's Active Projects as of 31.03.2025



Project name  
**Kodulahe Rannakalda**

Address  
Lammi 8, Tallinn

Product main type  
Apartments, commercial spaces

Project stage  
Sale

Area of plot m<sup>2</sup>  
9,525

GSA/GLA (above ground)  
1,960

No of units (above ground)/ available  
113/21



Project name  
**Botanica Lozen Stage 1**

Address  
Lozen, near Sofia

Product main type  
Houses

Project stage  
Construction

Area of plot m<sup>2</sup>  
20,190

GSA/GLA (above ground)  
5,485

No of units (above ground)/ available  
16/7



Project name  
**Kuldlehe**

Address  
Lehiku road 11, Tallinn

Product main type  
Apartments

Project stage  
Sale

Area of plot m<sup>2</sup>  
5,219

GSA/GLA (above ground)  
558

No of units (above ground)/ available  
5/3



Project name  
**Kodulahe VII etapp**

Address  
Soodi 6, Tallinn

Product main type  
Apartments, commercial spaces

Project stage  
Detail plan issued

Area of plot m<sup>2</sup>  
5,444

GSA/GLA (above ground)  
4,543

No of units (above ground)  
66/56



Project name  
**Spordi 3a, 3b**

Address  
Spordi 3a, 3b, Tallinn

Product main type  
Apartments

Project stage  
Building permit issued

Area of plot m<sup>2</sup>  
5,566

GSA/GLA (above ground)  
<4,100>

No of units (above ground)  
<56>



Project name  
**Arcojärve**

Address  
Paldiski road 124b, Tallinn

Product main type  
Apartments, commercial spaces

Project stage  
Detail plan in process

Area of plot m<sup>2</sup>  
69,506

GSA/GLA (above ground)  
<28,132>

No of units (above ground)  
<430>

## Arco Vara's Active Projects as of 31.03.2025



**Project name**  
**Stage 8 Kodulahe**

**Address**  
Lammi 6, Tallinn

**Product main type**  
Apartments, commercial spaces

**Project stage**  
Detail plan in process

**Area of plot m<sup>2</sup>**  
14,553

**GSA/GLA (above ground)**  
<12,327>

**No of units (above ground)**  
<182>



**Project name**  
**S2 and S3 Botanica Lozen**

**Address**  
Lozen, near Sofia

**Product main type**  
Houses

**Project stage**  
Detail plan issued

**Area of plot m<sup>2</sup>**  
27,260

**GSA/GLA (above ground)**  
<11,309>

**No of units (above ground)/ available**  
<40>



**Project name**  
**Padel venue**

**Address**  
Helme 18, Tallinn

**Product main type**  
Sports hall

**Project stage**  
Construction

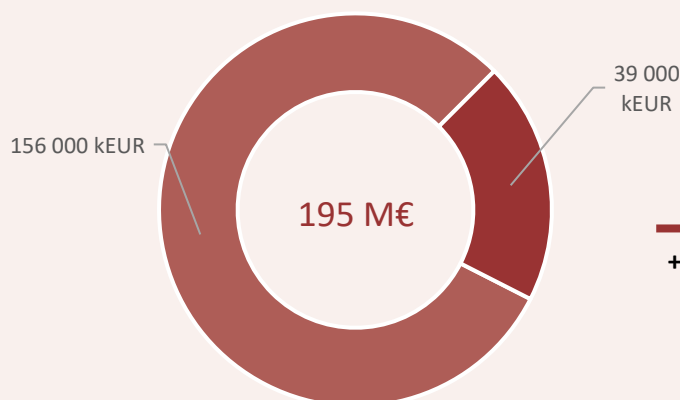
**Area of plot m<sup>2</sup>**  
5,712

**GSA/GLA (above ground)**  
1,983

**No of units (above ground)**  
1/0

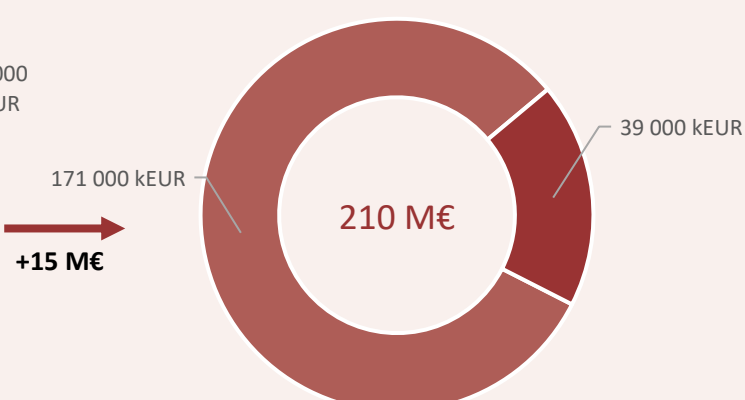
**Note:** Values presented between < > sign represent future target values for projects which do not have a construction permit yet. The table does not reflect sellable or lettable volumes below grade including parking spaces and storages. The table does not give complete overview of the group's land reserves.

Development revenue of development projects upon completion as of 31.12.2024



■ Estonia ■ Bulgaria

Development revenue of development projects upon completion as of 31.03.2025



■ Estonia ■ Bulgaria



## General Information

### Activities of the group

Arco Vara AS and other entities of Arco Vara group (hereafter together 'the group') are engaged in real estate development and services related to real estate (EMTAK code 41201). The group considers Estonia and Bulgaria as its home markets.

The main activity of the Group is the development of complete living environments and related commercial real estate. In the development of the living environment, the completed homes are sold to the final consumer. The focus of the group is on the development of residential real estate - new commercial real estate will only be developed if it is required by law as a prerequisite for the construction of residential immovables.

The group itself no longer offers real estate brokerage and appraisal services, but in Estonia, Latvia and Bulgaria, these services continue to be provided under the trademarks of Arco Vara through license agreements, from which the group earns license fees.

### Arco Vara vision and mission

Arco Vara promise:

**We build the future and create value.**

Arco Vara vision:

- Arco Vara is the first choice for homebuyers.
- Our 360-degree real estate journey, combining development, construction, sales, and customer service, delivers the best homebuying experience to the customer.
- We offer homes with the highest level of comfort and usability.

Arco Vara's mission is to create modern, sustainable and desirable living environments where the customer can design the home of their dreams.

### Group structure

Arco Vara AS is part of the OÜ Alarmo Kapital concern.

As of 31 March 2025, the group consisted of 13 companies, which is the same as 31 December 2024.

### Significant subsidiaries as of 31 March 2025

Company name	Location	Share capital (nominal value)	Equity balance on 31 March 2025	The group's interest
<i>In thousands of euros</i>				
Botanica Lozen EOOD	Bulgaria	2,931	1,240	100%
Kodulahe Kvartal OÜ	Estonia	140	4,704	100%
Kerberon OÜ	Estonia	5	1,574	100%
Arco Spordi OÜ	Estonia	3	749	100%
Arcjärve OÜ	Estonia	28	655	100%
Kodukalda OÜ	Estonia	3	140	100%

2

countries

30+

years of experience

2800+

new homes

380 000+

developed m<sup>2</sup>



## Key Performance Indicators

■ In Q1 2025, the group's sales revenue was 1,706 thousand euros, which is 716 thousand euros more than the sales revenue of the Q1 2024 of 990 thousand euros.

■ In Q1 2025, the group's operating profit (=EBIT) was 259 thousand euros and net profit 103 thousand euros. In Q1 2024, the group's operating loss (=EBIT) was 208 thousand euros and net loss 349 thousand euros.

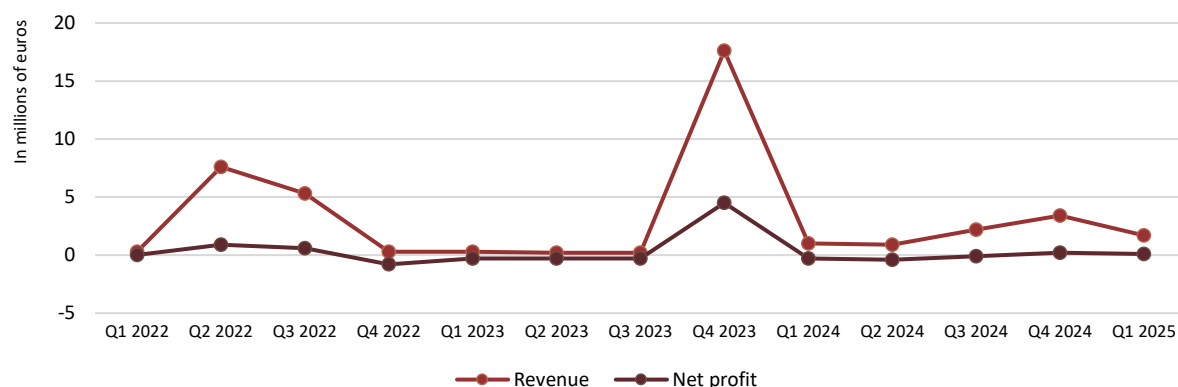
■ In Q1 2025, 4 apartments were sold. In Q1 2024, 3 apartments and 1 commercial premise were sold. As of 31.03.2025, 24 apartments were ready in stock.

■ In the first 3 months of 2025, the group's debt burden (net loans) increased by 1,960 thousand euros up to the level of 15,455 thousand euros as of 31 March 2025. As of 31 March 2025, the weighted average annual interest rate of interest-bearing liabilities was 8.2%. This is a decrease of 0.5 percentage points compared to 31 December 2024.

Main financial figures	Q1 2025	Q1 2024
In thousands of euros		
<b>Revenue</b>	<b>1,706</b>	<b>990</b>
<b>Operating profit/loss (EBIT)</b>	<b>259</b>	<b>-208</b>
Finance income and expense	-143	-141
Income tax	-13	0
<b>Net profit (loss)</b>	<b>103</b>	<b>-349</b>
Cash flows from/used in operating activities	-2,838	-2,217
Cash flows from/used in financing activities	2,231	1,479
<b>Net cash flows</b>	<b>-607</b>	<b>-738</b>
Cash and cash equivalents at beginning of period	1,720	1,472
Cash and cash equivalents at end of period	1,113	734
Total assets at the end of period	42,728	35,079
Invested capital at the end of period	36,410	31,961
Net loans at the end of period	15,455	10,559
Equity at the end of period	19,842	20,668

## Revenue and net profit/loss during last years

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Total 2024	Q1 2025
In millions of euros																
Revenue	0.3	7.6	5.3	0.3	13.5	0.3	0.2	0.2	17.6	18.3	1.0	0.9	2.2	3.4	7.5	1.7
Net profit/loss	0.0	0.9	0.6	-0.8	0.7	-0.3	-0.3	-0.3	4.5	3.6	-0.3	-0.4	-0.1	0.2	-0.6	0.1



## Key Ratios

	Q1 2025	Q1 2024
Net profit ratio (rolling, four quarters)	-2%	18%
EPS (in euros)	0.01	-0.03
Diluted EPS (in euros)	0.01	-0.03
EBITDA per share (in euros) (rolling, four quarters)	0.06	0.39
ROIC (rolling, four quarters)	-0.3%	9.6%
ROE (rolling, four quarters)	-0.9%	18.8%
ROA (rolling, four quarters)	-0.4%	8.2%
Equity ratio	46.4%	58.9%
Current ratio	6.07	5.30
Quick ratio	1.13	0.96
Financial leverage	2.15	1.70
Average loan term (in years)	2.2	1.7
Average annual interest rate of loans	8.2%	7.8%
Number of staff, at period end	13	18

### Formulas used:

Net profit ratio = net profit attributable to owners of the parent / revenue for the period

Earnings per share (EPS) = net profit attributable to owners of the parent / weighted average number of ordinary shares outstanding during the period

Diluted earnings per share (Diluted EPS) = net profit attributable to owners of the parent / (weighted average number of ordinary shares outstanding during the period + number of all potentially issued shares)

EBITDA per share = operating profit + depreciation and amortization / weighted average number of ordinary shares outstanding during the period

Invested capital = current + non-current interest-bearing loans and borrowings + equity (at the end of period)

Net loans = current + non-current interest-bearing loans and borrowings – cash and cash equivalents

Return on invested capital (ROIC) = profit before tax of last four quarters / average invested capital

Return on equity (ROE) = net profit of last four quarters / average equity

Return on assets (ROA) = net profit of last four quarters / average total assets

Equity ratio = equity / total assets

Current ratio = current assets / current liabilities

Quick ratio = (current assets - inventory) / current liabilities

Financial leverage = total assets / equity

Number of staff = number of people working for the group under employment or service contracts

## Operating report

The group's sales revenue was 1,706 thousand euros in Q1 2025 (Q1 2024: 990 thousand euros), including the sale of real estate in the group's own development projects 1,589 thousand euros (927 thousand euros in Q1 2024).

Other sales revenue in 2025 mainly includes revenue from franchise fees of real estate agencies in Estonia, Latvia and Bulgaria. Franchise fees for the Q1 2025 were 65 thousand euros, franchise revenues for the Q1 2024 were 55 thousand euros.

62 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 presold. The homes are scheduled to be completed in 2026.

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, 21 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 m<sup>2</sup> of residential and commercial real estate (GBA) is planned for development. The project is called Arcojärve. 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, an exclusive cluster house with 5 spacious homes was built in Pirita. By the date of publication of the quarterly report, 3 out of 5 apartments are vacant.

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 in Q2 2025. By the date of publication of the quarterly report, 9 out of 16 houses have been pre-sold.

Kerberon OÜ, a subsidiary of Arco Vara, developed a fully automatic padel venue with six indoor courts at Helme 18 with the help of the construction company Arco Tarc OÜ. The hall is rented out on a full lease agreement and is open to guests.

In Q1 2025 the group acquired a property with building permit at Spordi 3a, 3b Kristiine Tallinn. The development will consist of two buildings and 7,600 m<sup>2</sup> of residential real estate (gross building area) with an underground parking lot. The buildings will have a total of 56 apartments, several of which have a balcony or terrace. The total investment in the project is 15 million euros. Pre-sales of Spordi 3a and 3b apartments will begin in the Q2 2025, and homeowners will receive the keys by the end of 2026. The buildings will be built by Arco Vara's construction company Arco Tarc OÜ.

## People

### Remuneration

As of 31 March 2025, 13 people worked for the group (also 13 as of 31 December 2024).

Employee remuneration expenses in Q1 2025 amounted to 318 thousand euros, Q1 2024 to 334 thousand euros. The employee remuneration expenses also include wages of the construction team, which are capitalized in the cost of the developments being built and which reach the costs through the cost price of the sold apartments.

The employee remuneration expenses include remuneration of the member of the management board/CEO of the group's parent company together with social security charges amounted to 62 thousand euros in Q1 2025 (in Q1 2024 46 thousand euros).

The members of the supervisory board of the group's parent company were remunerated by 3 thousand euros in Q1 2025, 5 thousand euros in Q1 2024.

### Management board and supervisory board

The management board of Arco Vara AS usually has one member. From 15.07.2024, the CEO of Arco Vara is Kristina Mustonen, her mandate is valid for 4 years.

The supervisory board of Arco Vara AS has 5 members. Since 12 January 2021, the supervisory board consists of Tarmo Sild (the Chairman), Kert Keskpäik, Hillar-Peeter Luitsalu, Allar Niinepuu and Steven Yaroslav Gorelik.

More information about Arco Vara's key persons is available on the company's website [www.arcovara.com](http://www.arcovara.com).



## Description of Main Risks

### Strategic risk

Most of the group's equity is invested into real estate development. The group is focused mainly on residential real estate development where development cycle lasts for years, starting from the acquisition of a land plot, moving on to detail planning, design and construction, and ending with the sale of end products to customers. The equity is invested mainly in the early phase of the cycle (purchase of land) on the assumption that there will be a demand for certain products in the future. Considering that the demand for development product is largely based on forecasts, the main risk for the group is investing equity into a development product for which there is no or too little demand in the future.

For mitigating the risk, the group: (i) invests equity into different development projects in different markets (in 2025, in Sofia and Tallinn), (ii) monitors current demand and supply in its home markets and (iii) makes efforts to narrow the time gap between making initial investment and selling the final product – by signing pre-agreements with clients, acquiring land with no or little upfront equity investment etc.

### Credit risk

The group considers credit risks to be substantially mitigated. The final sale of real estate development product takes place simultaneously with customer payment; therefore customer debts do not arise. Also, cash and cash equivalents are not held in the same banking group.

### Currency risk

Real estate sales are mostly nominated in euros, as a result of which the group's assets and liabilities structure does not involve a significant currency risk. The group is not protected against currency devaluations. Liquid assets are mostly held on demand or short-term deposits denominated in euros.

### Liquidity and interest rate risks

The base currency of the group's all loan agreements is euro, and most of the loan obligations are related to the 6-month Euribor. Thus, the group is open to what is happening in the international capital markets. The long-term Interest rate risk is not hedged with derivatives. The group's interest-bearing liabilities amounted to 16,568 thousand euros on 31 March 2025, out of which 235 thousand euros is due within next 12 months. The group's interest-bearing liabilities have increased by 1,353 thousand euros in the Q1 2025. The increase was brought about by the (re)financing of completed developments with a bank loan in 2024. The group's cash and cash equivalents totaled 1,113 thousand euros as of 31 March 2025 (31 December 2024 1,720 thousand).

In Q1 2025, interest payments on interest-bearing liabilities totaled 322 thousand euros (in Q1 2024: 231 thousand euros). The interest paid was partly capitalized, partly expensed. The group's weighted average loan interest rate was 8.2% as of 31 March 2025. This is an decrease by 0.5 percentage points compared to the end of year 2024. The decrease in the average interest rate on loan liabilities is due to the decrease in Euribor.

## Shares and shareholders

### Share price

Arco Vara AS has issued a total of 10,388,367 ordinary shares with nominal value of 0.7 euros per share. The shares (ARC1T, ISIN EE3100034653) are freely traded on NASDAQ Tallinn stock exchange. The share price closed at 1.525 euros on 31 March 2025; the closing price was 1.44 euros on 31 December 2024. During the first 3 months 2025, the highest traded price per share was 1.71 euros and the lowest price 1.385 euros. Equity per share was 1.91 euros as of 31.03.2025 and 1.90 as of 31.12.2024.

As of 31 March 2025, market capitalization of shares amounted to 15,842 thousand euros and P/B (price to book value) ratio was 0.76 (31 December 2024: 14,907 thousand euros and 0.84, respectively). P/E (price to earnings) ratio for the last 4 quarters of the share was -92.56 on 31 March 2025 and -23.92 on 31 December 2024.

The following charts reflect the movements in the price and daily turnover of Arco Vara's share during the 12 months 2024 and the last three years.

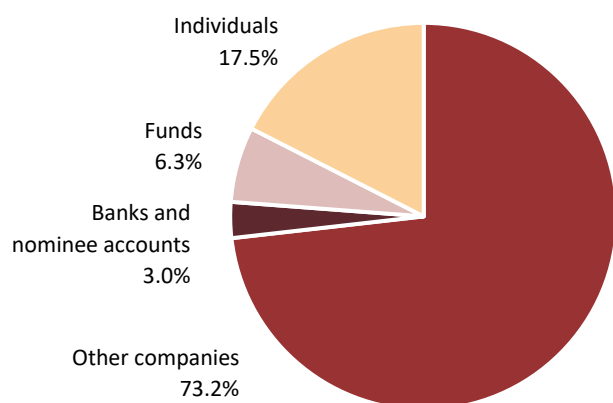


<https://www.nasdaqbaltic.com/statistics/en/instrument/EE3100034653/trading> 01.04.2025

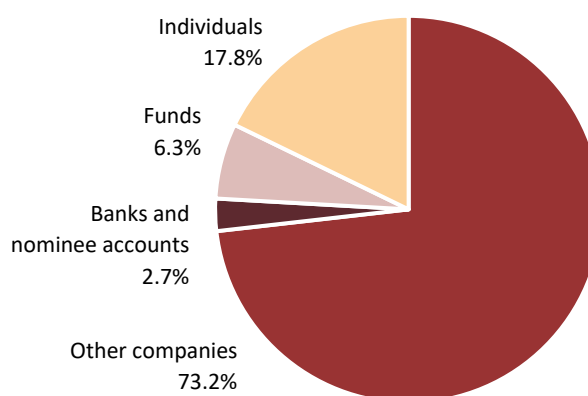
### Shareholder structure

As of 31 March 2025, Arco Vara had 7,683 shareholders (on 31 December 2024 7,891), including 7,057 individuals as shareholders (on 31 December 2024: 7,255 individuals) who jointly owned 17.5% (on 31 December 2024: 17.8%) out of all Arco Vara shares. Complete shareholder structures are presented on the following diagrams.

Ownership structure as of 31.03.2025



Ownership structure as of 31.12.2024



## Major shareholders on 31 March 2025

Name	No of shares	Share, %
Alarmo Kapital OÜ	6,460,031	62.2%
FIREBIRD REPUBLICS FUND LTD	337,057	3.2%
Aia Tänav OÜ	229,000	2.2%
HM Investeeringud OÜ	220,505	2.1%
Marko Teimann	200,029	1.9%
FIREBIRD AVRORA FUND, LTD.	180,343	1.7%
K VARA OÜ	158,742	1.5%
FIREBIRD FUND L.P.	133,948	1.3%
Sander Karu	112,134	1.1%
Clearstream Banking AG	69,176	0.7%
Other shareholders	2,287,402	22.1%
<b>Total</b>	<b>10,388,367</b>	<b>100.0%</b>

## Holdings of management and supervisory board members on 31 March 2025

Name		No of shares	Share, %
Tarmo Sild ja Allar Niinepuu (Alarmo Kapital OÜ)	Chairman/member of supervisory board	6,460,031	62.2%
Tarmo Sild (privately and Aia Tänav OÜ)	Chairman of supervisory board	247,000	2.4%
Hillar-Peeter Luitsalu (HM Investeeringud OÜ, related persons)	Member of supervisory	259,259	2.5%
Kert Keskaik (privately, K Vara OÜ, K24 Invest OÜ, Kolde Invest OÜ and One Eleven OÜ)	Member of supervisory	212,796	2.0%
Allar Niinepuu (OÜ Kavass)	Member of supervisory board	28,400	0.3%
Steven Yaroslav Gorelik <sup>1</sup>	Member of supervisory	0	-
Kristina Mustonen	Member of management board	7,885	0.1%
<b>Total</b>		<b>7,215,371</b>	<b>69.5%</b>

<sup>1</sup> - Steven Yaroslav Gorelik is active as fund manager in three investment funds holding interest in Arco Vara (Firebird Republics Fund Ltd. Firebird Avrora Fund Ltd and Firebird Fund L.P) of 651,348 shares (total of 6.3% interest).

## CEO's Confirmation on Directors' Report

The CEO and member of the management board of Arco Vara AS confirms that the directors' report of Arco Vara for the first quarter ended on 31 March 2025 provides a true and fair view of business developments, financial performance and financial position of the group as well as a description of the main risks and uncertainties.



Kristina Mustonen  
Chief Executive and Member of the Management Board of Arco Vara AS

On 24 April 2025

# Condensed Consolidated Interim Financial Statements

## Consolidated Statement of Comprehensive Income

	Note	Q1 2025	Q1 2024
<i>In thousands of euros</i>			
Revenue from sale of own real estate		1,589	927
Revenue from rendering of services		117	63
<b>Total revenue</b>	2,3	<b>1,706</b>	<b>990</b>
Cost of sales	4	-1,108	-817
<b>Gross profit</b>		<b>598</b>	<b>173</b>
Other income			
Marketing and distribution expenses	5	-69	-70
Administrative expenses	6	-270	-297
Other expenses		0	-14
<b>Operating profit/loss</b>		<b>259</b>	<b>-208</b>
Finance income and cost	7	-143	-141
<b>Profit/ loss before tax</b>		<b>116</b>	<b>-349</b>
Income tax		-13	0
<b>Net profit/ loss for the period</b>		<b>103</b>	<b>-349</b>
<b>Total comprehensive profit/ loss for the period</b>		<b>103</b>	<b>-349</b>
<b>Earnings per share (in euros)</b>	8		
- basic		<b>0.01</b>	<b>-0.03</b>
- diluted		<b>0.01</b>	<b>-0.03</b>



## Consolidated Statement of Financial Position

	Note	31 March 2025	31 December 2024
<i>In thousands of euros</i>			
Cash and cash equivalents		1,113	1,720
Receivables and prepayments	9	6,310	5,690
Inventories	10	32,329	29,170
<b>Total current assets</b>		<b>39,752</b>	<b>36,580</b>
Receivables and prepayments	9	18	18
Investment property	11	2,296	2,296
Property, plant and equipment	2	605	622
Intangible assets	2	57	52
<b>Total non-current assets</b>		<b>2,976</b>	<b>2,988</b>
<b>TOTAL ASSETS</b>		<b>42,728</b>	<b>39,568</b>
Loans and borrowings	12	235	234
Payables and deferred income	13	6,203	4,487
Warranty reserve		115	127
<b>Total current liabilities</b>		<b>6,553</b>	<b>4,848</b>
Loans and borrowings	12	16,333	14,981
<b>Total non-current liabilities</b>		<b>16,333</b>	<b>14,981</b>
<b>TOTAL LIABILITIES</b>		<b>22,886</b>	<b>19,829</b>
Share capital		7,272	7,272
Share premium		3,835	3,835
Statutory capital reserve		2,011	2,011
Other reserves	8	27	27
Retained earnings		6,697	6,594
<b>Total equity attributable to owners of the parent</b>		<b>19,842</b>	<b>19,739</b>
<b>TOTAL EQUITY</b>		<b>19,842</b>	<b>19,739</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>42,728</b>	<b>39,568</b>

## Consolidated Statement of Cash Flows

	Note	Q1 2025	Q1 2024
<i>In thousands of euros</i>			
Cash receipts from customers		1,687	1,827
Cash paid to suppliers		-4,305	-2,669
Taxes paid and recovered		-149	-1,372
Taxes recovered		60	188
Cash paid to employees		-138	-178
Other cash payments and receipts related to operating activities (net)		7	-13
<b>NET CASH FROM/USED IN OPERATING ACTIVITIES</b>		<b>-2,838</b>	<b>-2,217</b>
Proceeds from loans received	12	3,090	2,220
Settlement of loans and borrowings	12	-424	-406
Interest paid		-322	-231
Dividends paid		-104	-104
Proceeds from share capital increase		-9	0
<b>NET CASH FROM/USED IN FINANCING ACTIVITIES</b>		<b>2,231</b>	<b>1,479</b>
<b>NET CASH FLOW</b>		<b>-607</b>	<b>-738</b>
Cash and cash equivalents at the beginning of period		1,720	1,472
<b>Change in cash and cash equivalents</b>		<b>-607</b>	<b>-738</b>
Cash and cash equivalents at the end of period		<b>1,113</b>	<b>734</b>

## Consolidated Statement of Changes in Equity

	Share capital	Share premium	Statutory capital reserve	Other reserves	Retained earnings	Total equity
<i>In thousands of euros</i>						
<b>Balance as of 31 December 2023</b>	<b>7,272</b>	<b>3,835</b>	<b>2,011</b>	<b>56</b>	<b>7,843</b>	<b>21,017</b>
Total comprehensive income for the period	0	0	0	0	-349	-349
<b>Balance as of 31 March 2024</b>	<b>7,272</b>	<b>3,835</b>	<b>2,011</b>	<b>56</b>	<b>7,494</b>	<b>20,668</b>
<b>Balance as of 31 December 2024</b>	<b>7,272</b>	<b>3,835</b>	<b>2,011</b>	<b>27</b>	<b>6,594</b>	<b>19,739</b>
Total comprehensive income for the period	0	0	0	0	103	103
<b>Balance as of 31 March 2025</b>	<b>7,272</b>	<b>3,835</b>	<b>2,011</b>	<b>27</b>	<b>6,697</b>	<b>19,842</b>

# Notes to the Condensed Interim Financial Statements

## 1. Significant accounting policies

The unaudited condensed consolidated interim financial statements of Arco Vara AS for the first quarter ended on 31 March 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the audited consolidated annual

financial statements for the year ended on 31 December 2024, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. All amounts in the financial statements are presented in thousands of euros unless indicated otherwise.

## 2. Segment information

Group identifies segments based on two combined characteristics: field of activity and geographical region.

The three main segments are Bulgarian development, Estonian development and Estonian construction.

### Revenue by operating segment

Segment	Bulgarian development		Estonian development		Estonian construction		Other		Eliminations		Consolidated	
	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024
<i>In thousands of euros</i>												
External revenue	0	0	1,589	935	0	0	117	55	-	-	1,706	990
Revenue from other segments	0	0	0	0	0	-1	232	215	-232	-214	0	0
<b>Total revenue</b>	<b>0</b>	<b>0</b>	<b>1,589</b>	<b>935</b>	<b>0</b>	<b>-1</b>	<b>349</b>	<b>270</b>	<b>-232</b>	<b>-214</b>	<b>1,706</b>	<b>990</b>

### External revenue and profit/ loss by segment

Segment	Bulgarian development		Estonian development		Estonian construction		Other		Consolidated	
	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024
<i>In thousands of euros</i>										
Revenue	0	0	1,589	935	0	0	117	55	1,706	990
Operating profit/ loss	-76	-81	320	-128	-46	-70	61	71	259	-208
Net profit/ loss	-77	-81	191	-190	-46	-70	35	-8	103	-349

## External assets and liabilities by segment

Segment	Bulgarian development		Estonian development		Estonian construction		Other		Consolidated	
	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025	31 December 2024
<i>In thousands of euros</i>										
Assets	11,908	12,154	27,267	25,869	136	252	3,417	1,293	42,728	39,568
Including PPE and intangible assets	14	16	473	475	0	1	175	182	662	674
Liabilities	4,130	3,549	12,620	11,595	305	279	5,831	4,406	22,886	19,829

## 3. Revenue

### External revenue by the type of goods and services and by client location

Segment	Estonia		Bulgaria		Latvia		Consolidated	
	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024
<i>In thousands of euros</i>								
Sale of own real estate	1,589	928	0	0	0	0	1,589	928
Rental of real estate	44	0	0	0	0	0	44	0
Franchise	42	40	15	10	8	5	65	55
Other revenue	8	7	0	0	0	0	8	7
<b>Total revenue</b>	<b>1,683</b>	<b>975</b>	<b>15</b>	<b>10</b>	<b>8</b>	<b>5</b>	<b>1,706</b>	<b>990</b>

## 4. Cost of sales

	Q1 2025	Q1 2024
<i>In thousands of euros</i>		
Cost of real estate sold (note 10)	-1,034	-666
Brokerage fees	-11	-4
Property management costs	-31	-70
Personnel expenses	-6	-8
Other costs	-26	-69
<b>Total cost of sales</b>	<b>-1,108</b>	<b>-817</b>



## 5. Marketing and distribution expenses

	Q1 2025	Q1 2024
<i>In thousands of euros</i>		
Advertising expenses	-22	-20
Personnel expenses	-24	-22
Depreciation, amortization and impairment losses	-3	0
Other marketing and distribution expenses	-20	-28
<b>Total marketing and distribution expenses</b>	<b>-69</b>	<b>-70</b>

## 6. Administrative expenses

	Q1 2025	Q1 2024
<i>In thousands of euros</i>		
Personnel expenses	-153	-202
Office expenses	-18	-24
IT expenses	-8	-9
Services purchased	-54	-36
Depreciation, amortization and impairment losses	-24	-20
Legal service fees	-6	-3
Other expenses	-7	-3
<b>Total administrative expenses</b>	<b>-270</b>	<b>-297</b>

## 7. Financial income and expenses

	Q1 2025	Q1 2024
<i>EUR tuhandetes</i>		
Interest expenses	-147	-144
Interest income	7	3
Other financial costs	-3	0
<b>Total financial costs</b>	<b>-143</b>	<b>-141</b>

## 8. Earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by taking into account all potentially issued shares.

	Q1 2025	Q1 2024
Weighted average number of ordinary shares outstanding during the period	10,388,367	10,388,367
Number of ordinary shares potentially to be issued (at period end)	50,000	60,350
Net profit/ loss (in thousands of euros)	103	-349
Earnings per share (in euros)	0.01	-0.03
Diluted earnings per share (in euros)	0.01	-0.03

Based on the CEO's bonus program, which was in force in 2023, the former CEO is entitled to 15,000 shares per year based on length of service. The accounting reserve has been prepared on the basis of the grant date 17.05.2023 share price, which is why a reserve of 27 thousand euros has been formed in equity for the options.

Up to 240,000 shares of the new CEO option program are subject to approval at the 2025 general meeting.

## 9. Receivables and prepayments

### Short-term receivables and prepayments

	31 March 2025	31 December 2024
<i>In thousands of euros</i>		
Receivables from customers	35	352
Miscellaneous receivables	6	6
Prepaid and recoverable taxes	1,089	152
Other accrued income	6	6
Prepayments	5,174	5,174
<b>Total short-term receivables and prepayments</b>	<b>6,310</b>	<b>5,690</b>

### Long-term receivables and prepayments

	31 March 2025	31 December 2024
<i>In thousands of euros</i>		
Deposits	18	18
<b>Total long-term receivables and prepayments</b>	<b>18</b>	<b>18</b>

As of 31.03.2025 and 31.12.2024, the advance payment for the Arcojärve property is 4,978 thousand euros.

## 10. Inventories

Properties purchased and being developed for resale	31 March 2025	31 December 2024
<i>In thousands of euros</i>		
Properties in stock	7,066	8,106
Properties under construction	7,981	7,973
Properties with a building permit	3,685	0
Properties in the construction permit process	5,694	5,630
Properties in the detailed planning process	7,903	7,461
<b>Total inventories</b>	<b>32,329</b>	<b>29,170</b>

	2025	2024
<i>In thousands of euros</i>		
<b>Balance at the beginning of period, 1 January</b>	<b>29,170</b>	<b>27,637</b>
Properties acquired for development	3,500	0
Construction costs of apartment buildings	0	1,245
Capitalized borrowing costs	87	88
Other capitalized costs	606	60
Reclassification to investment property (note 11)	0	-88
Cost of sold properties (note 4)	-1,034	-666
<b>Balance at the end of period, 31 March</b>	<b>32,329</b>	<b>28,276</b>

## 11. Investment property




	2025	2024
<i>In thousands of euros</i>		
<b>Balance at the beginning of period, 1 January</b>	<b>2,296</b>	<b>20</b>
Capitalized development costs	0	233
Reclassification from inventories (note 10)	0	88
<b>Balance at the end of period, 31 March</b>	<b>2,296</b>	<b>341</b>

## 12. Interest bearing liabilities



	As of 31 March, 2025			As of 31 December, 2024		
	<b>Total</b>	of which current portion	of which non- current portion	<b>Total</b>	of which current portion	of which non- current portion
<i>In thousands of euros</i>						
Bank loans	12,457	177	12,280	11,034	121	10,913
Bonds	4,000	0	4,000	4,000	0	4,000
Capital lease	111	58	53	126	58	68
Other loans	0	0	0	55	55	0
<b>Total</b>	<b>16,568</b>	<b>235</b>	<b>16,333</b>	<b>15,215</b>	<b>234</b>	<b>14,981</b>

In Q1 2025, the group settled loans in the amount of 424 thousand euros (in Q1 2024: 406 thousand euros) through cash transactions and raised new loans in the amount of 3,090 thousand euros (in Q1 2024: 2,220 thousand euros). From the returned loan, the buyers paid 1,313 thousand euros directly to the bank in Q1 2025 (in Q1 2024: 601 thousand euros). This amount is not reflected in the group cash flow statement.




In Q1 2025, the following major loan obligations were settled:

-  1,702 thousand euros of bank loan for financing construction of apartment building in Kodulahe Rannakalda, out of which 1,313 thousand directly by customers;
-  20 thousand euros of bank loan for financing land of Kodulahe project Stage VIII;
-  15 thousand euros of capitalized office rent.


In Q1 2025, the group raised the following new liabilities:

-  900 thousand euros of bank loan for financing construction of apartment buildings in Kodulahe Rannakalda.
-  2,190 thousand euros of bank loan for Sports 3a, 3b land loan

In Q1 2024, the following major loan obligations were settled:

-  977 thousand euros of bank loan for financing construction of apartment building in Kodulahe Rannakalda, out of which 601 thousand directly by customers;
-  15 thousand euros of bank loan for financing land of Kodulahe project Stage VIII;
-  15 thousand euros of capitalized office rent.

In Q1 2024, the group raised the following new liabilities:

-  2,220 thousand euros of bank loan for financing construction of apartment buildings in Kodulahe Rannakalda.

## 13. Payables and deferred income

### Short-term payables and deferred income

	31 March 2025	31 December 2024
<i>In thousands of euros</i>		
<b>Trade payables</b>	<b>2,656</b>	<b>1,869</b>
<b>Taxes payable</b>		
Value added tax	433	4
Social security tax	60	14
Personal income tax	40	7
Other taxes	33	1
<b>Total taxes payable</b>	<b>566</b>	<b>26</b>
<b>Accrued expenses</b>		
Payables to employees	177	136
Dividend payable	0	104
Other accrued expenses	188	188
<b>Total accrued expenses</b>	<b>365</b>	<b>428</b>
<b>Deferred income</b>		
Prepayments received on sale of real estate	2,562	2,110
Security deposits	54	54
<b>Total deferred income</b>	<b>2,616</b>	<b>2,164</b>
<b>Total short-term payables and deferred income</b>	<b>6,203</b>	<b>4,487</b>

As of 31.12.2024, trade payables for the planned construction of Lozen included a larger amount than usual. Botanica Lozen's prepayments from customers amounted to 2,363 thousand euros as of 31.03.2025, and 1,889 thousand euros as of 31.12.2024. In addition, prepayments from Soodi 6 customers have been received in the amount of 197 thousand euros as of 31.03.2025, 219 thousand euros as of 31.12.2024.

## 14. Related party disclosure

The group has conducted transactions or has balances with the following related parties:

- Parent company OÜ Alarmo Kapital and companies under the control of the chief executive officer and the members of the supervisory board of Arco Vara AS that have a significant interest in the group;
- other related parties: the CEO and the members of the supervisory board of Arco Vara AS and companies under their control (excluding companies that have a significant interest in the group's parent company).

### Transactions with related parties

	Q1 2025	Q1 2024
<i>In thousands of euros</i>		
<b>Other related parties</b>		
Services purchased	96	13
Paid interest	8	0

### Balances with related parties

	31 March 2025	31 December 2024
<i>In thousands of euros</i>		
<b>Other related parties</b>		
Bonds	310	310

In Q1 2025, the remuneration provided to the CEO / member of the management board, including social security charges, amounted to 62 thousand euros, and 46 thousand euros in Q1 2024.

The remuneration provided to the members of the supervisory board of the group's parent company during the Q1 2025 was 3 thousand euros, in Q1 2024 5 thousand euros.

The remuneration provided to the CEO / member of the management board is based on his contract of service. A fixed monthly fee of 11,000 (net) has been set by a resolution of the Supervisory Board on the basis of the contract of service of Kristina Mustonen, the member of

the Management Board of Arco Vara AS. A severance pay of 4 months' salary is provided for the CEO.

The members of the supervisory board will receive 500 euros (net amount) for every meeting where they have participated, but not more than 1,000 euros (net amount) per month. The payment of the remuneration is dependent on signing of the minutes of the meetings of the supervisory board. Reasonable travel expenses made for participating in the board meetings are also compensated to the members of the supervisory board. The chairman of the supervisory board receives an additional 500 euros per month (net amount).

## Statement by the CEO/ Member of the Management Board

The CEO / member of the management board of Arco Vara AS has prepared Arco Vara AS's condensed consolidated interim financial statements for the first quarter ended on 31 March 2025.

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and they give a true and fair view of the financial position, financial performance and cash flows of Arco Vara AS. Arco Vara AS is a going concern.



Kristina Mustonen  
Chief Executive and Member of the Management Board of Arco Vara AS

On 25 April 2025