



ARCO
VARA

Interim report for Q3 2025
(unaudited)

INTERIM REPORT FOR THE THIRD QUARTER OF 2025 (UNAUDITED)

Company name	Arco Vara AS
Registry number	10261718
Address	Rotermanni 10, 10111 Tallinn, Republic of Estonia
Telephone	+372 614 4630
E-mail	info@arcovara.com
Corporate website	www.arcovara.com
Financial year	1 January 2025 – 31 December 2025
Reporting period	1 January 2025 – 30 September 2025
Supervisory board	Kert Keskpäik, Tarmo Sild, Steven Yaroslav Gorelik, Hillar-Peeter Luitsalu, Allar Niinepuu
Chief executive officer	Kristina Mustonen
Auditor	KPMG Baltics OÜ

Contents

Management Report.....	3
Group CEO's Review	3
Arco Vara's Active Projects as of 30.09.2025	7
General Information.....	10
Activities of the group	10
Arco Vara vision and mission	10
Group structure.....	10
Key Performance Indicators.....	11
People	15
Description of Main Risks	16
Shares and shareholders	17
Share price.....	17
Shareholder structure	18
CEO's Confirmation on Directors' Report.....	19
Condensed Consolidated Interim Financial Statements	20
Consolidated Statement of Comprehensive Income	20
Consolidated Statement of Financial Position	21
Consolidated Statement of Cash Flows	22
Consolidated Statement of Changes in Equity	23
Notes to the Condensed Interim Financial Statements	24
1. Significant accounting policies	24
2. Segment information	24
3. Revenue	25
4. Cost of sales	25
5. Marketing and distribution expenses	25
6. Administrative expenses.....	26
7. Financial income and expenses.....	26
8. Earnings per share	26
9. Receivables and prepayments.....	27
10. Inventories.....	27
11. Investment property	28
12. Interest bearing liabilities	28
13. Payables and deferred income	29
14. Transactions and Balances with Related Parties	30
Statement by the CEO/ Member of the Management Board	31

Management Report

Group CEO's Review

The Estonian real estate market in the third quarter of 2025 was characterized by stable and moderately recovering activity. The number of transactions remained at a comparable level to the previous quarter, indicating that the market is adapting after the cooling of recent years. The average price per square meter of apartments showed a slight upward trend, particularly in the more active areas of Tallinn, where demand for high-quality residential space remains strong.

The market continued to be influenced by high interest rates and buyer caution, which kept transaction activity under control. At the same time, improved confidence and stabilized economic expectations supported steady demand. Overall, the situation suggests that the Estonian real estate market has reached a phase of balance — following periods of rapid growth and sharp decline, both prices and transaction volumes have stabilized. Provided the macroeconomic environment remains stable and interest rates begin to decline, moderate market recovery can be expected in the first half of 2026, particularly in the new development segment.

One of the most notable events of the quarter for Arco Vara was its first public bond offering, which attracted exceptionally strong investor interest and was oversubscribed more than twofold. This marks the largest single bond issue among real estate developers listed on the Baltic stock exchanges to date.

The purpose of the bond issue was to finance the development of the Luther Quarter — one of the largest urban projects in central Tallinn — transforming a historic industrial area into a modern residential and business environment. Arco Vara's vision for the Luther Quarter is to create a balanced and human-scale urban space that combines homes, workplaces, cafés, culture, and high-quality public areas. At the heart of the quarter, a green area is planned for public use, supporting the creation of an integrated living environment.

Our goal is not merely to construct new buildings, but to create a “city within a city” — a vibrant and versatile quarter where life unfolds around the clock, offering a pleasant environment for living, working, and leisure. Tallinn needs more comprehensive urban solutions — residential quarters that function as independent environments while remaining organically connected to the surrounding city structure.

Rannakalda development: Five apartments were sold in the third quarter, reflecting continued interest in high-quality residential properties near the city center. By the end of the quarter, 101 out of 113 apartments/commercial units had been sold. The sales target is to complete the sale of the remaining units by the end of 2025.

Soodi 6 development: Construction works began on 30 June. By the end of the quarter, 19 out of 66 apartments/commercial units had been sold under binding preliminary agreements. The project is attractive to young families, investors, and more demanding clients thanks to its excellent location and well-thought-out layouts.

Spordi development: Construction also began in June. By the end of the quarter, 12 out of 56 apartments had been sold under preliminary agreements — a significant sales result achieved within just four months. The Spordi project enhances Arco Vara's portfolio with a development in a highly desirable Kristiine district location, where new projects are scarce but housing demand remains high. The project features modern and smart solutions.

Arcojärve development: The detailed spatial plan was approved after the reporting period, on 15 October. This is a strategically important project that lays the foundation for further investments in new inner-city developments.

Bulgarian development: Arco Vara initiated a strategic exit from the Bulgarian market to focus on development projects in Estonia and enhance operational efficiency and

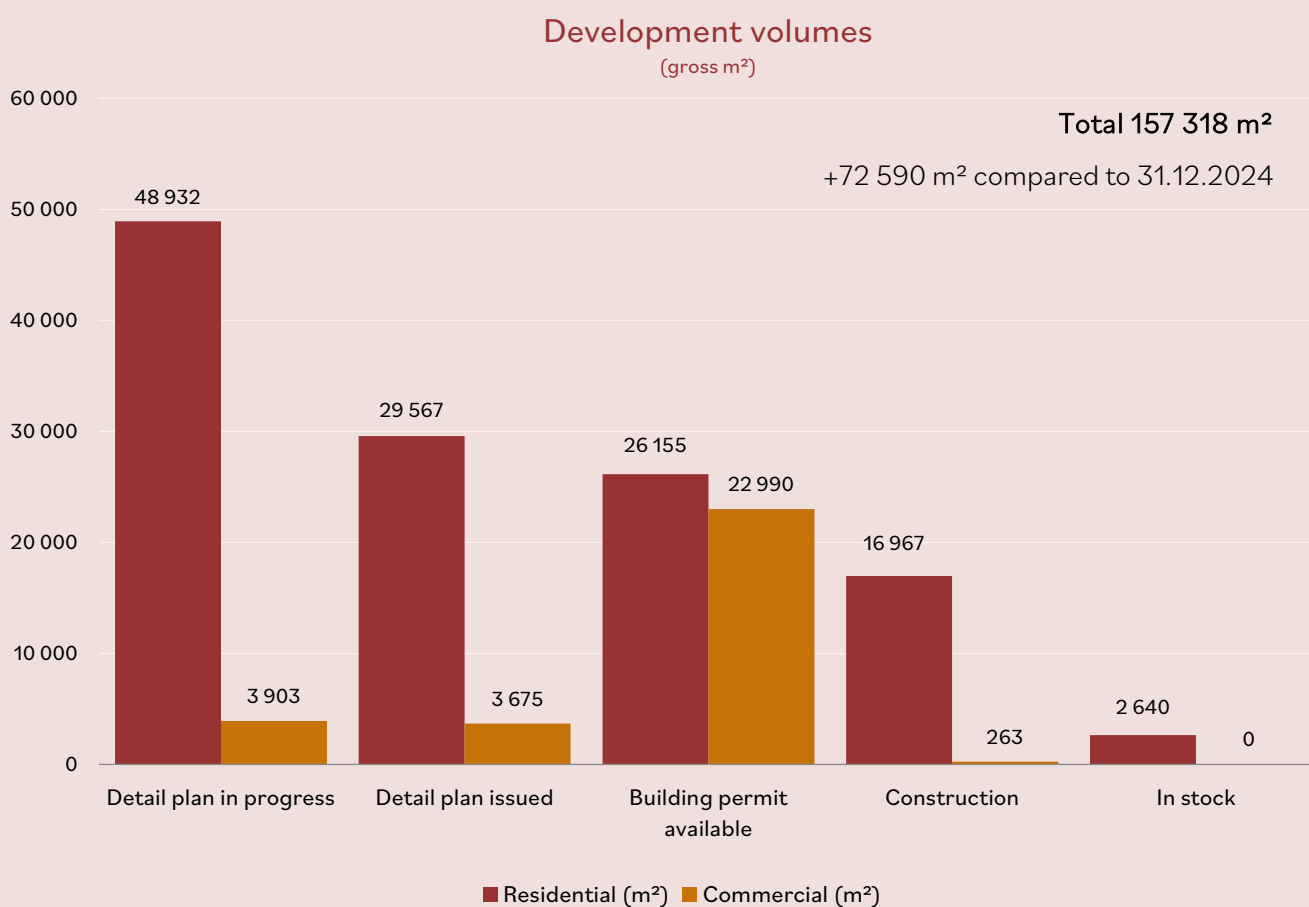
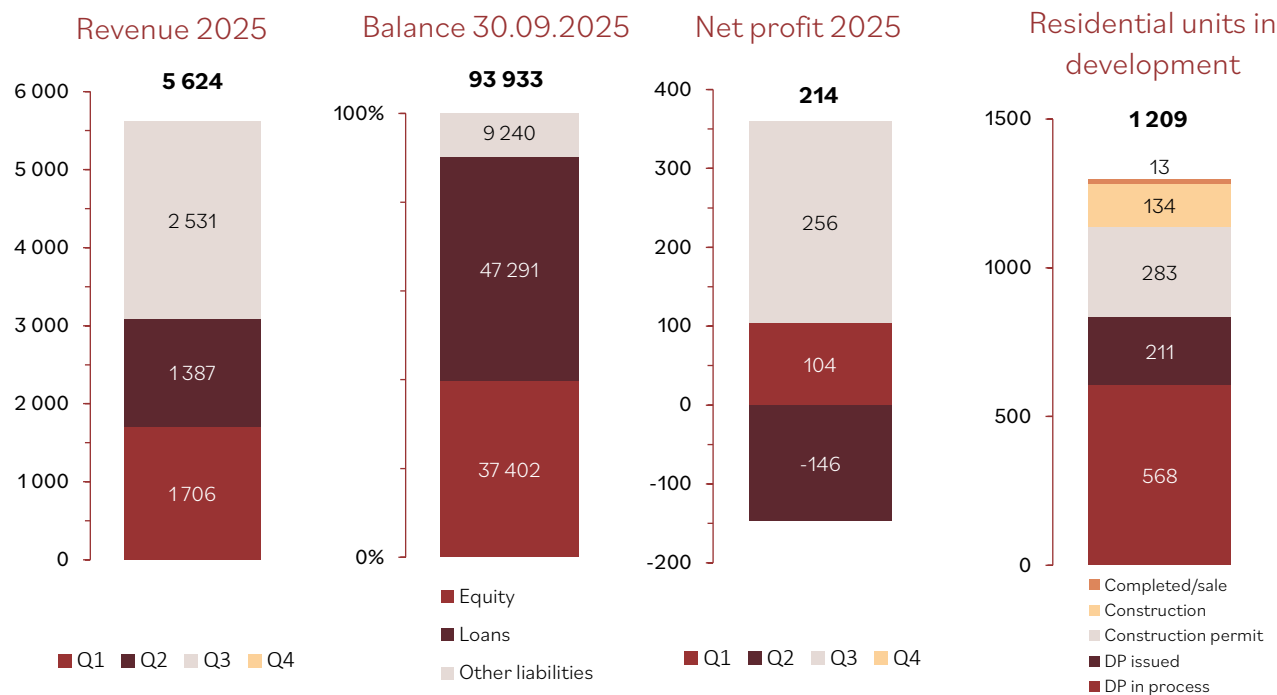
value creation. Negotiations regarding the Bulgarian subsidiary are ongoing, and decisions will be made shortly in coordination with the Supervisory Board.

Kuldlehe development: One apartment was reserved and one sold at the end of August. Only one apartment remains available, whose exclusive character and limited availability keep the project well-positioned in Tallinn's premium segment.

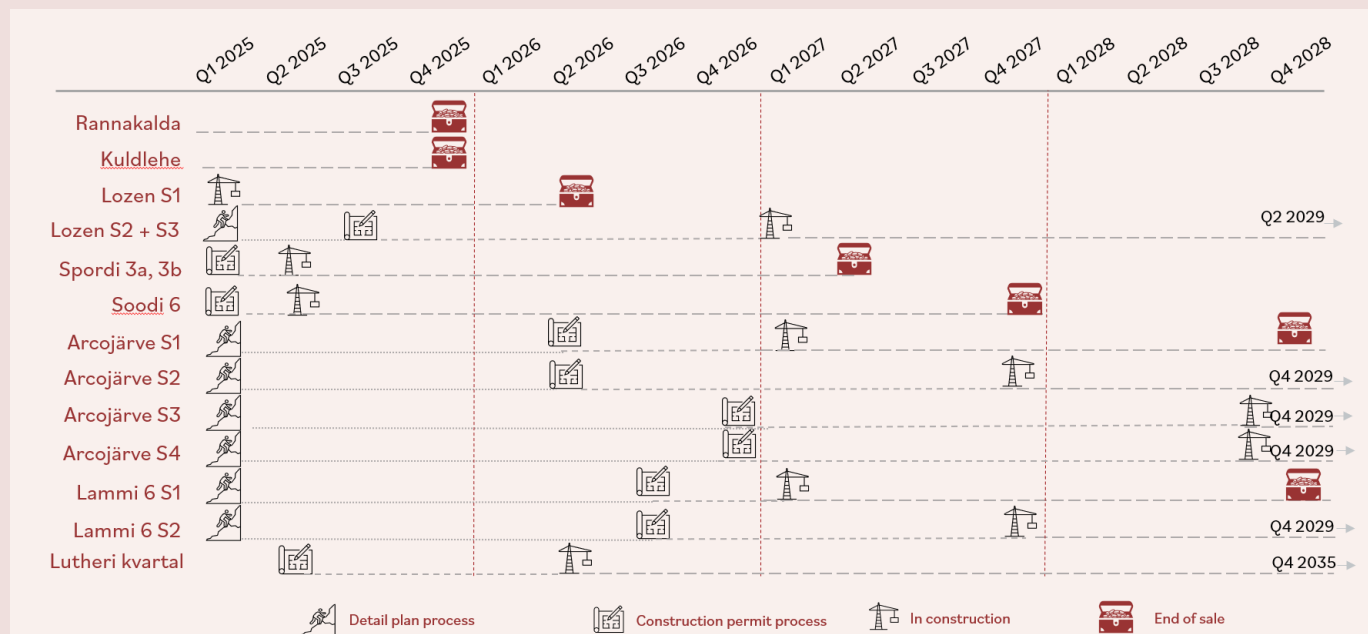
The main objectives for the fourth quarter focus on active sales efforts and the steady progress of development projects. Priorities include selling the final apartment in the Kuldlehe development and realizing at least six additional units in the Rannakalda project. Preparations will also begin for the presale of the first phase of the Luther development. Construction and active sales will

continue at the Spordi and Soodi 6 developments, with the goal of signing at least six additional preliminary agreements for each project by the end of the year.

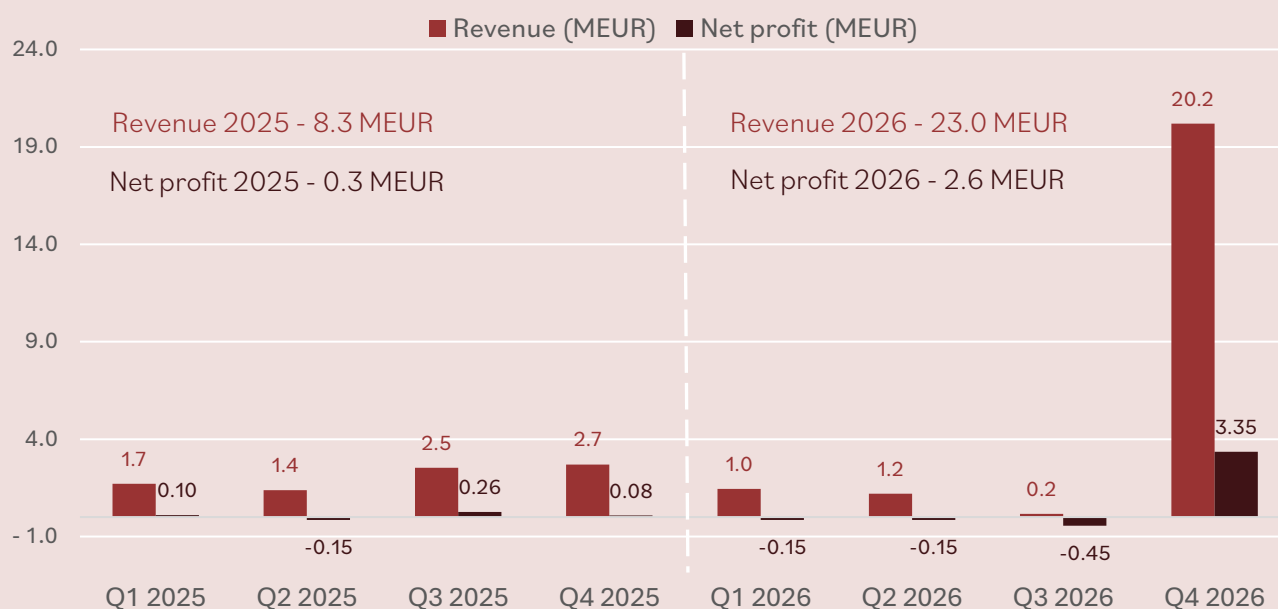
In summary, the third quarter of 2025 was a period of stable progress and key achievements for Arco Vara. The quarter was marked by a successful first public bond issue, ongoing construction across several developments, and accelerated sales activity. The advancement of preparations for the Luther Quarter and the approval of the Arcojärve detailed plan provide a strong foundation for the company's next strategic steps. Arco Vara's position in the Estonian real estate market remains solid, built on well-considered developments, quality, and sustainable growth.



Development schedule 2025 - 2028



Arco Vara Group revenue and profit forecast 2025-2026



Arco Vara's Active Projects as of 30.09.2025



Project name

Kodulahe Rannakalda

Address

Lammi 8, Tallinn

Product main type

Apartments, commercial spaces

Project stage

Sale

Area of plot m²

9,525

GSA/GLA (above ground)

1,960

No of units (above ground)/ available

113/12



Project name

Botanica Lozen Stage I

Address

Lozen, near Sofia

Product main type

Houses

Project stage

Construction

Area of plot m²

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 m²

5,219

GSA/GLA (above ground)

558

No of units (above ground)/ available

5/2



Project name

Stage VI Kodulahe

Address

Soodi 6, Tallinn

Product main type

Apartments, commercial spaces

Project stage

Construction

Area of plot m²

5,444

GSA/GLA (above ground)

4,543

No of units (above ground)/available

66/47



Project name

Spordi 3a, 3b

Address

Spordi 3a, 3b, Tallinn

Product main type

Apartments

Project stage

Construction

Area of plot m²

5,566

GSA/GLA (above ground)

4,312

No of units (above ground)/available

56/44



Project name

Arcojärve

Address

Paldiski road 124b, Tallinn

Product main type

Apartments, commercial spaces

Project stage

Detail plan in process

Area of plot m²

69,506

GSA/GLA (above ground)

<28,132>

No of units (above ground)

<430>

Arco Vara's Active Projects as of 30.09.2025



Project name

Stage VII Kodulahe

Address

Lammi 6, Tallinn

Product main type

Apartments, commercial spaces

Project stage

Detail plan in process

Area of plot m²

14,553

GSA/GLA (above ground)

<12,327>

No of units (above ground)

<182>



Project name

Stage II and Stage III Botanica Lozen

Address

Lozen, near Sofia

Product main type

Houses

Project stage

Detail plan issued

Area of plot m²

27,260

GSA/GLA (above ground)

<11,309>

No of units (above ground)

<40>



Project name

Padel venue

Address

Helme 18, Tallinn

Product main type

Sports hall

Project stage

On rent

Area of plot m²

5,712

GSA/GLA (above ground)

1,983

No of units (above ground)/ available

1/0



Project name

Stage I-IV Luther Quarter

Address

Luther Quarter, Tallinn

Product main type

Apartments, commercial spaces

Project stage

I-III Building permit issued,
IV Detail plan in process

Area of plot m²

35,660

GSA/GLA (above ground)

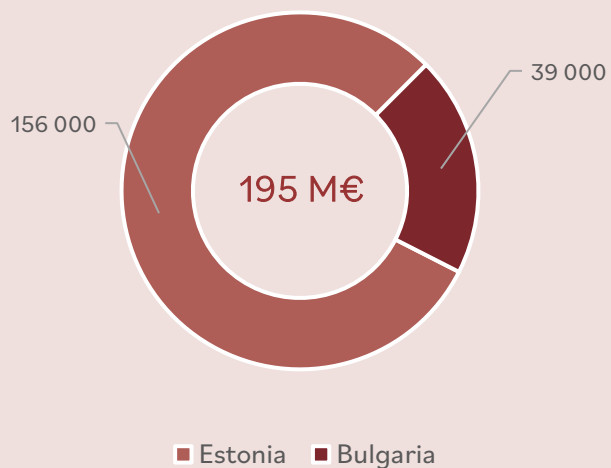
<51,388>

No of units (above ground)

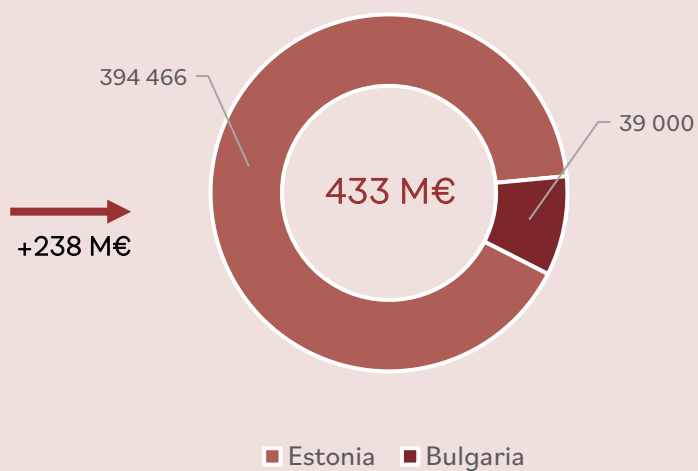
<513>

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 (kEUR)



Development revenue of development projects upon completion as of 30.09.2025 (kEUR)



General Information

Activities of the group

Arco Vara AS and its group companies (hereinafter referred to as the "Group") are engaged in real estate development (EMTAK code 41201). The Group operates in Estonia and Bulgaria.

The Group's core activity is the development of comprehensive living environments along with associated commercial real estate. In residential developments, completed homes are sold directly to end consumers. The Group's main focus is on residential real estate; new commercial properties are developed only when required by law as a prerequisite for residential construction.

The Group does not directly provide real estate brokerage or valuation services. However, such services continue to be offered under the Arco Vara brand in Estonia, Latvia, and Bulgaria through licensing 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 group. As of 30 September 2025, the Group consisted of 17 companies, which is 4 more than as of 31 December 2024

Significant subsidiaries as of 30.09.2025

Company name	Location	Share capital (nominal value)	Equity on 30.09.2025	Group's shareholding
		<i>in € thousands</i>	<i>in € thousands</i>	
Kodulahe Kvartal OÜ	Estonia	140	4 975	100%
Kerberon OÜ	Estonia	5	1 665	100%
Arcojärve OÜ	Estonia	28	627	100%
Kodukalda OÜ	Estonia	3	-79	100%
Arco Tarc OÜ	Estonia	3	804	100%
Arco L Torn OÜ	Estonia	3	-40	100%

2

countries

30+

years of experience

2800+

new homes

380 000+

developed m²

Arco Vara AS subsidiaries

Kodulahe Kvartal OÜ	100%
Arco Spordi OÜ	100%
Kodukalda OÜ	100%
Arcojärve OÜ	100%
Kerberon OÜ	100%
Arco Tarc OÜ	100%
Arco L Torn OÜ	100%
Arco L Torn II OÜ	100%
Arco L Factory OÜ	100%
Grupi Halduse OÜ	100%
Arco Vara Bulgaria EOOD	100%
Arco Invest EOOD	100%
Iztok Parkside EOOD	100%
Botanica Lozen EOOD	100%
Arco Manastirski EOOD	100%
Arco Riverside EOOD	100%

Arco Spordi OÜ	Estonia	3	608	100%
Arco L Torn II OÜ	Estonia	3	-2	100%
Arco Lozen EOOD	Bulgaria	2 931	1 063	100%
Arco Vara Bulgaria EOOD	Bulgaria	3	-7	100%

Key Performance Indicators

- The Group's sales revenue for the first nine months of 2025 amounted to EUR 5,624 thousand, which is EUR 1,537 thousand more than in the same period of 2024.
- For the first nine months of 2025, the Group recorded an operating profit (=EBIT) of EUR 622 thousand and a net profit of EUR 214 thousand. In comparison, during the first nine months of 2024, the Group incurred an operating loss (=EBIT) of EUR 158 thousand and a net loss of EUR 845 thousand.
- In Q3 2025, a total of 25 apartments were sold in the Group's development projects, including 20 under preliminary purchase agreements and 5 under real right contracts. During the first nine months of 2025, 35 apartments were sold, 21 under preliminary purchase agreements and 14 under real right contracts. For comparison, in Q3 2024, 10 apartments and 2 commercial units were sold in the Group's development projects (7 apartments under real right contracts 3 apartments and 2 commercial units under preliminary purchase agreements). While a total of 17 apartments and 2 commercial units were sold during the first nine months of 2024 (14 apartments under real right contracts 3 apartments and 2 commercial units under preliminary purchase agreements).
- As of 30 September 2025, the inventory included 12 completed apartments and 1 commercial unit, compared to 37 completed apartments and 1 commercial unit as of 30 September 2024.
- As of 30 September 2025, the Group's total assets had more than doubled compared to 30 September 2024. The main reason for the increase in assets was the acquisition of new development projects, including the Luther Quarter and Spordi 3a/3b development projects.
- As of the end of the first nine months of 2025, the Group's net debt amounted to EUR 34,185 thousand, which is EUR 19,519 thousand higher than at the end of the same period in the previous year. The increase in net debt was mainly due to the acquisition of the Luther Quarter, which was partially financed with a bank loan. In addition, during the third quarter of 2025, the Group issued bonds totaling EUR 15,000 thousand. The weighted average interest rate on the Group's interest-bearing liabilities was 9.09% as of 30 September 2025.

Main financial figures	9 months 2025	9 months 2024
<i>In thousands of euros</i>		
Revenue	5 624	4 087
Operating profit/loss	622	-158
Finance income and costs	-396	-687
Income tax	-13	0
Net profit/loss	214	-845
Cash flow from operations	-39 313	-5 778
Cash flow from financing	50 707	7 599
Net cash flow	11 386	-315
Cash and cash equivalents at the beginning of period	1 720	1 472
Cash and cash equivalents at end of period	13 106	1 157
Total assets at end of period	93 933	38 970
Invested capital at end of period	84 694	35 341
Net debt at end of period	34 185	14 666
Equity at end of period	37 402	19 518

Key Ratios

	30 September 2025	30 September 2024
Net profit ratio (rolling, four quarters)	2.51%	16.75%
EPS (in euros)	0.01	-0.02
Diluted EPS (in euros)	0.01	-0.02
EBITDA per share (in euros) (rolling, four quarters)	0.07	0.44
ROIC (rolling, four quarters)	0.65%	10.58%
ROE (rolling, four quarters)	1.04%	18.66%
ROA (rolling, four quarters)	0.47%	9.46%
Equity ratio	0.40	0.50
Current ratio	9.60	4.72
Quick ratio	2.14	0.87
Financial leverage	2.51	2.00
Average loan term (in years)	2.42	1.60
Average annual interest rate of loans	9.08%	9.42%
Number of staff, at period end	14	14

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

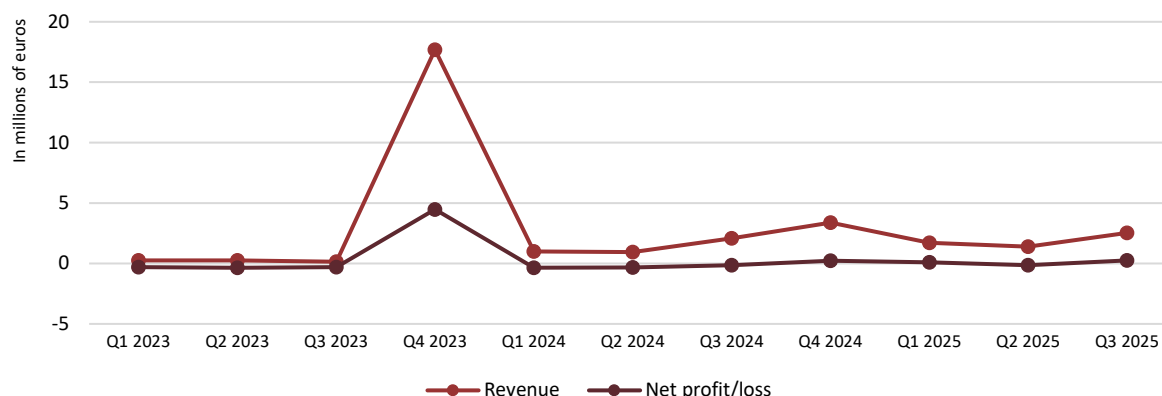
Quick ratio = (current assets - inventory) / current liabilities

Financial leverage = total assets / equity

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

Revenue and net profit/loss during last years

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Total 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Total 2025
In millions of euros															
Revenue	0.3	0.3	0.1	17.7	18.3	1.0	0.9	2.1	3.4	7.4	1.7	1.4	2.5	0.0	5.6
Net profit/loss	-0.3	-0.3	-0.3	4.5	3.6	-0.3	-0.3	-0.2	0.2	-0.6	0.1	-0.1	0.3	0.0	0.2



Operating report

In Q3 2025, the Group's revenue amounted to EUR 2,531 thousand (Q3 2024: EUR 2,154 thousand), of which revenue from real estate sales in the Group's own development projects totaled EUR 2,407 thousand (Q3 2024: EUR 2,075 thousand).

Other revenue primarily consisted of franchise fees from real estate agencies in Estonia, Latvia, and Bulgaria. Franchise income totaled EUR 75 thousand in Q3 2025 (Q3 2024: EUR 71 thousand).

Estonian Development Projects

The sixth phase of the Kodulahe Quarter, located at Soodi 6, comprises three separate apartment buildings with a total of 62 apartments and 4 commercial units. As of the publication date of this report, 16 apartments and 3 commercial units have been pre-sold. The project received its building permit in Q2 2025, and construction began at the end of June 2025. The buildings are scheduled for completion in Q4 2026.

In the Rannakalda phase of Kodulahe, considered the premium stage of the project, a pavilion, 4 commercial units, and 108 apartments (in three separate buildings, many with sea views) were completed. As of the report date, 11 of the 113 units remain available.

The Kuldlehe project in Piritä comprises an exclusive cluster house with 5 spacious homes, of which 1 unit remains available as of the report date.

Arco Vara's subsidiary Arco Spordi OÜ acquired properties at Spordi 3a and 3b, Tallinn, in Q1 2025. The project reached the construction phase during Q2 2025. The development consists of two apartment buildings with underground parking, totaling 56 apartments (2–5 rooms), many featuring balconies or terraces. Apartment pre-sales began in Q2 2025, with completion expected by the end of 2026. As of the publication date, 44 of the 56 apartments remain available.

Arco Vara's subsidiary Arcojärve OÜ signed a land purchase agreement in 2021 for a property on the shore of Lake Harku (Paldiski Road 124b, Tallinn). The planned development includes over 35,000 m² of residential and commercial space, with an expected six-year development period. The project, named Arcojärve, is subject to an additional land payment of EUR 1,627 thousand within three months of the detailed plan being approved by the Tallinn City Government, but no later than 30 April 2026. The first phase of construction is planned to begin in 2026.

Acquisition of Luther Quarter and Share Issue

In Q2 2025, Arco Vara's subsidiaries Arco L Factory OÜ, Arco L Torn OÜ, Arco L Torn II OÜ, and Grupi Halduse OÜ

collectively acquired the Luther Quarter, which comprises 15 properties located in central Tallinn, between Pärnu Road, Tatari Street, Vana-Lõuna Street, and Vineeri Street. A valid detailed plan allows for a gross buildable volume of 95,000 m², including 18,500 m² of commercial space and 33,000 m² of residential net area. Most of this volume is already covered by existing building permits.

The acquisition price of the Luther Quarter was EUR 35 million. The transaction was financed through a combination of Arco Vara shares, cash payments, and the assumption (in modified form) of a loan obligation from AS LHV Pank.

On 5 June 2025, Arco Vara's annual general meeting of shareholders approved a directed share issue to raise the necessary capital for the development of the Luther Quarter. The issue was directed to Alarmo Kapital OÜ, as well as to the former owners of the Luther properties – Luther Factory OÜ and Luther Factory Holding OÜ.

Under the terms of the share issue, 6,980,000 new shares were issued at a price of EUR 2.50 per share, consisting of a nominal value of EUR 0.70 and a share premium of EUR 1.80. The issue was successful, and all new shares are now listed and traded. Following the issue, the Group maintained the same pre-transaction ratio of equity to interest-bearing liabilities.

In Q3 2025, Arco Vara AS also issued bonds totaling EUR 15 million, consisting of 150,000 bonds with a nominal value of EUR 100, an interest rate of 8.8%, and a maturity date of 24 September 2028.

The development of the Luther Quarter will take place in stages, with initial construction works scheduled to begin in Q2 2026.

Bulgarian Development Projects

In July of this year, Arco Vara AS announced its intention to concentrate its focus on the core market, namely development projects located in Estonia. The company keeps investors and the public informed about the progress of related negotiations and will provide further updates once transactions or other significant developments reach the next stage. Meanwhile, development activities in Bulgaria continue as planned, with projects advancing according to the approved schedule.

Other

In 2024, Arco Vara's subsidiary Kerberon OÜ developed a fully automated padel center with six indoor courts at Helme 18, using the construction company Arco Tarc OÜ. The facility has been leased out on a long-term full-rental basis and has been generating rental income for the Group since 2024.

People

Remuneration

As of 30 September 2025, the Group employed 14 people (compared to 13 as of 31 December 2024).

In the third quarter of 2025, Arco Vara Group carried out an active recruitment period, during which the Group's sales manager and the project manager for the Luther development joined the company. At present, the Group's key positions have been filled, and no active recruitment is taking place.

The Group's personnel expenses for the first nine months of 2025 amounted to EUR 456 thousand, of which EUR 220 thousand were incurred in Q3 (compared to EUR 649 thousand and EUR 209 thousand in the first nine months and Q3 of 2024, respectively). These personnel expenses include salaries of the construction team, which are capitalized into the cost of ongoing development projects and recognized in cost of goods sold upon the sale of apartments.

Included in personnel expenses is the remuneration (including social tax) paid to the CEO of the parent company, totaling EUR 177 thousand for the first nine months of 2025, of which EUR 59 thousand was paid in Q3 (9 months 2024: EUR 169 thousand, of which EUR 77 thousand in Q3).

Remuneration paid to members of the Supervisory Board (including social tax) totaled EUR 20.4 thousand for the first nine months of 2025, of which EUR 11.4 thousand was paid in Q3 (9 months 2024: EUR 11 thousand, of which EUR 3 thousand in Q3).

Management board and supervisory board

The Management Board of Arco Vara AS is typically composed of one member. Since 15 July 2024, the CEO and the Management Board member of Arco Vara has been Kristina Mustonen, whose mandate is valid for four years.

The Supervisory Board of Arco Vara AS consists of five members. As of 12 January 2021, the members of the Supervisory Board are: Kert Keskaik (Chairman), Tarmo Sild, Hillar-Peeter Luitsalu, Allar Niinepuu, and Steven Yaroslav Gorelik.

In Q2 2025, the Annual General Meeting of Shareholders extended the terms of the Supervisory Board members for another five years.

The remuneration was also approved: the Chairman of the Supervisory Board will receive a net monthly fee of 5,000 euros, and ordinary members will receive a net fee of 500 euros for each Supervisory Board meeting attended.

More information about the key personnel of Arco Vara is available on the company's website at www.arcovara.com.

Description of Main Risks

Strategic risk

The majority of the Group's equity is allocated to development activities, with a primary focus on residential real estate development. The residential development cycle, from land acquisition to the final sale of completed units to end customers, spans several years and includes planning, design, construction, and sales. Equity is primarily invested at the beginning of the cycle (land acquisition), based on the assumption that there will be future demand for a certain type of development product. Since this demand is largely based on forecasts, the Group's main risk lies in allocating equity to a development project for which future demand may not materialize or may differ from expectations.

To mitigate this risk, the Group: (i) allocates equity across various development projects and markets (2025: Tallinn and Sofia), (ii) continuously monitors supply and demand in its core markets, and (iii) seeks to minimize the time gap between investment and demand by entering into pre-agreements with buyers, acquiring land without immediate equity investment or by deferring such investment, and utilizing alternative project financing solutions to reduce reliance on equity.

Credit risk

The Group considers its credit risks to be largely mitigated. Since the final sale of development products almost always coincides with customer payment, customer-related receivables rarely arise in practice. Additionally, the Group does not keep its cash and cash equivalents in a single bank.

Currency risk

Real estate purchase and sale transactions are predominantly concluded in euros, which means the Group's asset and liability structure carries no significant foreign exchange risk. However, the Group is not protected against currency devaluation. The majority of liquid assets are held in demand deposits or short-term euro-denominated deposits and current accounts.

Liquidity and interest rate risks

All of the Group's loan agreements are denominated in euros, and most of the loan liabilities are linked to the 6-month EURIBOR. As a result, the Group is exposed to developments in international capital markets. Long-term interest rate risk is not hedged using derivative instruments.

As of 30 September 2025, the Group had interest-bearing liabilities totaling EUR 47,291 thousand, of which EUR 237 thousand are due within the next 12 months. The Group's interest-bearing liabilities increased by EUR 32,076 thousand during the first nine months of 2025 compared to the end of 2024, primarily due to the assumption of loans related to the acquisition of the Luther Quarter.

The Group's cash balance as of 30 September 2025 was EUR 13,106 thousand (31 December 2024: EUR 1,720 thousand).

In Q3 2025, the Group paid EUR 815 thousand in interest on its interest-bearing liabilities (Q3 2024: EUR 393 thousand). Part of the interest paid was capitalized into the cost of development projects, and part was recognized as an expense.

The Group's weighted average interest rate on loans was 9.09% as of 30 September 2025, representing an increase of 0.39 percentage points compared to the end of 2024. The increase in the average loan interest rate was mainly due to higher-cost loans assumed in connection with the Luther Quarter acquisition.

In Q3 2025, Arco Vara AS issued bonds totaling EUR 15 million, consisting of 150,000 bonds with a nominal value of EUR 100, an interest rate of 8.8%, and a maturity date of 24 September 2028. As of 25 September 2025, Arco Vara bonds are traded on the Nasdaq Tallinn Stock Exchange Baltic Bond List.

Shares and shareholders

Share price

Arco Vara AS has issued a total of 17,368,367 ordinary shares, each with a nominal value of EUR 0.70. Arco Vara shares (ticker: ARC1T, ISIN: EE3100034653) are publicly traded on the NASDAQ Tallinn Stock Exchange.

As of 30 September 2025, the share price closed at EUR 1.710, representing a 20% increase compared to the closing price of EUR 1.435 at the end of 2024. During Q3 2025, the highest recorded share price was EUR 1.725, and the lowest was EUR 1.700.

On 5 June 2025, the Annual General Meeting of Shareholders approved a directed share issue to raise the necessary capital for the development of the Luther Quarter. The issue was directed to OÜ Alarmo Kapital, as well as to the former owners of the Luther Quarter properties – Luther Factory OÜ and Luther Factory Holding OÜ.

Under the terms of the share issue, 6,980,000 new shares were issued at an issue price of EUR 2.50 per share, consisting of a nominal value of EUR 0.70 and a share premium of EUR 1.80. The issue was successfully completed, and all new shares are now listed and freely tradable.

As of 30 September 2025, equity per share was EUR 2.15 (31 December 2024: EUR 1.90).

The market capitalization of Arco Vara AS as of 30 September 2025 was EUR 29,700 thousand, and the P/B (price-to-book) ratio was 0.79 (31 December 2024: EUR 14,907 thousand and 0.84, respectively).

The dynamics of Arco Vara AS's share price and trading volumes over the first nine months of 2025 and the past three years are illustrated in the following charts.

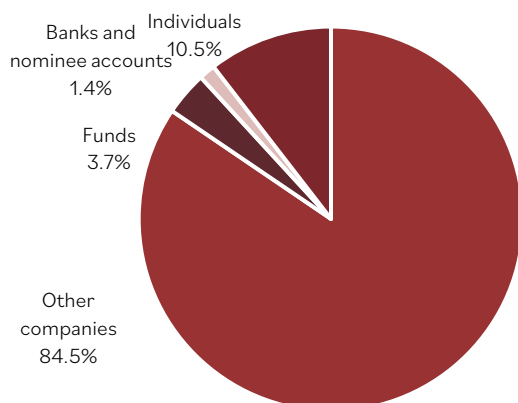


<https://www.nasdaqbaltic.com/statistics/en/instrument/EE3100034653/trading> 01.10.2025

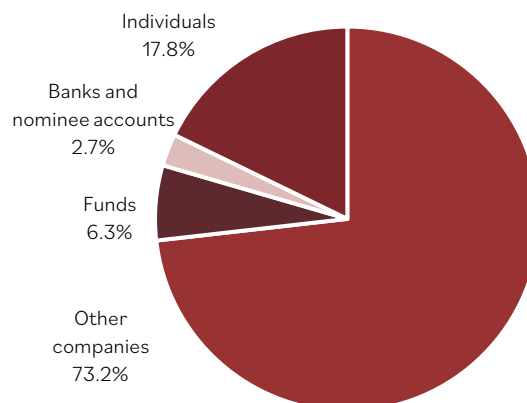
Shareholder structure

As of 30 September 2025, Arco Vara had a total of 7,421 shareholders (compared to 7,891 as of 31 December 2024), including 6,829 individual shareholders (31 December 2024: 7,255), who collectively held a 10.5% stake in the company (31 December 2024: 17.8%). The full breakdown of ownership by shareholder category is presented in the following charts.

Ownership structure as of 30.09.2025



Ownership structure as of 31.12.2024



Major shareholders on 30 September 2025

Name	No of shares	Share, %
Alarmo Kapital OÜ	8 685 031	50.00%
Luther Factory OÜ	3 309 999	19.06%
Luther Factory Holding OÜ	1 570 001	9.04%
FIREBIRD REPUBLICS FUND LTD 1	329 357	1.90%
Aia Tänav OÜ	229 000	1.32%
MARKO TEIMANN	200 029	1.15%
FIREBIRD AVRORA FUND, LTD.	176 703	1.02%
Total	14 500 120	83.49%

Holdings of management and supervisory board members on 30 September 2025

Nimi		Aktsiate arv	Osaluse %
Tarmo Sild ja Allar Niinepuu (Alarmo Kapital OÜ)	Members of the Supervisory board	8 685 031	50.00%
Tarmo Sild (Individual and via Aia Tänav OÜ)	Member of the Supervisory board	229 000	1.32%
Hillar-Peeter Luitsalu (HM Investeeringud OÜ, lähikondsed)	Member of the Supervisory board	134 259	0.77%
Kert Kesipaik (Individual, via K Vara OÜ, Kolde Invest OÜ and K24 Invest OÜ)	Chairman of the Supervisory board	208 088	1.20%
Allar Niinepuu (OÜ Kavass)	Member of the Supervisory board	29 299	0.17%
Steven Yaroslav Gorelik ¹	Member of the Supervisory board	0	0.00%
Kristina Mustonen	Member of the Management board	7 885	0.05%
Kokku:		9 293 562	53.51%

¹ 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.

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 30 September 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 23 October 2025

Condensed Consolidated Interim Financial Statements

Consolidated Statement of Comprehensive Income

	Note	9 months 2025	9 months 2024	Q3 2025	Q3 2024
<i>In thousands of euros</i>					
Revenue from sale of own real estate		5 260	3 872	2 407	2 075
Revenue from rendering of services		365	214	124	78
Total revenue	2.3	5 624	4 087	2 531	2 154
Cost of sales	4	-3 953	-2 850	-1 884	-1 474
Gross profit		1 672	1 237	647	680
Other income		2	0	2	0
Marketing and distribution expenses	5	-328	-405	-135	-186
Administrative expenses	6	-718	-971	-156	-340
Other expenses		-5	-18	-1	-2
Operating profit/loss		622	-158	357	152
Finance income and costs	7	-396	-687	-101	-309
Profit/loss before tax		226	-845	256	-157
Income tax		-13	0	0	0
Net profit/loss for the period		214	-845	256	-157
<i>attributable to owners of the parent</i>		214	-845	256	-157
<i>attributable to non-controlling interests</i>		0	0	0	0
Net profit/loss for the period		0	0	0	0
Total comprehensive income/expense for the period		214	-845	256	-157
Earnings per share (in euros)	8				
- basic		0.01	-0.08	0.01	-0.02
- diluted		0.01	-0.08	0.01	-0.02

Consolidated Statement of Financial Position

	Note	30 September 2025	31 December 2024
<i>In thousands of euros</i>			
Cash and cash equivalents		13 106	1 720
Receivables and prepayments	9	7 176	5 690
Inventories	10	70 721	29 170
Total current assets		91 003	36 580
Receivables and prepayments	9	18	18
Investment property	11	2 296	2 296
Property, plant and equipment	2	570	622
Intangible assets	2	46	52
Total non-current assets		2 930	2 988
TOTAL ASSETS		93 933	39 568
Loans and borrowings	12	235	234
Payables and deferred income	13	8 894	4 297
Provisions		345	317
Total current liabilities		9 475	4 848
Loans and borrowings	12	47 056	14 981
Total non-current liabilities		47 056	14 981
TOTAL LIABILITIES		56 531	19 829
Share capital		12 158	7 272
Additional paid-in capital		16 399	3 835
Statutory capital reserve		2 011	2 011
Other reserves	8	28	28
Retained earnings		6 807	6 593
Total equity attributable to owners of the parent		37 402	19 739
TOTAL EQUITY		37 402	19 739
TOTAL LIABILITIES AND EQUITY		93 933	39 568

Consolidated Statement of Cash Flows

	Note	9 months 2025	9 months 2024	Q3 2025	Q3 2024
<i>In thousands of euros</i>					
Cash receipts from customers		6 899	3 225	2 810	1 122
Cash paid to suppliers		-44 892	-6 395	-3 017	-402
Income tax paid from profits		0	0	0	0
Taxes paid		-1 139	-2 327	-399	-466
Taxes recovered		153	746	0	229
Cash paid to employees		-546	-1 042	-220	-146
Other payments and receipts related to operating activities (net)		212	14	202	5
NET CASH FROM/USED IN OPERATING ACTIVITIES		-39 313	-5 778	-624	341
Payments made on purchase of tangible and intangible assets		-2	0	0	0
Payments made on purchase and development of investment property	11	0	-2 137	0	-2 137
Proceeds from sale of subsidiaries		-10	0	0	0
Interest received		4	0	4	0
NET CASH USED IN INVESTING ACTIVITIES		-8	-2 137	4	-2 137
Proceeds from loans received	12	53 013	9 442	16 635	1 990
Settlement of loans and borrowings	12	-17 925	-485	-3 482	-45
Interest paid		-1 646	-942	-815	-393
Dividends paid		-104	-416	0	-104
Income tax on dividends		-12	0	0	0
Proceeds from share capital increase		17 460	0	0	0
Other payments related to financing activities		-79	0	-1	0
NET CASH FROM/USED IN FINANCING ACTIVITIES		50 707	7 599	12 337	1 448
NET CASH FLOW		11 386	-315	11 718	-348
Cash and cash equivalents at the beginning of period		1 720	1 472	1 388	1 504
Change in cash and cash equivalents		11 386	-315	11 718	-348
Cash and cash equivalents at end of period		13 106	1 157	13 106	1 157

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>						
Balance as at 31 December 2023	7 272	3 835	2 011	57	7 843	21 018
Dividends paid	0	0	0	0	-626	-626
Formation of equity reserve	0	0	0	-29	0	-29
Total comprehensive income for the period	0	0	0	0	-845	-845
Balance as at 30 September 2024	7 272	3 835	2 011	28	6 373	19 519
Balance as at 31 December 2024	7 272	3 835	2 011	28	6 593	19 739
Increase of share capital	4 886	12 564	0	0	0	17 450
Total comprehensive income for the period	0	0	0	0	214	214
Balance as at 30 September 2025	12 158	16 399	2 011	28	6 807	37 402

Notes to the Condensed Interim Financial Statements

1. Significant accounting policies

The unaudited consolidated interim financial report of Arco Vara AS for Q1 2025 has been prepared in accordance with the International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The condensed consolidated interim report is intended to be read in conjunction with the audited consolidated financial

statements for the year ended 31 December 2024, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group's interim financial report is presented in thousands of euros, unless otherwise stated.

2. Segment information

The Group analyses its segments based on a combination of two characteristics: business activity and geographical location.

The three main reportable segments are Bulgarian Development, Estonian Development, and Estonian Construction.

Revenue by operating segment

Segment	Bulgarian development		Estonian development		Estonian construction		Other		Eliminations		Consolidated	
	9 months 2025	9 months 2024	9 months 2025	9 months 2024	9 months 2025	9 months 2024	9 months 2025	9 months 2024	9 months 2025	9 months 2024	9 months 2025	9 months 2024
<i>In thousands of euros</i>												
External revenue	0	0	5 255	3 879	-1	0	370	207	-	-	5 624	4 086
Revenue from other segments	0	0	-6	0	2 740	2 124	800	676	-3 534	-2 800	0	0
Total revenue	0	0	5 249	3 879	2 739	2 124	1 170	883	-3 534	-2 800	5 624	4 086

External revenue and profit/ loss by segment

Segment	Bulgarian development		Estonian development		Estonian construction		Other		Consolidated	
	9 months 2025	9 months 2024	9 months 2025	9 months 2024	9 months 2025	9 months 2024	9 months 2025	9 months 2024	9 months 2025	9 months 2024
<i>In thousands of euros</i>										
Revenue	0	0	5 255	3 879	-1	0	370	207	5 624	4 086
Operating profit/loss	-225	-13	700	147	118	-386	29	95	622	-156
Net profit/loss	-251	-16	377	-308	118	-384	-31	-136	213	-843

External assets and liabilities by segment

Segment	Bulgarian development		Estonian development		Estonian construction		Other		Consolidated	
	30.09.25	31.12.24	30.09.25	31.12.24	30.09.25	31.12.24	30.09.25	31.12.24	30.09.25	31.12.24
<i>In thousands of euros</i>										
Assets	13 177	12 152	63 710	21 797	2 238	2 151	14 809	3 468	93 933	39 568
Incl. PPE and intangible assets	10	16	467	475	0	1	139	182	616	674
Liabilities	6 564	3 551	46 135	10 177	1 024	279	2 809	5 822	56 531	19 829

3. Revenue

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

	Estonia		Bulgaria		Latvia		Consolidated	
	9 months 2025	9 months 2024	9 months 2025	9 months 2024	9 months 2025	9 months 2024	9 months 2025	9 months 2024
<i>In thousands of euros</i>								
Sale of own real estate	5 260	3 873	0	0	0	0	5 260	3 873
Rental of real estate	132	8	0	0	0	0	132	8
Property management services	0	0	0	0	0	0	0	0
Franchise	136	137	60	41	23	20	219	199
Other revenue	13	7	0	0	0	0	13	7
Total revenue	5 541	4 025	60	41	23	20	5 623	4 087

4. Cost of sales

	9 months 2025	9 months 2024	Q3 2025	Q3 2024
<i>In thousands of euros</i>				
Cost of real estate sold (notes 10, 11)	-3 673	-2 387	-1 778	-1 366
Brokerage fees	-55	-23	-27	-15
VAT cost	0	0	-27	-15
Property management costs	-128	-136	-56	-36
Vehicle expenses	-1	-7	8	-3
Personnel expenses	-45	-138	-38	-10
Other costs	-51	-158	6	-43
Total cost of sales	-3 953	-2 850	-1 884	-1 474

5. Marketing and distribution expenses

	9 months 2025	9 months 2024	Q3 2025	Q3 2024
<i>In thousands of euros</i>				
Advertising expenses	-118	-186	-49	-100
Personnel expenses	-93	-72	-38	-26
Depreciation, amortisation and impairment losses	-7	-1	-2	-1
Other marketing and distribution expenses	-110	-146	-46	-59
Total marketing and distribution expenses	-328	-405	-135	-186

6. Administrative expenses

	9 months 2025	9 months 2024	Q3 2025	Q3 2024
<i>In thousands of euros</i>				
Personnel expenses	-381	-603	-57	-189
Office expenses	-56	-72	-13	-30
IT expenses	-29	-27	-13	-10
Services purchased	-142	-178	-32	-84
Depreciation, amortisation and impairment losses	-69	-60	-23	-20
Legal service fees	-26	-15	-17	-2
Other expenses	-15	-17	0	-6
Total administrative expenses	-718	-971	-156	-340

7. Financial income and expenses

	9 months 2025	9 months 2024	Q3 2025	Q3 2024
<i>In thousands of euros</i>				
Interest expenses	-382	-692	-104	-319
Interest income	13	11	4	4
Other finance income and costs	-28	-6	-1	5
Total finance income and costs	-396	-687	-101	-309

8. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the reporting period by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by taking into account all potentially issuable shares.

	9 months 2025	9 months 2024
Weighted average number of ordinary shares outstanding during the period	17 368 367	10 388 367
Number of ordinary shares potentially to be issued (at period end)	0	63 000
Net profit/loss attributable to owners of the parent (in thousands of euros)	214	-845
Earnings per share (in euros)	0.01	-0.08
Diluted earnings per share (in euros)	0.01	-0.08

Under the 2023 bonus program, the former CEO who departed in 2024 is entitled to 15,000 shares based on tenure. A reserve of 27 thousand euros has been recognized in equity for these options, based on the grant date share price as of 17 May 2023.

A new option program for up to 240,000 shares for the current CEO was approved at the 2025 Annual General Meeting.

9. Receivables and prepayments

Short-term receivables and prepayments

	30 September 2025	31 December 2024
<i>In thousands of euros</i>		
Receivables from customers	403	352
Miscellaneous receivables	6	6
Prepaid and recoverable taxes	1 499	153
Other accrued income	5	6
Prepayments	5 263	5 173
Total short-term receivables and prepayments	7 176	5 690

Long-term receivables and prepayments

	30 September 2025	31 December 2024
<i>In thousands of euros</i>		
Prepayments	18	18
Total long-term receivables and prepayments	18	18

As of both 30 September 2025 and 31 December 2024, a prepayment of 4,978 thousand euros has been made for the Arcojärve property.

10. Inventories

Properties purchased and being developed for resale	30 September 2025	31 December 2024
<i>In thousands of euros</i>		
Properties in stock	4 221	8 060
Properties under construction	18 607	7 973
Properties with a building permit	36 406	45
Properties in the construction permit process	2 971	5 631
Properties in the detailed planning process	8 516	7 461
Total inventories	70 721	29 170

	2025	2024
<i>In thousands of euros</i>		
Balance at the beginning of period, 1 January	29 170	27 637
Properties purchased for development	39 291	0
Construction costs of apartment buildings	4 169	3 478
Capitalized borrowing costs	1 825	261
Other capitalized costs	103	961
Reclassification to/from investment property (note 11)	0	-88
Cost of sold properties (note 4)	-3 837	-2 565
Balance at the end of period, 30 September	70 721	29 425

11. Investment property

	2025	2024
<i>In thousands of euros</i>		
Balance at the beginning of period, 1 January	2 296	20
Capitalised development costs	0	2 049
Reclassification to/from inventories (note 10)	0	88
Balance at the end of period, 30 September	2 296	2 157

12. Interest bearing liabilities

	As of 30 September 2025			As of 31 December 2024		
	Total	of which current portion	of which non-current portion	Total	of which current portion	of which non-current portion
<i>In thousands of euros</i>						
Bank loans	28 300	122	28 178	11 034	121	10 913
Bonds	18 853	0	18 853	4 000	0	4 000
Finance lease liabilities	82	58	24	126	58	68
Other loans	55	55	0	55	55	0
Total	47 291	235	47 056	15 215	234	14 981

In the first nine months of 2025, the Group repaid loan liabilities through cash transactions totaling EUR 17,925 thousand (9 months 2024: EUR 485 thousand), while new loans received amounted to EUR 53,013 thousand (9 months 2024: EUR 9,442 thousand). Additionally, during the first nine months of 2025, buyers made direct payments to the bank totaling EUR 4,740 thousand (9 months 2024: EUR 3,222 thousand). These amounts are not reflected in the Group's cash flow statement.

In the first nine months of 2025, the following loan liabilities were reduced:

- Bank loan for financing the construction of the Kodulahe Rannakalda apartment buildings in the amount of EUR 4,232 thousand, which was paid directly by clients;
- Bank loan for financing the construction of the Kuldlehe apartment building in the amount of EUR 508 thousand, which was paid directly by clients;
- Bank loan for financing the Kodulahe Phase VII (Lammi 6 land) in the amount of EUR 39 thousand;
- Short-term bank loan for financing the Luther Quarter transaction in the amount of EUR 2,000 thousand;
- Short-term loan for financing the Luther Quarter transaction in the amount of EUR 12,000 thousand;
- Capitalized office lease liability in the amount of EUR 29 thousand.

In the first nine months of 2025, the Group assumed the following new loan obligations:

- Bank loan of 900 thousand euros for financing the construction of the Kodulahe Rannakalda apartment building;
- Land loan of 2,190 thousand euros for the properties at Spordi 3a and 3b;
- Short-term bank loan of 2,000 thousand euros for financing the Luther Quarter transaction;
- Short-term loan of 12,000 thousand euros for financing the Luther Quarter transaction;
- Bank loan of 17,700 thousand euros for financing the Luther development project;
- Bank loan of 1,582 thousand euros for financing the construction of the Botanica Lozen development project in Bulgaria.
- Issued bonds in the amount of 15,000 thousand euros to finance the Luther Quarter development project.

In the first nine months of 2024, the following loan obligations were reduced:

- Bank loan for financing the construction of the Kodulahe Rannakalda apartment buildings in the amount of EUR 3,619 thousand, including EUR 3,222 thousand paid directly by clients;
- Bank loan for financing the Kodulahe Phase VII (Lammi 6 land) in the amount of EUR 45 thousand;
- Capitalized office lease liability in the amount of EUR 43 thousand.

In the first nine months of 2024, the Group assumed the following new loan obligation:

- Bank loan for financing the construction of the Kodulahe Rannakalda apartment buildings in the amount of EUR 7,452 thousand;
- Bank loan for financing the Kuldlehe apartment building in the amount of EUR 2,000 thousand, of which EUR 1,990 thousand was received by the bank and EUR 10 thousand represented a contract fee.

13. Payables and deferred income

Short-term payables and deferred income

	30 September 2025	31 December 2024
<i>In thousands of euros</i>		
Trade payables	2 521	1 435
Taxes payable		
Value added tax	1 135	4
Social security tax	148	14
Personal income tax	94	7
Other taxes	53	1
Total taxes payable	1 430	26
Accrued expenses		
Payables to employees	186	136
Dividend payable	0	104
Other accrued expenses	248	188
Total accrued expenses	434	428
Deferred income		
Prepayments received on sale of real estate	4 490	2 110
Security deposits	0	53
Total deferred income	4 490	2 163
Total short-term payables and deferred income	8 894	4 297

As of 31 December 2024, the amount payable to the supplier for the planned construction of Botanica Lozen was higher than usual. Customer prepayments for the Botanica Lozen project amounted to 3,887 thousand euros as of 30 September 2025, compared to 1,889 thousand euros as of 31 December 2024.

Additionally, prepayments received from customers for the Soodi 6 project totaled EUR 408 thousand as of 30 September 2025, compared to EUR 219 thousand as of 31 December 2024.

As of 30 September 2025, prepayments from customers for the Spordi 3a/3b project amounted to EUR 165 thousand (31 December 2024: EUR 0 thousand), and for the Kuldlehe project EUR 0 thousand (31 December 2024: EUR 0 thousand).

14. Transactions and Balances with Related Parties

The Group has conducted transactions with or holds balances involving the following related parties:

- 1) The parent company OÜ Alarmo Kapital and companies controlled by the Management Board and Supervisory Board members of Arco Vara AS that have controlling influence over the Group's parent company;
- 2) Other related parties, including members of the Management Board and Supervisory Board of Arco Vara AS, as well as companies under their control (excluding those with controlling influence over the Group's parent company).

Transactions with related parties

	9 months 2025	9 months 2024
<i>In thousands of euros</i>		
Other related parties		
Services purchased	105	13
Paid interest	8	0

Balances with related parties

	30 September 2025	31 December 2024
<i>In thousands of euros</i>		
Other related parties		
Bonds issued	540	310

The remuneration of the Chief Executive Officer of the parent company totaled EUR 177 thousand, including social tax, for the first nine months of 2025 (9 months 2024: EUR 169 thousand).

Remuneration of the members of the Supervisory Board amounted to EUR 20.4 thousand, including social tax, for the first half of 2025 (9 months 2024: EUR 24 thousand).

The CEO's remuneration is based on a Management Board member agreement. According to the agreement with Kristina Mustonen, who leads Arco Vara AS, and the decision of the Supervisory Board, her fixed monthly net salary is 11,000 euros. Upon termination, the CEO is entitled to a severance payment equal to four months' salary.

Supervisory Board members receive a net fee of 500 euros per attended meeting, but no more than 1,000 euros (net) per calendar month. Payment is conditional upon the member signing the meeting minutes. Reasonable travel expenses related to attending Supervisory Board meetings are reimbursed. In addition, the Chairman of the Supervisory Board receives a fixed net monthly fee of 500 euros.

In Q2 2025, the Annual General Meeting approved an updated remuneration for the Chairman of the Supervisory Board — a fixed monthly net fee of 5,000 euros. The Chairman no longer receives separate meeting fees.

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 30 September 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 23 October 2025