



ARCO
VARA

Interim Report for Q1 2026
(unaudited)

INTERIM REPORT FOR THE FIRST QUARTER OF 2026 (UNAUDITED)

Company name	Arco Vara AS
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Corporate website	www.arcovara.com
Financial year	1 January 2026 – 31 December 2026
Reporting period	1 January 2026 – 31 March 2026
Supervisory board	Kert Kesksaik, Tarmo Sild, Steven Yaroslav Gorelik, Hillar-Peeter Luitsalu, Allar Niinepuu
Chief executive officer	Rait Riim
Auditor	KPMG Baltics OÜ

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Management Report

Group CEO's Review

The first quarter of 2026 was in line with expectations for Arco Vara, and the Company remained focused on the continued development of its ongoing projects. During the quarter, a change also took place in the Company's management, and as of 1 April I have assumed the role of Chief Executive Officer of Arco Vara.

I have more than 20 years of experience in the real estate sector and joining Arco Vara provides me with an opportunity to contribute to the Company's next phase of development. Arco Vara's ambition is to be a real estate developer recognised for the quality of urban space and living environments, sustainability, and long-term value creation. It is important that a developer does not merely construct buildings but creates complete environments that homeowners can be proud of and whose value grows over time.

The strength of the Company's development portfolio and the potential of its next phase of growth provide an opportunity to implement large-scale and urbanistically significant projects, which require a clear strategic vision and strong financial discipline. My strategic objective is, among other things, to expand and diversify Arco Vara's product portfolio by moving beyond fully developed apartment complexes into segments such as terraced houses, detached houses, and undeveloped plots, while also diversifying across different price segments. Accordingly, Arco Vara is open to acquisition opportunities for development land in Tallinn and its surrounding areas with established detailed spatial plans.

In accordance with the Company's Articles of Association, my mandate as Chief Executive Officer has been granted for a period of three years.

2

countries

30+

years of experience

2800+

new homes

380 000+

developed m²

The Estonian real estate market in the first quarter of 2026 was characterised by seasonal calm. There were no significant changes in transaction prices or volumes. During the first months of the year, the market was supported by positive signs of improvement in Estonia's economic environment. At the same time, high electricity prices in January and February, rising interest rates, and geopolitical developments in the Middle East in March had a negative impact. We observe that homebuyers are increasingly adapting to the instability of the surrounding environment and are more willing to enter into agreements for homes that will be completed in the future.

The loss incurred by the Company during the quarter reflects the cyclical nature of real estate development projects – losses are typically generated during the planning and construction phases, while profits are realised upon completion of the buildings. Currently, Arco Vara has 122 apartments and commercial units under construction in Tallinn, all of which are scheduled for completion in the fourth quarter of this year.

Below is an overview of the Company's development projects:

Kodulahe Quarter, Lammi tn 8 development: The apartment building has been completed, and as at the end of the quarter only four apartments and one commercial unit remain unsold out of the 113 units in the building. During the first quarter, one apartment was sold. The plan is to sell the remaining units in the coming quarters.

Kodulahe Quarter, Soodi tn 6 development: Construction, which began in June 2025, has now reached approximately halfway completion. By the end of the quarter, 28 out of 66 apartments and commercial units had been sold under contracts. The project is attractive to families, investors, and more demanding customers due to its good location and well-designed layouts. Construction works are scheduled for completion in the fourth quarter of this year.

Spordi tn 3a/3b development: Construction, which began in June 2025, has also reached approximately halfway completion. By the end of the quarter, 17 out of 56 apartments had been sold under contracts. The Spordi Street development complements Arco Vara's portfolio with an excellent location in the Kristiine residential district, where new developments are limited but demand for housing remains high. Construction works are scheduled for completion in the fourth quarter of this year.

Arcojärve development: The detailed spatial planning process is ongoing. The plan was adopted by the local municipality on 15 October 2025, followed by a public display period. At present, we are awaiting final approval of the detailed plan. In parallel with the planning process, we have prepared construction designs for new buildings and infrastructure in order to apply for building permits

immediately after the plan is approved. Arcojärve is a strategically important project for Arco Vara, creating a foundation for further investments in new urban developments.

Luther Quarter development: The Luther Quarter is the flagship project of Arco Vara. Within and around the historic walls of the former plywood factory, a "city within a city" is being developed, where Luther's heritage meets modern urban living. The development is planned to include 454 homes and approximately 18,500 m² of commercial space. During the quarter, the focus was on the design work for the first construction phase, as well as on mapping potential customer interest.

Kuldlehe development: Located in Merivälja, this development has only one home remaining. Its exclusive nature and limited availability support its strong position in Tallinn's premium segment.

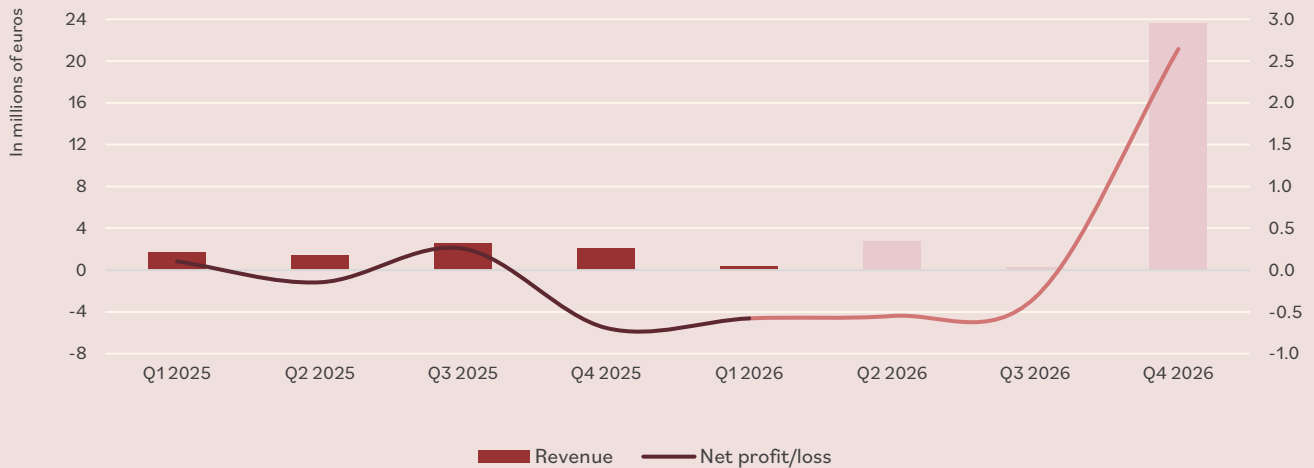
Bulgaria development: On 13 March, Arco Vara entered into an agreement to involve a local strategic partner, under which Kamaleo Invest OOD will acquire a 25% stake in Botanica Lozen EOOD, the company developing the Botanica Lozen project, for a total consideration of EUR 2,200,000. The first phase of the Botanica Lozen development is nearing completion, and the completed detached houses and villas are planned to be handed over to buyers in the coming quarters.

The main objectives for the second quarter are to continue construction and sales activities for the Spordi tn 3a/3b and Soodi tn 6 developments, as well as the design work for the Luther Quarter. Arco Vara's position in the Estonian real estate market remains strong, supported by well-planned developments, quality, and sustainable growth.

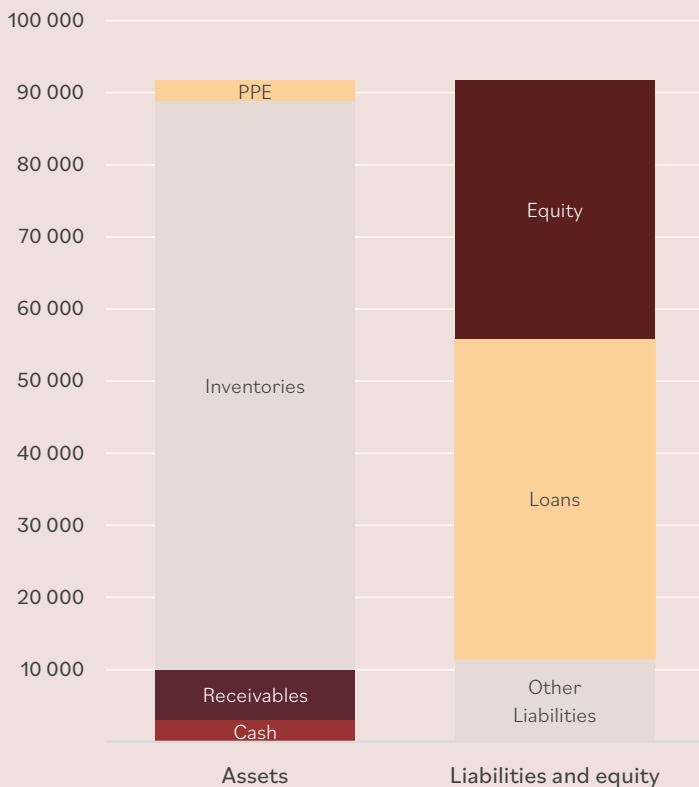
Revenue and net profit/loss

* Forecast

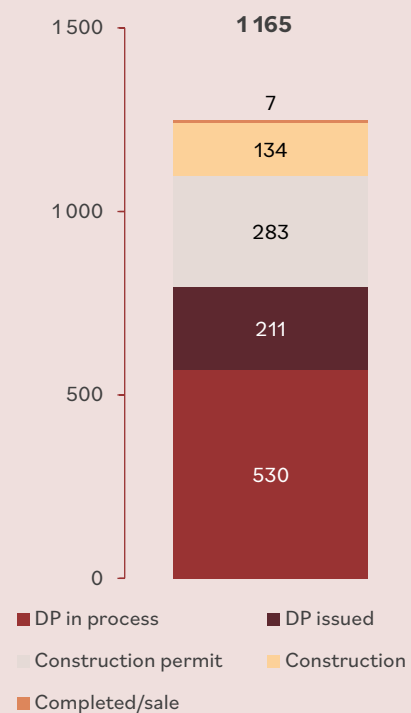
	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Total 2025	Q1 2026	Q2 2026*	Q3 2026*	Q4 2026*	Total 2026*
<i>In millions of euros</i>										
Revenue	1.7	1.4	2.5	2.1	7.7	0.4	2.8	0.3	23.6	27.0
Net profit/loss	0.1	-0.1	0.3	-0.7	-0.5	-0.6	-0.5	-0.3	2.6	1.2



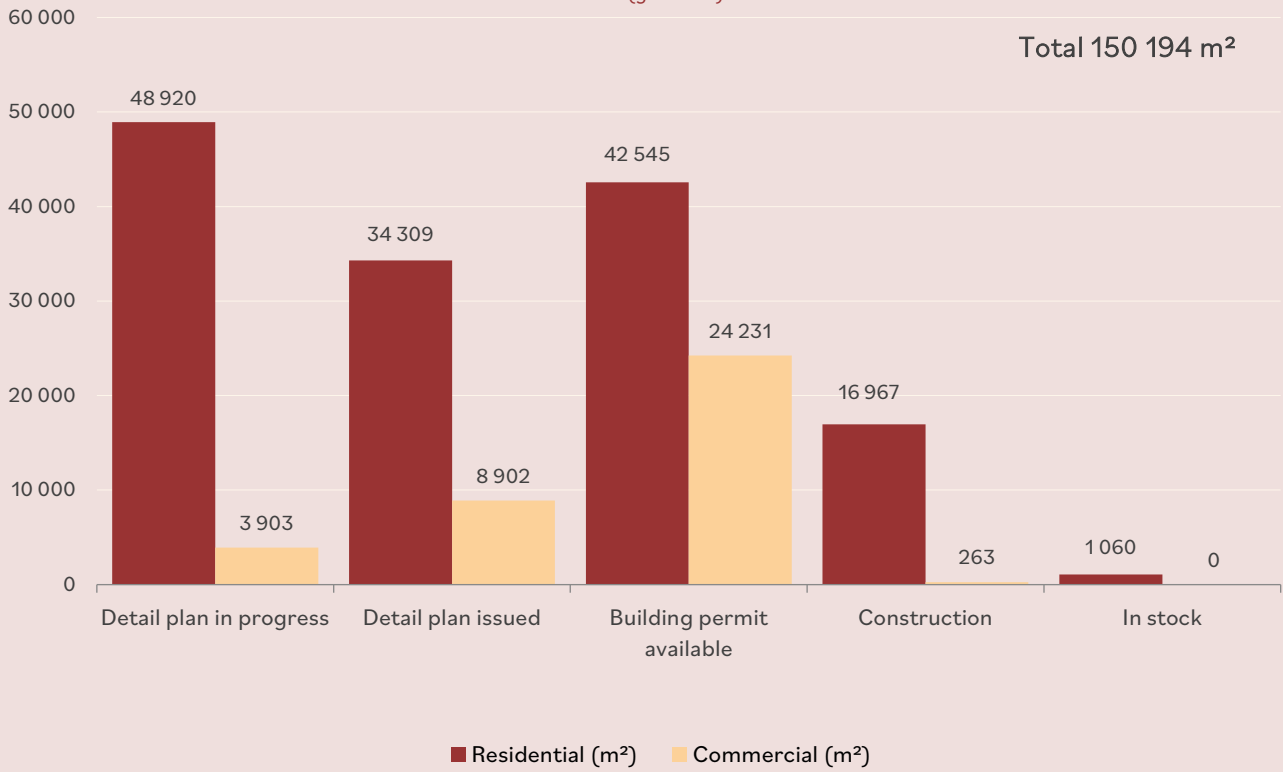
Balance sheet structure 31.03.2026



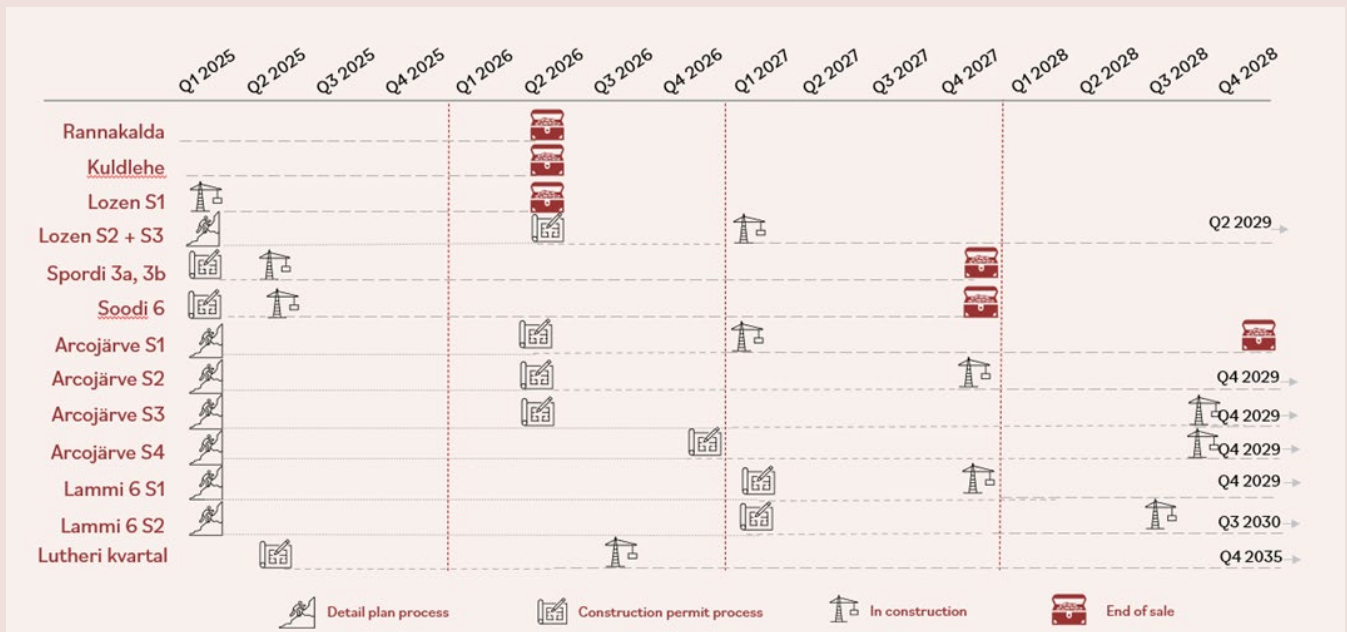
Residential units in development



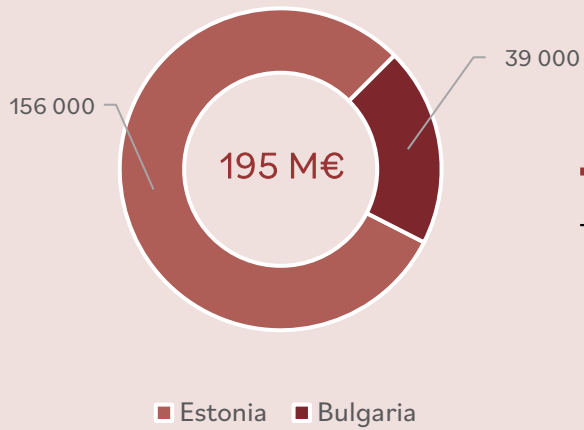
Development volumes (gross m²)



Development schedule 2025 - 2028

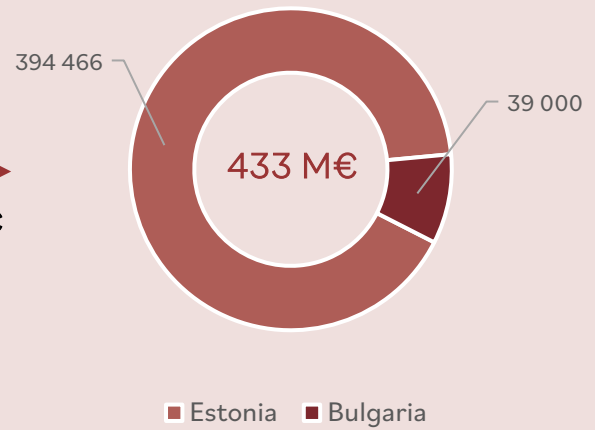


Development revenue of development projects upon completion as of 31.12.2025 (kEUR)



Development revenue of development projects upon completion as of 31.03.2026 (kEUR)

➔
+238 M€



Arco Vara's Active Projects as of 31.03.2026



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

113/5



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

16/0



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

5/1



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

66/38



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

56/39



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 31.03.2026



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>

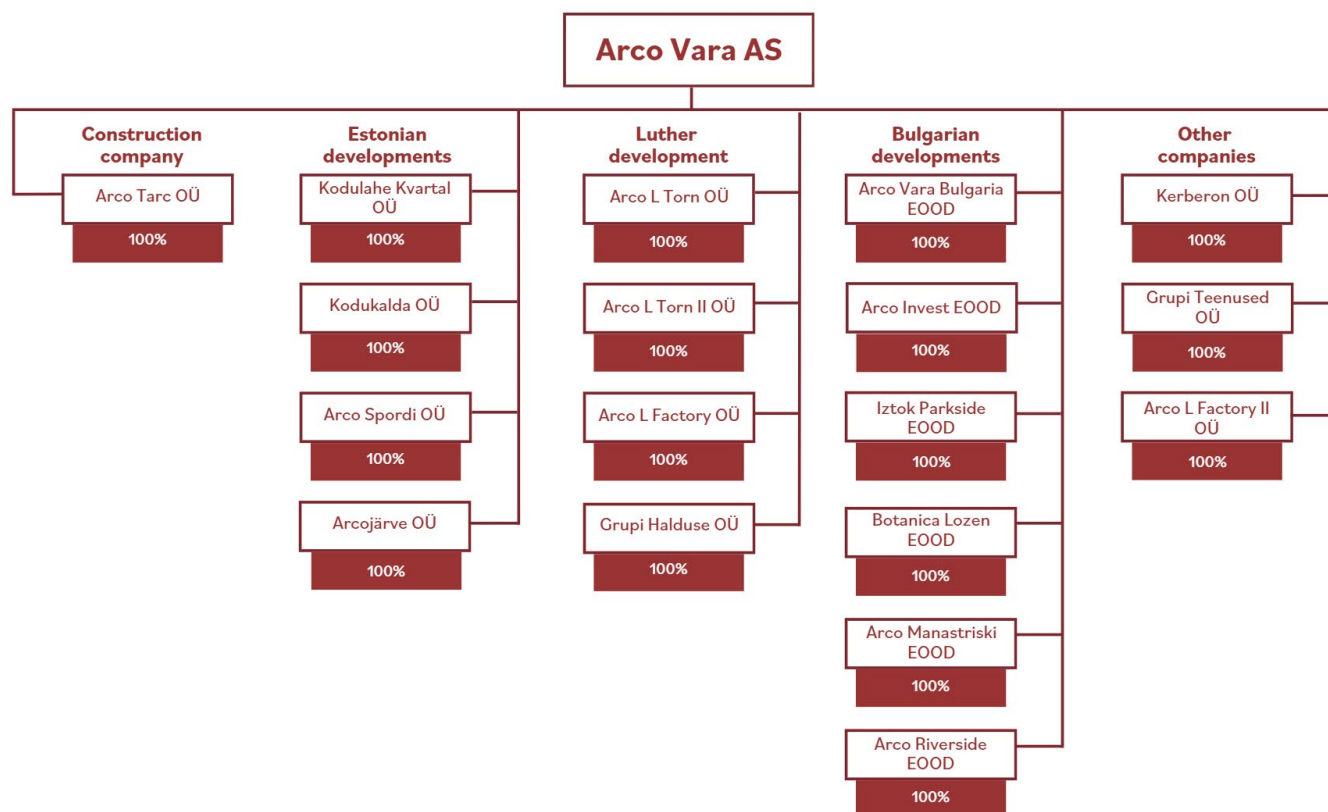
No of units (above ground)

<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.

Group structure

Arco Vara AS is part of the OÜ Alarmo Kapital group. As of 31 March 2026, the Group consisted of 18 companies.



Significant subsidiaries as of 31.03.2026

Company name	Location	Share capital (nominal value)	Equity on 31.03.2026	Group's shareholding
		<i>in € thousands</i>	<i>in € thousands</i>	
Arco L Torn OÜ	Estonia	3	-174	100%
Arco L Torn II OÜ	Estonia	3	-37	100%
Arco L Factory OÜ	Estonia	3	-50	100%
Kodulahe Kvartal OÜ	Estonia	140	4 835	100%
Arco Spordi OÜ	Estonia	3	486	100%
Arcojärve OÜ	Estonia	28	620	100%
Botanica Lozen EOOD	Bulgaria	8 700	6 228	100%

Key Performance Indicators

- The Group's sales revenue for the first three months of 2026 amounted to EUR 390 thousand, which is EUR 1,316 thousand less than in the same period of 2025.
- For the first three months of 2025, the Group recorded an operating loss (=EBIT) of EUR 483 thousand and a net loss of EUR 578 thousand. In comparison, during the first three months of 2025, the Group incurred an operating profit (=EBIT) of EUR 260 thousand and a net profit of EUR 104 thousand.
- In Q1 2026, a total of 8 apartments were sold in the Group's development projects, including 7 under preliminary purchase agreements and 1 under real right contracts. For comparison, in Q1 2025, 4 apartments were sold under real right contracts. No preliminary contracts were signed.
- As of 31 March 2026, the inventory included 7 completed apartments and 1 commercial unit, compared to 24 completed apartments and 1 commercial unit as of 31 March 2025.
- As of the end of the first three months of 2026, the Group's net debt amounted to EUR 41,300 thousand, which is EUR 25,845 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 8.84% as of 31 March 2026.

Key performance indicators

	3 months 2026	3 months 2025
<i>In thousands of euros</i>		
Revenue	390	1706
Operating profit/loss	-483	260
Finance income and costs	-95	-143
Income tax	0	-13
Net profit/loss	-578	104
Cash flows from operating activities	-3 524	
Cash flows from investing activities	3	
Cash flows from financing activities	3 803	
Net cash flow*	282	
Cash and cash equivalents at the beginning of period	2 784	1 472
Cash and cash equivalents at end of period	3 065	1 113
Total assets at end of period	91 702	42 728
Invested capital at end of period	80 150	36 411
Net debt at end of period	41 300	15 455
Equity at end of period	35 785	19 842

* Comparative cash flow information is not presented due to a change in methodology (from the direct method to the indirect method) and is therefore not comparable with prior periods. Cash flow data for the first quarter of 2025 is presented in the report for the respective period.

Key Ratios

	31 March 2026	31 March 2025
Net profit ratio (rolling, four quarters)	-18.22%	-2.10%
EPS (in euros)	-0.03	0.01
Diluted EPS (in euros)	-0.03	0.01
EBITDA per share (in euros) (rolling, four quarters)	-0.02	0.03
ROIC (rolling, four quarters)	-1.36%	-0.49%
ROE (rolling, four quarters)	-3.16%	-0.86%
ROA (rolling, four quarters)	-1.32%	-0.44%
Equity ratio	0.39	0.46
Current ratio	5.83	6.07
Quick ratio	0.66	1.13
Financial leverage	2.56	2.15
Average loan term (in years)	1.00	2.20
Average annual interest rate of loans	8.84%	8.20%
Number of staff, at period end	15	13

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 revenue for the first quarter of 2026 amounted to EUR 390 thousand (Q1 2025: EUR 1,706 thousand), including EUR 270 thousand from the sale of real estate in the Group's own development projects (Q1 2025: EUR 1,589 thousand).

Other revenue mainly includes income from real estate agency franchise fees in Estonia, Latvia and Bulgaria. Franchise fee income for the first quarter of 2026 amounted to EUR 72 thousand (Q1 2025: EUR 65 thousand).

Estonian Development Projects

In the seventh phase of the Kodulahe quarter, located at Soodi 6, a total of 62 apartments and 4 commercial units are being developed across three separate residential buildings. Construction works are progressing according to plan, and by the end of the first quarter of 2026 the buildings had reached roof level. Topping-out ceremonies are scheduled for the beginning of the second quarter, after which the focus will shift primarily to interior works. Completion of the buildings is planned for the fourth quarter of 2026. As of the date of publication of this report, 28 apartments and all 4 commercial units have been pre-sold.

In the Rannakalda stage of the Kodulahe quarter, completed in 2024, a total of 108 apartments and 5 commercial units were developed across three separate residential buildings. As of the date of publication of the quarterly report, 5 out of 113 units remain available.

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

Arco Vara's subsidiary owns properties located at Spordi 3a and 3b in Tallinn, where two residential buildings with underground parking are under development. In total, 56 apartments (2- to 5-room units) will be constructed, many of which feature balconies or terraces. Construction works are progressing in line with schedule, and by the end of the first quarter of 2026 the buildings had reached their maximum height. Topping-out ceremonies are planned for the beginning of the second quarter, after which interior works will follow. Completion of the buildings is scheduled for the end of 2026. As of the date of publication of the quarterly report, 39 out of 56 apartments remain unsold.

Arco Vara's subsidiary Arcojärve OÜ is developing a project at Paldiski mnt 124b in Tallinn. The planned

development comprises more than 35,000 m² of residential and commercial real estate (gross building volume). The final transaction for the acquisition of the land is scheduled for 30 April 2026, after which the property will be fully owned by the Group. Approval of the detailed spatial plan is expected in the coming months.

In the second quarter of 2025, Arco Vara's subsidiaries Arco L Factory OÜ, Arco L Torn OÜ, Arco L Torn II OÜ and Grupi Halduse OÜ jointly acquired the Luther Quarter. The quarter consists of 15 properties and is located in central Tallinn between Pärnu mnt, Tatari, Vana-Lõuna and Vineeri streets. A valid detailed spatial plan is in place, providing for a gross building volume of 95,000 m², including 18,500 m² of commercial space and 33,000 m² of residential net area. The majority of the volumes set out in the detailed plan are covered by valid building permits.

In the fourth quarter of 2025, cooperation was initiated with two marketing agencies to develop a comprehensive and effective marketing strategy for the Luther Quarter, and pre-sales were launched for registered interested customers. In the first quarter of 2026, active design work and preparations for the commencement of construction continued. Public sales are planned to begin in spring 2026, and construction works are scheduled to commence in summer 2026.

Bulgarian Development Projects

In the first quarter of 2026, Arco Vara AS entered into an agreement for the sale of a 25% shareholding in Botanica Lozen EOOD, the company developing the Botanica Lozen residential project in Sofia. The transaction value amounts to EUR 2,200,000, of which EUR 1,000,000 was received as an advance payment in the first quarter, with the remaining amount to be paid upon completion of the transaction. Completion is subject to customary conditions precedent and is expected in mid-May 2026.

At the same time, development activities in Bulgaria are progressing according to plan. All construction works have been completed. All 16 houses in the first phase have been sold, and the final units are expected to be handed over to customers by mid-summer 2026 at the latest.

Other

The padel center developed by Arco Vara's subsidiary Kerberon OÜ at Helme 18 has been leased out under a long-term full lease agreement and generates stable rental income for the Group. Rental income for the first quarter of 2026 amounted to EUR 45 thousand.

People

Remuneration

As of 31 March 2026, the Group employed 15 people (compared to 15 as of 31 December 2025).

The Group's personnel expenses for Q1 2026 amounted to EUR 379 thousand (compared to EUR 318 thousand in Q1 of 2025). 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 58 thousand in Q1 2026 (Q1 2025: EUR 63 thousand).

Remuneration paid to members of the Supervisory Board (including social tax) totaled EUR 21 thousand for the first three months of 2026 (Q1 2025: EUR 3 thousand).

Management board and supervisory board

The Management Board of Arco Vara AS typically consists of a single member. Since 15 July 2024, the Chief Executive Officer and member of the Management Board has been Kristina Mustonen, whose term of office is four years. In January 2026, Kristina Mustonen submitted her resignation from the positions of member of the Management Board and Chief Executive Officer at her own request. In accordance with her Management Board member agreement, her authority remains in force until the expiry of the notice period.

The Supervisory Board of Arco Vara AS appointed Rait Riim as the new member of the Management Board and Chief Executive Officer of the Company. His term commenced on 1 April 2026 and is valid for three years. In accordance with the decision of the Supervisory Board, Kristina Mustonen was recalled from the Management Board of Arco Vara AS on 22 April 2026.

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

In the second quarter of 2025, the General Meeting of Shareholders extended the terms of office of the Supervisory Board members for a further five years.

The remuneration of the Chairman of the Supervisory Board was set at EUR 5 thousand per month (net), and the remuneration of the other members of the Supervisory Board at EUR 500 (net) per meeting.

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 31 March 2026, the Group had interest-bearing liabilities totaling EUR 44,366 thousand, of which EUR 4,165 thousand are due within the next 12 months. The Group's interest-bearing liabilities increased by EUR 3,903 thousand during the first three months of 2026 compared to the end of 2025.

The Group's cash balance as of 31 March 2026 was EUR 3,065 thousand (31 December 2025: EUR 2,784 thousand).

In Q1 2026, the Group paid EUR 493 thousand in interest on its interest-bearing liabilities (Q1 2025: EUR 322 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 8.84% as of 31 March 2026, representing a decrease of 0.25 percentage points compared to the end of 2025.

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 31 March 2026, the share price closed at EUR 1.500, the closing price at the end of 2025 was EUR 1.660. During Q1 2026, the highest recorded share price was EUR 1.675 and the lowest was EUR 1.500.

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 31 March 2026, equity per share was EUR 2.06 (31 December 2025: EUR 2.09).

The market capitalization of Arco Vara AS as of 31 March 2026 was EUR 26,053 thousand, and the P/B (price-to-book) ratio was 0.73 (31 December 2025: EUR 28,831 thousand and 0.79, respectively).

The dynamics of Arco Vara AS’s share price and trading volumes over the first three months of 2026 and the past three years are illustrated in the following charts.

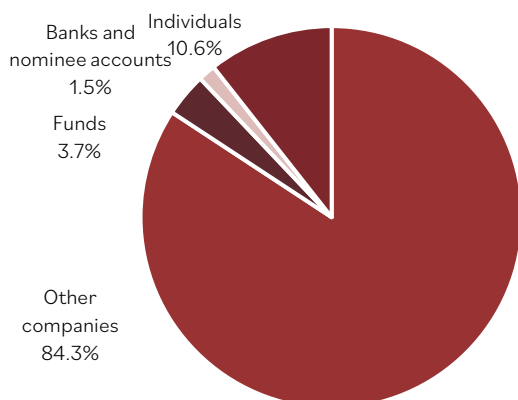


<https://www.nasdaqbaltic.com/statistics/en/instrument/EE3100034653/trading> 21.04.2026

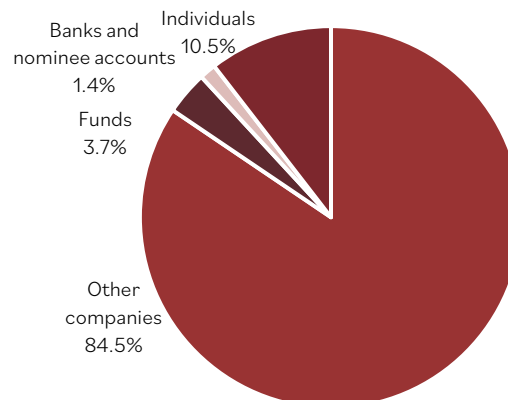
Shareholder structure

As of 31 March 2026, Arco Vara had a total of 7,113 shareholders (compared to 7,239 as of 31 December 2025), including 6,545 individual shareholders (31 December 2025: 6,660), who collectively held a 10.6% stake in the company (31 December 2025: 10.5%). The full breakdown of ownership by shareholder category is presented in the following charts.

Ownership structure as of 31.03.2026



Ownership structure as of 31.12.2025



Major shareholders on 31 March 2026

Name	No of shares	Share, %
OÜ ALARMO KAPITAL	8 685 031	50.00%
LUTHER FACTORY OÜ	1 618 926	9.32%
LUTHER FACTORY HOLDING OÜ	1 570 001	9.04%
PEEDA OÜ	1 212 644	6.98%
TEMM CAPITAL OÜ	343 953	1.98%
FIREBIRD REPUBLICS FUND LTD 1	329 357	1.90%
AIA TÄNAV OÜ	229 000	1.32%
MARKO TEIMANN	200 029	1.15%
Total	14 188 941	81.69%

Holdings of management and supervisory board members on 31 March 2026

Name	No of shares	Share, %	
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%
Kert Keskaik (Individual, via K Vara OÜ, Kolde Invest OÜ and K24 Invest OÜ)	Chairman of the Supervisory board	208 088	1.20%
Hillar-Peeter Luitsalu (HM Investeeringud OÜ, lähikondsed)	Member of the Supervisory board	132 371	0.76%
Allar Niinepuu (OÜ Kavass)	Member of the Supervisory board	29 288	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%
Total:		9 291 663	53.50%

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 Chief Executive Officer and member of the Management Board confirms that the interim management report for the first quarter of 2026 of Arco Vara AS provides a true and fair view of Arco Vara AS as the issuer and of the undertakings included in the consolidation group as a whole, their business development, results of operations and financial position, and includes a description of the principal risks and uncertainties.

A handwritten signature in blue ink, appearing to be "Rait Riim", written over a faint, light blue grid background.

Rait Riim
Chief Executive and Member of the Management Board of Arco Vara AS

30 April 2026

Condensed Consolidated Interim Financial Statements

Consolidated Statement of Comprehensive Income

	Note	3 months 2026	3 months 2025
<i>In thousands of euros</i>			
Revenue from sale of own real estate		270	1 589
Revenue from rendering of services		120	117
Total revenue	2.3	390	1 706
Cost of sales	4	-325	-1 108
Gross profit		65	598
Other income		87	1
Marketing and distribution expenses	5	-124	-69
Administrative expenses	6	-440	-270
Other expenses		-71	-1
Operating profit/loss		-483	260
Finance income and costs	7	-95	-143
Profit/loss before tax		-578	117
Income tax		0	-13
Net profit/loss for the period		-578	104
Total comprehensive income/expense for the period		-578	104
Earnings per share (in euros)	8		
- basic		-0.03	0.01
- diluted		-0.03	0.01

Consolidated Statement of Financial Position

	Note	31 March 2026	31 December 2025
<i>In thousands of euros</i>			
Cash and cash equivalents		3 065	2 784
Receivables and prepayments	9	6 968	6 420
Inventories	10	78 786	74 127
Total current assets		88 819	83 331
Receivables and prepayments	9	18	18
Investment property	11	2 296	2 296
Property, plant and equipment	2	533	551
Intangible assets	2	36	41
Total non-current assets		2 882	2 905
TOTAL ASSETS		91 702	86 236
Loans and borrowings	12	4 165	4 180
Payables and deferred income	13	10 594	8 560
Provisions		479	347
Total current liabilities		15 238	13 087
Loans and borrowings	12	40 200	36 283
Payables and deferred income		478	503
Total non-current liabilities		40 679	36 786
TOTAL LIABILITIES		55 917	49 873
Share capital		12 158	12 158
Additional paid-in capital		16 399	16 399
Statutory capital reserve		2 011	2 011
Other reserves	8	28	28
Retained earnings		5 189	5 767
Total equity attributable to owners of the parent		35 785	36 363
TOTAL EQUITY		35 785	36 363
TOTAL LIABILITIES AND EQUITY		91 702	86 236

Consolidated Statement of Cash Flows

	Note	Q1 2026
<i>In thousands of euros</i>		
Cash flows from operating activities		
Operating profit/(loss)		-483
Adjustments:		
Depreciation and impairment of property, plant and equipment		12
Change in receivables and prepayments	9	-547
Change in inventories	10	-4 659
Change in trade payables and deferred income	13	2 153
Net cash flows from operating activities		-3 524
Cash flows from investing activities		
Payments for acquisition of tangible and intangible assets		-4
Interest received		7
Net cash flows from investing activities		3
Cash flows from financing activities		
Proceeds from borrowings	12	4 659
Repayments of borrowings	12	-754
Interest paid		-102
Net cash flows from financing activities		3 803
Net cash flow		282
Cash and cash equivalents at the beginning of the period		2 784
Change in cash and cash equivalents		282
Cash and cash equivalents at the end of the period		3 065

As of 2026, the Group prepares its statement of cash flows using the indirect method, whereas in previous periods the direct method was applied. Due to the change in methodology, cash flows for the reporting period are not comparable with those of prior periods. Accordingly, comparative cash flow information for the first quarter of 2025 is not presented. For cash flow information for the first quarter of 2025, please refer to the report published for the respective period.

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 2024	7 272	3 835	2 011	28	6 593	19 739
Total comprehensive income for the period	0	0	0	0	104	104
Balance as at 31 March 2025	7 272	3 835	2 011	28	6 697	19 842
Balance as at 31 December 2025	12 158	16 399	2 011	28	5 767	36 363
Total comprehensive income for the period	0	0	0	0	-578	-578
Balance as at 31 March 2026	12 158	16 399	2 011	28	5 189	35 785

Notes to the Condensed Interim Financial Statements

1. Significant accounting policies

The unaudited consolidated interim financial report of Arco Vara AS for Q1 2026 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 2025, 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

	3 months 2026	3 months 2025
<i>In thousands of euros</i>		
Estonia		
Development	274	1 589
Construction	0	0
Other	116	117
Total revenue	390	1 706
Bulgaria		
Development	0	0
Construction	0	0
Other	0	0
Total revenue	0	0
Latvia		
Development	0	0
Construction	0	0
Other	0	0
Total revenue	0	0
Group total		
Development	274	1 589
Construction	0	0
Other	116	117
Total revenue	390	1 706

Revenue by operating segment

	3 months 2026	3 months 2025
<i>In thousands of euros</i>		
Estonia		
Revenue	390	1 706
Operating profit/loss	-368	321
Net profit/loss	-430	138
Bulgaria		
Revenue	0	0
Operating profit/loss	-114	-61
Net profit/loss	-148	-35
Latvia		
Revenue	0	0
Operating profit/loss	0	0
Net profit/loss	0	0
Group total		
Revenue	390	1 706
Operating profit/loss	-483	260
Net profit/loss	-578	104

3. Revenue

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

	3 months 2026	3 months 2025
<i>In thousands of euros</i>		
Estonia		
Sale of own real estate	270	1 589
Rental of real estate	49	44
Franchise	46	42
Other revenue	0	8
Total revenue	364	1 683
Bulgaria		
Franchise	18	15
Total revenue	18	15
Latvia		
Franchise	8	8
Total revenue	8	8
Group total		
Sale of own real estate	270	1 589
Rental of real estate	49	44
Franchise	72	65
Other revenue	0	8
Total revenue	390	1 706

4. Cost of sales

	3 months 2026	3 months 2025
<i>In thousands of euros</i>		
Cost of real estate sold (notes 10, 11)	-229	-1 034
Brokerage fees	-41	-11
VAT cost	0	0
Property management costs	-31	-31
Vehicle expenses	-1	-1
Personnel expenses	0	-6
Other costs	-23	-24
Total cost of sales	-325	-1 108

5. Marketing and distribution expenses

	3 months 2026	3 months 2025
<i>In thousands of euros</i>		
Advertising expenses	-100	-22
Personnel expenses	-21	-24
Depreciation, amortisation and impairment losses	-3	-2
Other marketing and distribution expenses	0	-20
Total marketing and distribution expenses	-124	-69

6. Administrative expenses

	3 months 2026	3 months 2025
<i>In thousands of euros</i>		
Personnel expenses	-188	-153
Personnel related expenses	-11	0
Office expenses	-58	-18
IT expenses	-17	-8
Services purchased	-63	-54
Depreciation, amortisation and impairment losses	-8	-24
Legal service fees	-13	-6
Owner-related and listing expenses	-10	0
Other expenses	-72	-8
Total administrative expenses	-440	-270

7. Financial income and expenses

	3 months 2026	3 months 2025
<i>In thousands of euros</i>		
Interest expenses	-92	-147
Interest income	7	7
Other finance income and costs	-11	-3
Total finance income and costs	-95	-143

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.

	3 months 2026	3 months 2025
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)	-578	104
Earnings per share (in euros)	-0.03	0.01
Diluted earnings per share (in euros)	-0.03	0.01

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.

9. Receivables and prepayments

Short-term receivables and prepayments

	31 March 2026	31 December 2025
<i>In thousands of euros</i>		
Receivables from customers	828	163
Miscellaneous receivables	0	6
Prepaid and recoverable taxes	836	637
Other accrued income	10	-2
Prepayments	5 293	5 617
Total short-term receivables and prepayments	6 968	6 420

As of both 31 March 2026 and 31 December 2025, a prepayment of 4,977 thousand euros has been made for the Arcojärve property.

Long-term receivables

	31 March 2026	31 December 2025
<i>In thousands of euros</i>		
Prepayments	18	18
Total long-term receivables and prepayments	18	18

10. Inventories

Properties purchased and being developed for resale	31 March 2026	31 December 2025
<i>In thousands of euros</i>		
Properties in stock	2 312	2 520
Properties under construction	26 466	22 396
Properties with a building permit	37 688	37 087
Properties in the construction permit process	2 971	2 971
Properties in the detailed planning process	9 349	9 152
Total inventories	78 786	74 127

	2026	2025
<i>In thousands of euros</i>		
Balance at the beginning of period, 1 January	74 127	29 170
Properties purchased for development	0	3 500
Construction costs of apartment buildings	3 661	0
Capitalized borrowing costs	978	175
Other capitalized costs	229	509
Cost of sold properties (note 4)	-208	-1 025
Balance at the end of period, 31 March	78 786	32 329

11. Investment property

	2026	2025
<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, 31 March	2 296	2 157

12. Interest bearing liabilities

	As of 31 March 2026			As of 31 December 2025		
	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	25 433	122	25 312	21 529	122	21 407
Bonds	18 879	4 000	14 879	18 866	4 000	14 866
Finance lease liabilities	53	44	10	68	58	10
Total	44 366	4 165	40 200	40 463	4 180	36 283

In the first quarter of 2026, the Group repaid borrowings in cash transactions in the total amount of EUR 754 thousand (Q1 2025: EUR 424 thousand) and received new borrowings in the total amount of EUR 4,676 thousand (Q1 2025: EUR 3,090 thousand). In addition, in the first quarter of 2026, buyers paid EUR 0 thousand directly to the bank (Q1 2025: EUR 1,313 thousand). This amount is not reflected in the Group's statement of cash flows.

In the first three months of 2026, the following loan liabilities were reduced:

- ▣ bank loan for financing the construction of the Botanica Lozen development project in Bulgaria in the amount of EUR 750 thousand;
- ▣ bank loan for financing the land of the Kodulahe Phase VII (Lammi 6) in the amount of EUR 23 thousand;
- ▣ development loan for the padel centre in the amount of EUR 11 thousand;
- ▣ capitalised office lease in the amount of EUR 15 thousand..

In the first three months of 2026, the Group assumed the following new loan obligations:

- ▣ development loan for Spordi 3a and 3b in the amount of EUR 1,746 thousand;
- ▣ development loan for Kodulahe Phase VI (Soodi 6) in the amount of EUR 2,881 thousand.

In the first three months of 2025, the following loan obligations were reduced:

- ▣ bank loan for financing the construction of the Kodulahe Rannakalda apartment building in the amount of EUR 1,702 thousand, including EUR 1,313 thousand paid directly by customers;
- ▣ bank loan for financing the land of Kodulahe Phase VII (Lammi 6) in the amount of EUR 20 thousand;
- ▣ capitalised office lease in the amount of EUR 15 thousand.

In the first three months of 2025, the Group assumed the following new loan obligation:

- ▣ bank loan for financing the construction of the Kodulahe Rannakalda apartment building in the amount of EUR 1,702 thousand, including EUR 1,313 thousand paid directly by customers;
- ▣ bank loan for financing the land of Kodulahe Phase VII (Lammi 6) in the amount of EUR 20 thousand;
- ▣ capitalised office lease in the amount of EUR 15 thousand.

13. Payables and deferred income

Short-term payables and deferred income

	31 March 2026	31 December 2025
<i>In thousands of euros</i>		
Trade payables	2 900	3 217
Miscellaneous payables	1 002	809
Taxes payable		
Value added tax	-426	0
Corporate income tax	-2	0
Social security tax	55	55
Personal income tax	66	59
Other taxes	7	6
Total taxes payable	-299	120
Accrued expenses		
Payables to employees	120	206
Other accrued expenses	0	192
Total accrued expenses	120	397
Deferred income		
Prepayments received on sale of real estate	6 870	4 016
Total deferred income	6 870	4 016
Total short-term payables and deferred income	10 594	8 560

As at 31 December 2025, payables to suppliers included a higher-than-usual amount related to the scheduled construction of the Botanica Lozen project. Customer advances for Botanica Lozen amounted to EUR 4,561 thousand as at 31 March 2026 (31 December 2025: EUR 3,376 thousand).

In addition, customer advances received for Soodi 6 amounted to EUR 762 thousand as at 31 March 2026 (31 December 2025: EUR 522 thousand). Customer advances received for Spordi 3a/3b amounted to EUR 282 thousand as at 31 March 2026 (31 December 2025: EUR 241 thousand).

No customer advances were received for the Kuldlehe development as at 31 March 2026 or 31 December 2025. Customer advances for the Luther development amounted to EUR 100 thousand as at 31 March 2026.

Long-term payables

	31 March 2026	31 December 2025
<i>In thousands of euros</i>		
Other long-term payables	478	503
Total long-term payables	478	503

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

	3 months 2026	3 months 2025
<i>In thousands of euros</i>		
Other related parties		
Services purchased	17	96
Paid interest	13	8

Balances with related parties

	31 March 2026	31 December 2025
<i>In thousands of euros</i>		
Other related parties		
Long-term liabilities	425	0
Bonds issued	540	310

Remuneration of EUR 58 thousand, including social tax, was accrued to the Chief Executive Officer of the parent company for the first three months of 2026 (first three months of 2025: EUR 62 thousand).

Remuneration of EUR 21 thousand, including social tax, was accrued to the members of the Supervisory Board in the first quarter of 2026 (first quarter of 2025: EUR 3 thousand).

The remuneration of the Chief Executive Officer is based on the Management Board member agreement. Pursuant to the agreement of Kristina Mustonen, the Chief Executive Officer of Arco Vara AS, a fixed monthly fee of EUR 11,000 (net) has been established by the decision of

the Supervisory Board. Upon termination, the Chief Executive Officer is entitled to a severance payment equal to four months' remuneration.

Members of the Supervisory Board receive remuneration of EUR 500 (net) for each meeting attended, but not more than EUR 1,000 (net) per calendar month. Payment of the remuneration is conditional upon the signing of the minutes of the Supervisory Board meeting by the respective members. Members of the Supervisory Board are reimbursed for reasonable travel expenses incurred in connection with attending meetings. The Chairman of the Supervisory Board receives an additional fixed fee of EUR 5 thousand per month (net).

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 2026.

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.

A handwritten signature in blue ink, appearing to be "Rait Riim", written over a faint, light blue circular watermark or background.

Rait Riim
Chief Executive and Member of the Management Board of Arco Vara AS

30 April 2026