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INTERIM REPORT FOR THE FOURTH QUARTER AND  
TWELVE MONTHS OF 2024  
(unaudited)

**INTERIM REPORT FOR THE FOURTH QUARTER AND TWELVE MONTHS OF 2024 (UNAUDITED)**

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<b>Financial year</b>	1 January 2024 – 31 December 2024
<b>Reporting period</b>	1 January 2024 – 31 December 2024
<b>Supervisory board</b>	Tarmo Sild, Steven Yaroslav Gorelik, Kert Keskaik, Hillar-Peeter Luitsalu, Allar Niinepuu
<b>Chief executive</b>	Kristina Mustonen
<b>Auditor</b>	KPMG Baltics OÜ

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## Group CEO's Review

The fourth quarter of 2024 marked a period of adjustment for Estonia's real estate market, with both residential and commercial sectors experiencing shifts in pricing and occupancy rates. Base interest rates were stable compared to the previous quarter and the declined Euribor had an impact on the whole market, showing in the results of Arco Vara for the second half of the year.

In the fourth quarter of 2024, Estonia's apartment market experienced an increase in transaction volumes compared to the same period in 2023, with a significant rise compared to the first six months of this year. We saw record sales in new developments in Tallinn during December 2024. In the fourth quarter of 2024, Arco Vara sold 7 apartments in Rannakalda, matching the number of apartments sold in the third quarter of 2024. This means that in the second half of 2024, we sold 14 apartments in Rannakalda, compared to 7 apartments in the first half of the year, reaching a turnover of €4.2 million. This indicates that the market has bottomed out, with activity beginning to pick up. The worst of the down cycle has passed, especially considering that transaction volumes in other sectors, such as commercial properties, have also started to increase slightly.

In the fourth quarter, our main efforts continued to focus on the Kodulahe residential area, with both projects - Rannakalda's ready apartments and Soodi 6 pre-sales - being a priority. We finished the fourth quarter with the following results: 87 out of 113 units sold in Rannakalda and 10 out of 66 units pre-sold in Soodi 6. The construction of Kodulahe's next stage (Soodi 6) has been postponed to the end of Q1 as we are awaiting the construction permit. Detailed planning of the last stage of Kodulahe, Lammi 6, is ongoing. For Lammi 6, we are planning approximately 175 apartments, the construction start of which is expected in approximately two years.

We are continuing the preparations for Arco Vara's next major project, Arcojärve, including all design aspects and additional values we will offer, as well as registering potential customers. So far, we have seen strong interest in this development, and we are putting our full effort into securing confirmation for the detailed planning of the project in the next couple of months. We plan to begin construction in the second half of 2025.

Our Bulgarian team has achieved 85% project readiness for Botanica Lozen, putting us on track to complete construction by the end of the first half of 2025. We closed 2024 on a positive note with two additional

bookings, bringing the total to 9 houses sold out of 16. Interest in the Botanica Lozen project has grown significantly over the past few months, and we expect even greater interest in the coming months as the houses are completed with full landscaping. This aligns with the preferences of Bulgarian customers, who generally prefer to purchase nearly finished homes, in contrast to the Estonian market, where there is strong demand during the pre-sale stage.

Our team is very proud to have finished 2024 with a great achievement in the Kuldlehe project. We sold 2 boutique apartments out of the 5 in this luxury Merivälja location, reaching a turnover of €1.2 million.

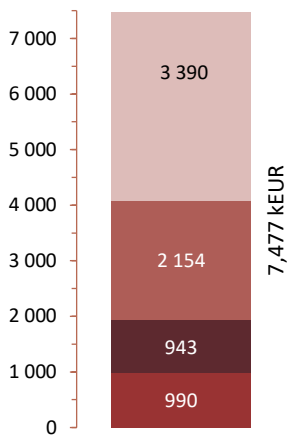
In the fourth quarter of 2024, we saw signs of improvement, contributing to a more positive outlook. Looking ahead, Estonia's real estate market is expected to remain stable but cautious as we move into 2025. In 2024, the market showed signs of recovery, with transaction volumes gradually increasing, especially in the fourth quarter, driven by declining interest rates and improved activity in new developments. However, consumer confidence remained fragile, and economic growth was modest.

While moderate growth in transaction volumes and property prices is anticipated in the second half of 2025, significant market shifts are unlikely in the short term. Factors such as tax increases could put pressure on housing supply and influence market dynamics. Despite these challenges, the gradual easing of interest rates and stabilizing economic conditions are expected to support a slow but steady recovery.

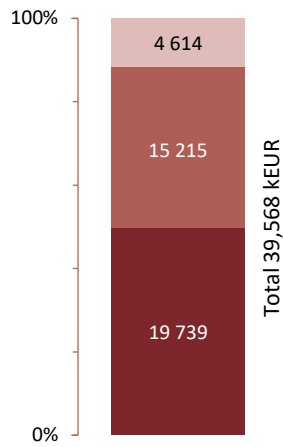
Overall, the worst of the market downturn appears to be behind us, but the path to full recovery will be gradual. Broader market growth is expected to gain momentum by the end of 2025, supported by improving buyer sentiment, increased construction activity, and a more favorable financing environment.

The Arco Vara team's biggest challenge for the upcoming months and the first half of 2025 will be the sales of completed apartments at Kodulahe and Kuldlehe, with a market value of around €14 million. The focus until the end of this year and the beginning of 2026 is on selling the remaining houses at Botanica Lozen with a market value of around €8.4 million.

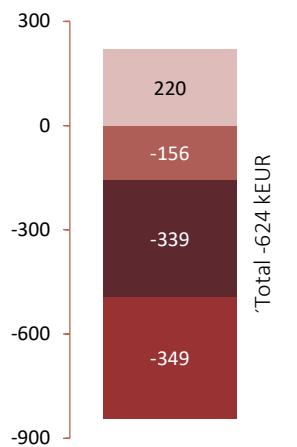
Revenue 2024



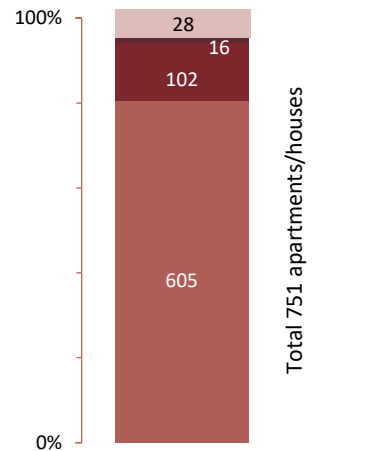
Balance 31.12.2024



Net loss 2024



Residential units in development



■ Q1 ■ Q2 ■ Q3 ■ Q4

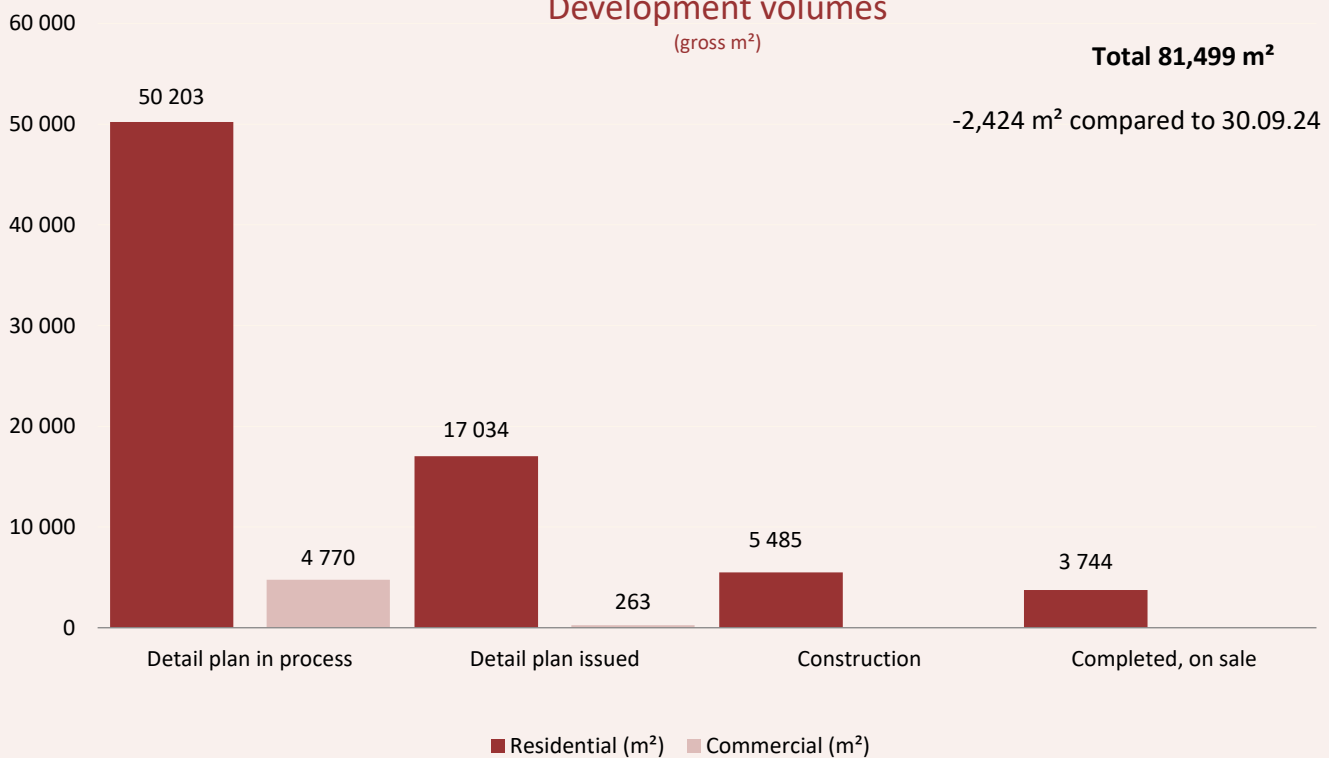
■ Equity  
■ Loans  
■ Other liabilities

■ Q1 ■ Q2 ■ Q3 ■ Q4

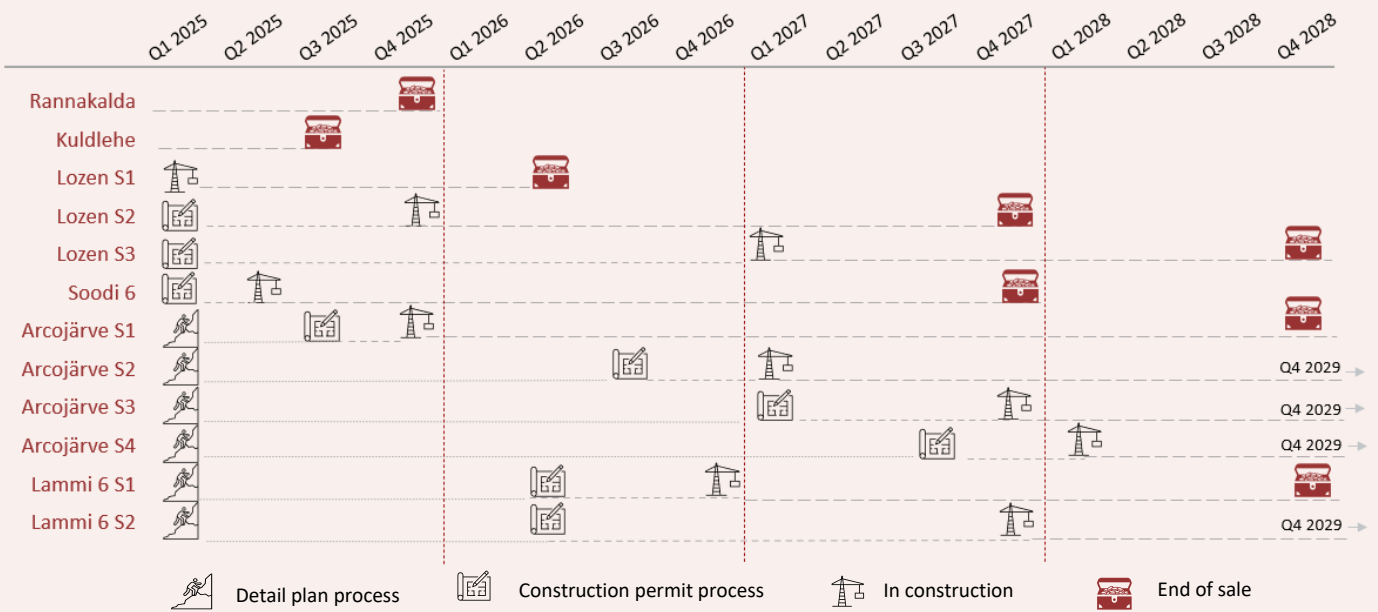
■ DP in process ■ DP issued  
■ Construction ■ Completed/sale

### Development volumes

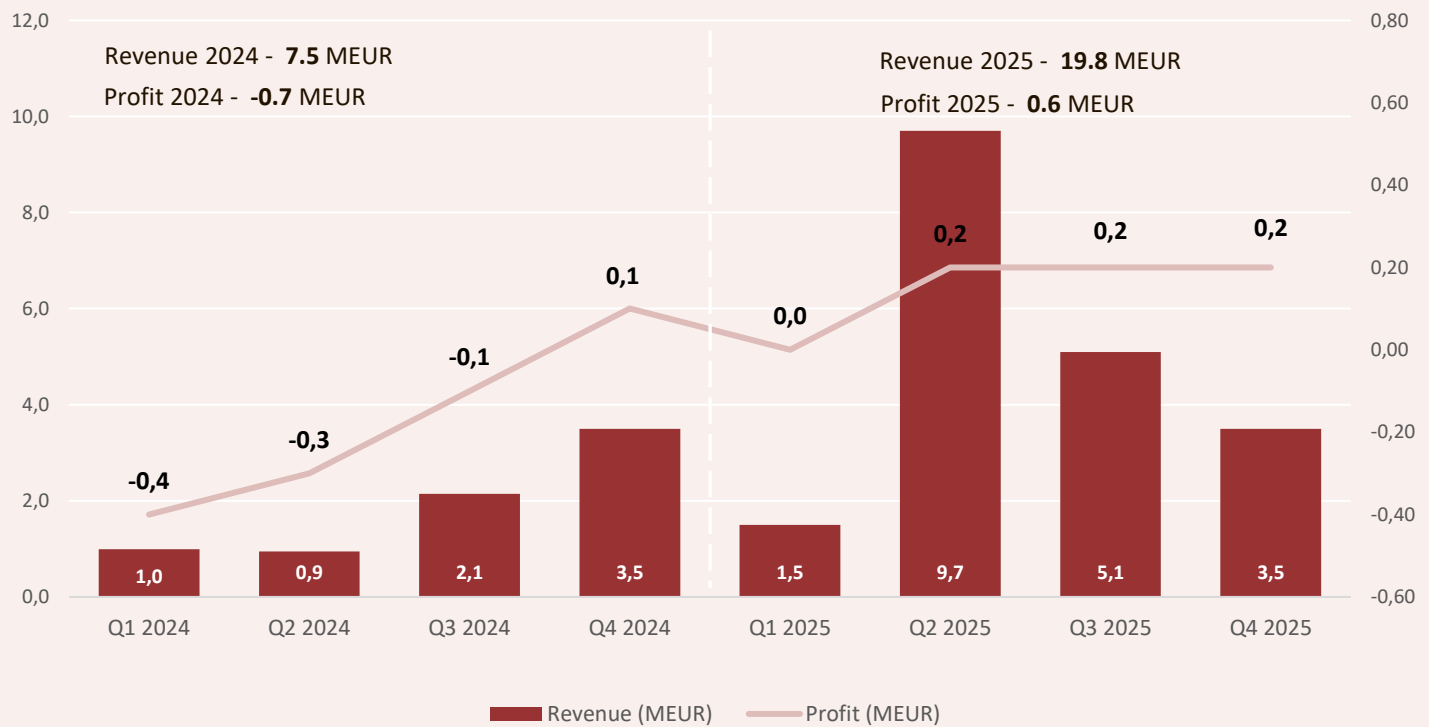
(gross m<sup>2</sup>)



### Development schedule 2025 - 2028



### Arco Vara Group revenue and profit prognoses 2024-2025



## Arco Vara's Active Projects as of 31.12.2024



Project name  
**Kodulahe Rannakalda**

Address  
Lammi 8, Tallinn

Product main type  
Apartments, commercial spaces

Project stage  
Sale

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

GSA/GLA (above ground)  
2,371

No of units (above ground)/ available  
113/25



Project name  
**Botanica Lozen Stage 1**

Address  
Lozen, near Sofia

Product main type  
Houses

Project stage  
Construction

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

GSA/GLA (above ground)  
5,485

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



Project name  
**Kuldlehe**

Address  
Lehiku road 11, Tallinn

Product main type  
Apartments

Project stage  
Sale

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

GSA/GLA (above ground)  
558

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



Project name  
**Kodulahe VII etapp**

Address  
Soodi 6, Tallinn

Product main type  
Apartments, commercial spaces

Project stage  
Detail plan issued

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

GSA/GLA (above ground)  
4,543

No of units (above ground)  
66/56



Project name  
**S2 and S3 Botanica Lozen**

Address  
Lozen, near Sofia

Product main type  
Houses

Project stage  
Detail plan issued

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

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

No of units (above ground)  
<40>



Project name  
**Arcojärve**

Address  
Paldiski road 124b, Tallinn

Product main type  
Apartments, commercial spaces

Project stage  
Detail plan in process

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

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

No of units (above ground)  
<430>

# Arco Vara's Active Projects as of 31.12.2024



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

**Address**  
Lammi 6, Tallinn

**Product main type**  
Apartments, commercial spaces

**Project stage**  
Detail plan in process

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

**GSA/GLA (above ground)**  
<13,100>

**No of units (above ground)**  
<187>



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

**Address**  
Helme 18, Tallinn

**Product main type**  
Sports hall

**Project stage**  
Construction

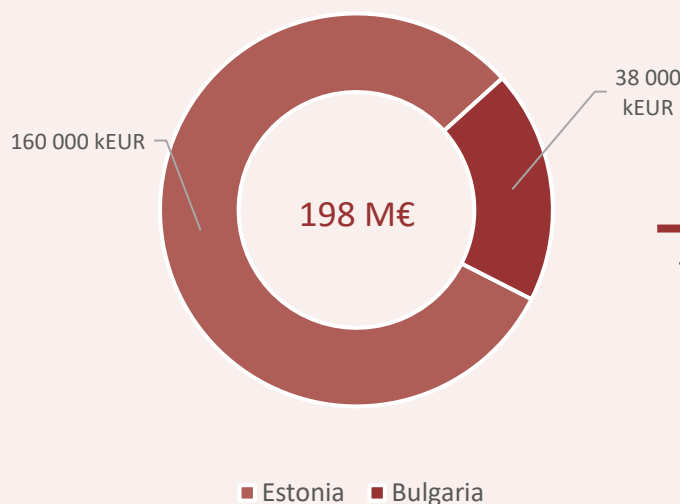
**Area of plot m<sup>2</sup>**  
5,712

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

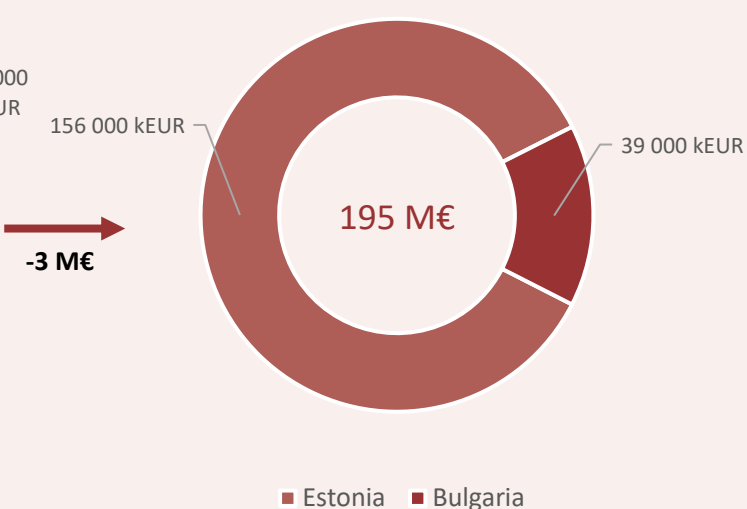
**No of units (above ground)/ available**  
1/0

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

Development revenue of development projects upon completion as of 30.09.2024



Development revenue of development projects upon completion as of 31.12.2024





## General Information

### Activities of the group

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

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




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

### Arco Vara vision and mission

Arco Vara promise:

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

Arco Vara vision:

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

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

### Group structure

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

As of 31 December 2024, the group consisted of 13 companies, which is one less than 31 December 2023.

### Significant subsidiaries as of 31 December 2024

Company name	Location	Share capital (nominal value)	Equity balance on 31 December 2024	The group's interest
<i>In thousands of euros</i>				
Botanica Lozen EOOD	Bulgaria	2,931	1,306	100%
Kodulahe Kvartal OÜ	Estonia	140	4,435	100%
Kodukalda OÜ	Estonia	3	191	100%
Arcojärve OÜ	Estonia	28	532	100%

# 2

countries

# 30+

years of experience

# 2800+

new homes

# 380 000+

developed m<sup>2</sup>

### Arco Vara AS subsidiaries



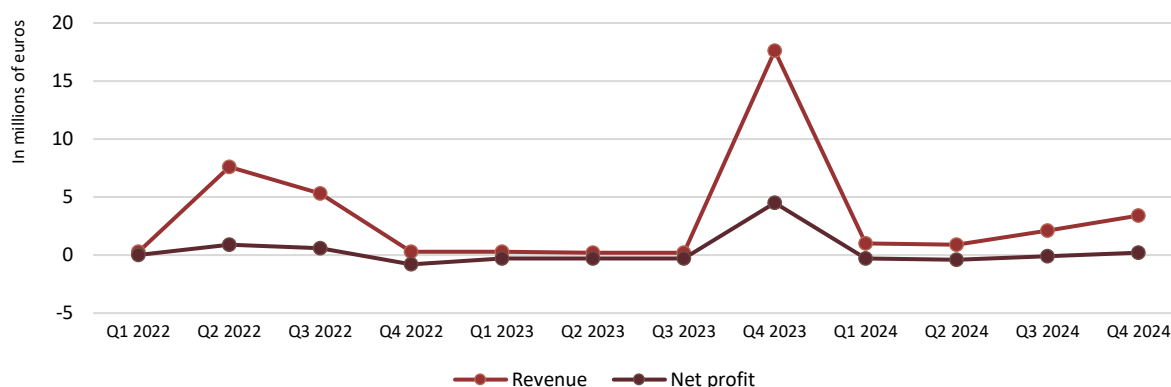
## Key Performance Indicators

- In Q4 2024, the group's sales revenue was 3,390 thousand euros, which is 14,297 thousand euros less than the sales revenue of the Q4 2023 of 17,687 thousand euros, because in Q4 2023, Kodulahe Rannakalda apartment building was completed. For the same reason, the group's sales revenue was 7,477 thousand euros for the 12 months of 2024 which is 2.5 times lower than the sales revenue of 18,339 thousand euros for the 12 months of 2023.
- In Q4 2024, the group's operating profit (=EBIT) was 225 thousand euros and net profit 220 thousand euros (in 12 months 2024: operating profit 68 thousand euros and net loss of 624 thousand euros). In Q4 2023, the group had operating profit of 4,594 thousand euros and net profit of 4,478 thousand euros. In 12 months 2023, the group had operating profit of 3,940 thousand euros and net profit of 3,550 thousand euros.
- In Q4 2024, 9 apartments were sold, 23 apartments were sold in total in 12 months 2024. As of 31 of December 2024, 28 apartments were ready in stock. In Q4 2023, 63 apartments, 3 commercial premises and 3 land plots in Latvia were sold (same in 12 months 2023).
- In the first 12 months of 2024, the group's debt burden (net loans) increased by 4,887 thousand euros up to the level of 13,495 thousand euros as of 31 December 2024. As of 31 December 2024, the weighted average annual interest rate of interest-bearing liabilities was 8.7%. This is an increase of 0.5 percentage points compared to 31 December 2023.

Main financial figures	12 months 2024	12 months 2023	Q4 2024	Q4 2023
In thousands of euros				
<b>Revenue</b>	<b>7,477</b>	<b>18,339</b>	<b>3,390</b>	<b>17,687</b>
<b>Operating profit (EBIT)</b>	<b>68</b>	<b>3,940</b>	<b>225</b>	<b>4,594</b>
Finance income and expense	-640	-390	47	-116
Income tax	-52	0	-52	0
<b>Net profit (loss)</b>	<b>-624</b>	<b>3,550</b>	<b>220</b>	<b>4,478</b>
Cash flows from/used in operating activities	-6,589	-11,880	-812	1,429
Cash flows from/used in investing activities	-2,282	8,891	-145	-2
Cash flows from/used in financing activities	9,119	1,323	1,520	-871
<b>Net cash flows</b>	<b>248</b>	<b>-1,666</b>	<b>563</b>	<b>556</b>
Cash and cash equivalents at beginning of period	1,472	3,427	1,157	916
Cash and cash equivalents at end of period	1,720	1,472	1,720	1,472
Total assets at the end of period	39,568	35,190		
Invested capital at the end of period	34,954	31,097		
Net loans at the end of period	13,495	8,608		
Equity at the end of period	19,739	21,017		

## Revenue and net profit/loss during last years

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Total 2024
In millions of euros															
Revenue	0.3	7.6	5.3	0.3	13.5	0.3	0.2	0.2	17.6	18.3	1.0	0.9	2.1	3.4	7.4
Net profit/loss	0.0	0.9	0.6	-0.8	0.7	-0.3	-0.3	-0.3	4.5	3.6	-0.3	-0.4	-0.1	0.2	-0.6



## Key Ratios

	12M 2024	12M 2023	Q4 2024	Q4 2023
Net profit ratio (rolling, four quarters)	-8%	19%	7%	25%
EPS (in euros)	-0.06	0.34	0.02	0.43
Diluted EPS (in euros)	-0.06	0.34	0.02	0.43
EBITDA per share (in euros) (rolling, four quarters)	0.01	0.39		
ROIC (rolling, four quarters)	-1.8%	9.5%		
ROE (rolling, four quarters)	-3.1%	19.7%		
ROA (rolling, four quarters)	-1.7%	8.2%		
Equity ratio	49.9%	59.7%		
Current ratio	7.55	4.66		
Quick ratio	1.53	0.97		
Financial leverage	2.00	1.67		
Average loan term (in years)	2.1	2.1		
Average annual interest rate of loans	8.7%	8.2%		
Number of staff, at period end	13	18		

### Formulas used:

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

Earnings per share (EPS) = net profit attributable to owners of the parent / weighted average number of ordinary shares outstanding during the period  
Diluted earnings per share (Diluted EPS) = net profit attributable to owners of the parent / (weighted average number of ordinary shares outstanding during the period + number of all potentially issued shares)  
EBITDA per share = operating profit + depreciation and amortization / weighted average number of ordinary shares outstanding during the period  
Invested capital = current + non-current interest-bearing loans and borrowings + equity (at the end of period)  
Net loans = current + non-current interest-bearing loans and borrowings – cash and cash equivalents  
Return on invested capital (ROIC) = net profit of last four quarters / average invested capital  
Return on equity (ROE) = net profit of last four quarters / average equity  
Return on assets (ROA) = net profit of last four quarters / average total assets  
Equity ratio = equity / total assets  
Current ratio = current assets / current liabilities  
Quick ratio = (current assets - inventory) / current liabilities  
Financial leverage = total assets / equity  
Number of staff = number of people working for the group under employment or service contracts

## Operating report

The group's sales revenue was 3,390 thousand euros in Q4 2024 (Q4 2023: 17,687 thousand euros), including the sale of real estate in the group's own development projects 3,273 thousand euros (17,567 euros in Q4 2023).

Other sales revenue in 2024 mainly includes revenue from franchise fees of real estate agencies in Estonia, Latvia and Bulgaria. Franchise fees for the Q4 2024 were 74 thousand euros (in 12 months 273 thousand euros), franchise revenues for the Q4 2023 were 66 thousand euros (in 12 months 252 thousand euros).

In 2024, the pre-sale of the next stage of Kodulahe began: 62 apartments and 4 commercial premises in the form of three buildings will be built at Soodi 6. By the time this report is published, 8 apartments and 2 commercial premises have been presold. The homes are scheduled to be completed in 2026.

In the most premium phase of Kodulahe, Rannakalda, a pavilion, 4 service areas and 108 apartments (as three separate apartment buildings), many of which have a sea view, have been completed. As of the publication date of the quarterly report, 23 of the 113 are vacant.

A subsidiary of Arco Vara, Arcojärve OÜ, in 2021 signed an agreement for land acquisition beside Lake Harku, address Paldiski road 124b, Tallinn. More than 35,000 m<sup>2</sup> of residential and commercial real estate (GBA) is planned for

development. The project is called Arcojärve. As of 31.12.2024, the total advance payment for the land is 4,978 thousand euros. The subsidiary of Arco Vara is obliged to pay an additional 1,627 thousand euros for the purchase of the land within three months from the establishment of the detailed plan for the property by the Tallinn City Government, but no later than 30.04.2026. The start of the construction of the first stage is planned for 2025.

In the Kuldlehe project, an exclusive cluster house with 5 spacious homes was built in Pirita. By the date of publication of the quarterly report, 2 out of 5 apartments are vacant.

The Botanica Lozen project foresees construction of 54 homes (houses) in three stages. Construction and sales of the first 16 buildings have begun – the private houses of the first phase will be completed in Q2 2025. By the date of publication of the quarterly report, 9 out of 16 houses have been pre-sold.

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

## People

### Remuneration

As of 31 December 2024, 13 people worked for the group (18 as of 31 December 2023).

Employee remuneration expenses in 12 months 2024 amounted to 908 thousand euros, out of which 89 thousand euros in Q4 2024 (2023 same periods: 2,252 thousand euros and 490 thousand euros). The employee remuneration expenses also include wages of the construction team, which are capitalized in the cost of the developments being built and which reach the costs through the cost price of the sold apartments.

The employee remuneration expenses include remuneration of the member of the management board / CEO of the group's parent company together with social security charges amounted to 225 thousand euros in 12 months 2024, out of which 56 thousand euros in Q4 2024, (in 12 months and Q4 2023: 281 thousand euros and 164 thousand euros, respectively).

The members of the supervisory board of the group's parent company were remunerated by 36 thousand euros in 12 months 2024, out of which 12 thousand euros in Q4. The remuneration of the members of the supervisory board was 14 thousand euros in 12 months 2023, out of which 3 thousand euros in Q4.

### Management board and supervisory board

The management board of Arco Vara AS usually has one member. From April 30, 2020 to August 31, 2024, Miko-Ove Niinemäe was a member of the board. From 15.07.2024, the CEO of Arco Vara is Kristina Mustonen, her mandate is valid for 4 years.

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

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

## Description of Main Risks

### Strategic risk

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

For mitigating the risk, the group: (i) invests equity into different development projects in different markets (in 2024, in Sofia and Tallinn), (ii) monitors current demand and supply in its home markets and (iii) makes efforts to narrow the time gap between making initial investment and selling the final product – by signing pre-agreements with clients, acquiring land with no or little upfront equity investment etc.

### Credit risk

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

### Currency risk

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

### Liquidity and interest rate risks

The base currency of the group's all loan agreements is euro, and most of the loan obligations are related to the 6-month Euribor. Thus, the group is open to what is happening in the international capital markets. The long-term Interest rate risk is not hedged with derivatives. The group's interest-bearing liabilities amounted to 15,215 thousand euros on 31 December 2024, out of which 234 thousand euros is due within next 12 months. The group's interest-bearing liabilities have increased by 5,135 thousand euros in the 12 months of 2024. The increase was brought about by the (re)financing of completed developments with a bank loan in 2024. The group's cash and cash equivalents totaled 1,720 thousand euros as of 31 December 2024 (31 December 2023 1,472 thousand).

In Q4 2024, interest payments on interest-bearing liabilities totaled 363 thousand euros (in Q4 2023: 343 thousand euros). The interest paid was partly capitalized, partly expensed. The group's weighted average loan interest rate was 8.7% as of 31 December 2024. This is an increase by 0.5 percentage points compared to the end of year 2023. The reason for the increase in the average interest rate of the loan liabilities is the addition of the Euribor component to the Rannakalda development loan.

## Shares and shareholders

### Share price

Arco Vara AS has issued a total of 10,388,367 ordinary shares with nominal value of 0.7 euros per share. The shares (ARC1T, ISIN EE3100034653) are freely traded on NASDAQ Tallinn stock exchange. The share price closed at 1.435 euros on 31 December 2024; the closing price was 1.705 euros on 31 December 2023. During the 12 months of 2024, the highest traded price per share was 1.78 euros and the lowest price 1.31 euros. Equity per share was 1.90 euros as of 31.12.2024 and 2.02 as of 31.12.2023.

As of 31 December 2024, market capitalization of shares amounted to 14,907 thousand euros and P/B (price to book value) ratio was 0.76 (31 December 2023: 17,712 thousand euros and 0.84, respectively). P/E (price to earnings) ratio for the last 4 quarters of the share was -23.92 on 31 December 2024 and 4.99 on 31 December 2023.

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

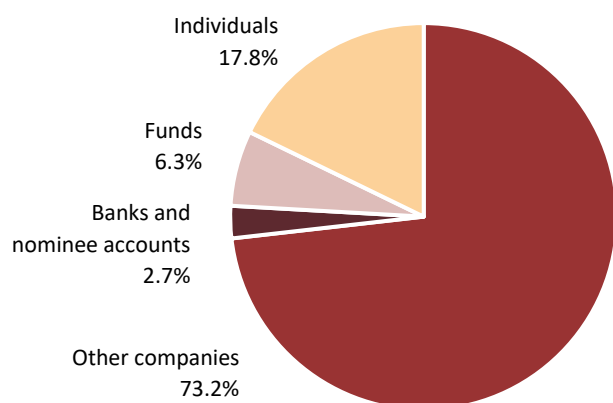


<https://www.nasdaqbaltic.com/statistics/en/instrument/EE3100034653/trading> 10.01.2025

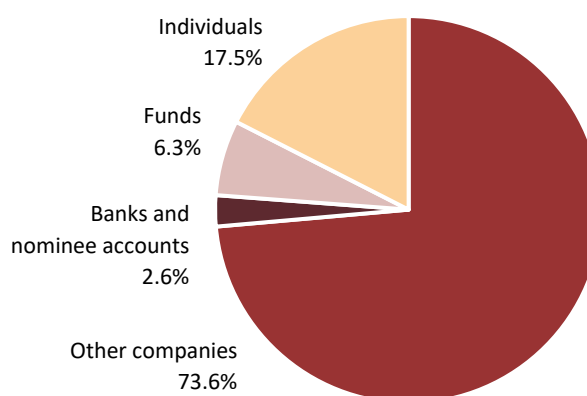
### Shareholder structure

As of 31 December 2024, Arco Vara had 7,891 shareholders (on 31 December 2023 8,316), including 7,255 individuals as shareholders (on 31 December 2023: 7,596 individuals) who jointly owned 17.8% (on 31 December 2023: 17.5%) out of all Arco Vara shares. Complete shareholder structures are presented on the following diagrams.

Ownership structure as of 31.12.2024



Ownership structure as of 31.12.2023



## Major shareholders on 31 December 2024

Name	No of shares	Share, %
Alarmo Kapital OÜ	6,457,531	62.6%
FIREBIRD REPUBLICS FUND LTD	337,057	3.2%
Aia Tänav OÜ	229,000	2.2%
HM Investeeringud OÜ	220,505	2.1%
Marko Teimann	200,029	1.9%
FIREBIRD AVRORA FUND, LTD.	180,343	1.7%
K VARA OÜ	158,742	1.5%
FIREBIRD FUND L.P.	133,948	1.3%
Sander Karu	112,134	1.1%
Citibank (London) / OP Custody Ltd	56,952	0.5%
Other shareholders	2,302,126	22.3%
<b>Total</b>	<b>10,388,367</b>	<b>100.0%</b>

## Holdings of management and supervisory board members on 31 December 2024

Name		No of shares	Share, %
Tarmo Sild ja Allar Niinepuu (Alarmo Kapital OÜ)	Chairman/member of supervisory board	6,457,531	62.2%
Tarmo Sild (privately and Aia Tänav OÜ)	Chairman of supervisory board	245,000	2.4%
Hillar-Peeter Luitsalu (HM Investeeringud OÜ, related persons)	Member of supervisory	259,259	2.5%
Kert Keskaik (privately, K Vara OÜ, K24 Invest OÜ, Kolde Invest OÜ and One Eleven OÜ)	Member of supervisory	212,796	2.0%
Allar Niinepuu (OÜ Kavass)	Member of supervisory board	28,400	0.3%
Steven Yaroslav Gorelik <sup>1</sup>	Member of supervisory	0	-
Kristina Mustonen	Member of management board	1,500	0.0%
<b>Total</b>		<b>7,204,486</b>	<b>69.4%</b>

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



## CEO's Confirmation on Directors' Report

The CEO and member of the management board of Arco Vara AS confirms that the directors' report of Arco Vara for the fourth quarter and 12 months ended on 31 December 2024 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.

A handwritten signature in blue ink, appearing to read "Kristina Mustonen".

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

On 13 February 2025

# Condensed Consolidated Interim Financial Statements

## Consolidated Statement of Comprehensive Income

	Note	12 months 2024	12 months 2023	Q4 2024	Q4 2023
<i>In thousands of euros</i>					
Revenue from sale of own real estate		7,145	17,581	3,273	17,567
Revenue from rendering of services		332	758	117	120
<b>Total revenue</b>	2,3	<b>7,477</b>	<b>18,339</b>	<b>3,390</b>	<b>17,687</b>
Cost of sales	4	-6,194	-12,212	-3,344	-12,003
Gain/loss from revaluation of inventory		487	-528	487	-528
<b>Gross profit</b>		<b>1,770</b>	<b>5,599</b>	<b>533</b>	<b>5,156</b>
Other income		7	107	7	11
Marketing and distribution expenses	5	-551	-387	-146	-119
Administrative expenses	6	-1,127	-1,387	-156	-463
Other expenses		-31	-20	-13	-9
Gain from investment properties		0	28	0	18
<b>Operating profit</b>		<b>68</b>	<b>3,940</b>	<b>225</b>	<b>4,594</b>
Finance income and cost	7	-640	-390	47	-116
<b>Profit/ loss before tax</b>		<b>-572</b>	<b>3,550</b>	<b>272</b>	<b>4,478</b>
Income tax		-52	0	-52	0
<b>Net profit/ loss for the period</b>		<b>-624</b>	<b>3,550</b>	<b>220</b>	<b>4,478</b>
<b>Total comprehensive profit/ loss for the period</b>		<b>-624</b>	<b>3,550</b>	<b>220</b>	<b>4,478</b>
<b>Earnings per share (in euros)</b>	8				
- basic		-0.06	0.34	0.02	0.43
- diluted		-0.06	0.34	0.02	0.43

## Consolidated Statement of Financial Position

	Note	31 December 2024	31 December 2023
<i>In thousands of euros</i>			
Cash and cash equivalents		1,720	1,472
Receivables and prepayments	9	5,690	5,798
Inventories	10	29,170	27,637
<b>Total current assets</b>		<b>36,580</b>	<b>34,907</b>
Receivables and prepayments	9	18	18
Investment property	11	2,296	20
Property, plant and equipment	2	622	221
Intangible assets	2	52	24
<b>Total non-current assets</b>		<b>2,988</b>	<b>283</b>
<b>TOTAL ASSETS</b>		<b>39,568</b>	<b>35,190</b>
Loans and borrowings	12	234	3,391
Payables and deferred income	13	4,487	4,013
Warranty reserve		127	80
<b>Total current liabilities</b>		<b>4,848</b>	<b>7,484</b>
Loans and borrowings	12	14,981	6,689
<b>Total non-current liabilities</b>		<b>14,981</b>	<b>6,689</b>
<b>TOTAL LIABILITIES</b>		<b>19,829</b>	<b>14,173</b>
Share capital		7,272	7,272
Share premium		3,835	3,835
Statutory capital reserve		2,011	2,011
Other reserves	8	27	56
Retained earnings		6,594	7,843
<b>Total equity attributable to owners of the parent</b>		<b>19,739</b>	<b>21,017</b>
<b>TOTAL EQUITY</b>		<b>19,739</b>	<b>21,017</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>39,568</b>	<b>35,190</b>

## Consolidated Statement of Cash Flows

	Note	12 months 2024	12 months 2023	Q4 2024	Q4 2023
<i>In thousands of euros</i>					
Cash receipts from customers		5,203	9,662	1,934	6,983
Cash paid to suppliers		-8,426	-21,316	-2,031	-4,041
Taxes paid and recovered (net)		-2,135	733	-651	-1,225
Cash paid to employees		-1,205	-820	-67	-285
Other cash payments and receipts related to operating activities (net)		-26	69	3	-3
<b>NET CASH FROM/USED IN OPERATING ACTIVITIES</b>		<b>-6,589</b>	<b>-11,672</b>	<b>-812</b>	<b>1,429</b>
Payments made on purchase of tangible and intangible assets		-6	-3	-6	-2
Payments made on purchase of investment property		-2,276	0	-139	0
Receipts from sale of investment property		0	8,894	0	0
<b>NET CASH FROM/USED IN INVESTING ACTIVITIES</b>		<b>-2,282</b>	<b>8,891</b>	<b>-145</b>	<b>-2</b>
Proceeds from loans received	12	13,246	14,095	3,804	4,568
Settlement of loans and borrowings	12	-2,193	-11,026	-1,708	-4,888
Interest paid		-1,311	-1,326	-369	-343
Dividends paid		-623	-624	-207	-208
Proceeds from share capital increase		0	-4	0	0
<b>NET CASH FROM/USED IN FINANCING ACTIVITIES</b>		<b>9,119</b>	<b>1,115</b>	<b>1,520</b>	<b>-871</b>
<b>NET CASH FLOW</b>		<b>248</b>	<b>-1,666</b>	<b>563</b>	<b>556</b>
Cash and cash equivalents at the beginning of period		1,472	3,427	1,157	916
<b>Change in cash and cash equivalents</b>		<b>248</b>	<b>-1,666</b>	<b>563</b>	<b>556</b>
Decrease in cash and cash equivalents through sale of subsidiaries		0	-289	0	0
Cash and cash equivalents at the end of period		<b>1,720</b>	<b>1,472</b>	<b>1,720</b>	<b>1,472</b>

## Consolidated Statement of Changes in Equity

	Share capital	Share premium	Statutory capital reserve	Other reserves	Retained earnings	Total equity
<i>In thousands of euros</i>						
<b>Balance as of 31 December 2022</b>	<b>7,272</b>	<b>3,835</b>	<b>2,011</b>	<b>0</b>	<b>4,917</b>	<b>18,035</b>
Dividends paid	0	0	0	0	-624	-624
Other reserves	0	0	0	56	0	56
Total comprehensive income for the period	0	0	0	0	3,550	3,550
<b>Balance as of 31 December 2023</b>	<b>7,272</b>	<b>3,835</b>	<b>2,011</b>	<b>56</b>	<b>7,843</b>	<b>21,017</b>
<b>Balance as of 31 December 2023</b>	<b>7,272</b>	<b>3,835</b>	<b>2,011</b>	<b>56</b>	<b>7,843</b>	<b>21,017</b>
Dividends paid	0	0	0	0	-625	-625
Other reserves	0	0	0	-29	0	-29
Total comprehensive income for the period	0	0	0	0	-624	-624
<b>Balance as of 31 December 2024</b>	<b>7,272</b>	<b>3,835</b>	<b>2,011</b>	<b>27</b>	<b>6,594</b>	<b>19,739</b>

## Notes to the Condensed Interim Financial Statements

### 1. Significant accounting policies

The unaudited condensed consolidated interim financial statements of Arco Vara AS for the fourth quarter and twelve months ended on 31 December 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the audited

consolidated annual financial statements for the year ended on 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. All amounts in the financial statements are presented in thousands of euros unless indicated otherwise.

### 2. Segment information

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

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

#### Revenue by operating segment

Segment	Bulgarian development		Estonian development		Estonian construction		Other		Eliminations		Consolidated	
	12 months 2024	12 months 2023	12 months 2024	12 months 2023	12 months 2024	12 months 2023	12 months 2024	12 months 2023	12 months 2024	12 months 2023	12 months 2024	12 months 2023
<i>In thousands of euros</i>												
External revenue	0	0	7,204	17,612	0	6	273	721	-	-	7,477	18,339
Revenue from other segments	0	284	0	2	2,255	11,968	890	768	-3,145	-13,022	0	0
<b>Total revenue</b>	<b>0</b>	<b>284</b>	<b>7,204</b>	<b>17,614</b>	<b>2,255</b>	<b>11,974</b>	<b>1,163</b>	<b>1,489</b>	<b>-3,145</b>	<b>-13,022</b>	<b>7,477</b>	<b>18,339</b>

Segment	Bulgarian development		Estonian development		Estonian construction		Other		Eliminations		Consolidated	
	Q4 2024	Q4 2023	Q4 2024	Q4 2023	Q4 2024	Q4 2023	Q4 2024	Q4 2023	Q4 2024	Q4 2023	Q4 2024	Q4 2023
<i>In thousands of euros</i>												
External revenue	0	0	3,316	17,598	0	2	74	87	-	-	3,390	17,687
Revenue from other segments	0	121	0	0	924	1,621	459	211	-1,383	-1,953	0	0
<b>Total revenue</b>	<b>0</b>	<b>121</b>	<b>3,316</b>	<b>17,598</b>	<b>924</b>	<b>1,623</b>	<b>533</b>	<b>298</b>	<b>-1,383</b>	<b>-1,953</b>	<b>3,390</b>	<b>17,687</b>

## External revenue and profit/ loss by segment

Segment	Bulgarian development		Estonian development		Estonian construction		Other		Consolidated	
	12 months 2024	12 months 2023	12 months 2024	12 months 2023	12 months 2024	12 months 2023	12 months 2024	12 months 2023	12 months 2024	12 months 2023
<i>In thousands of euros</i>										
Revenue	0	0	7,204	17,612	0	6	273	721	7,477	18,339
Operating profit/ loss	131	-1,003	284	5,337	-394	-246	47	-148	68	3,940
Net profit/ loss	129	-1,010	-376	5,287	-391	-243	14	-484	-624	3,550

Segment	Bulgarian development		Estonian development		Estonian construction		Other		Consolidated	
	Q4 2024	Q4 2023	Q4 2024	Q4 2023	Q4 2024	Q4 2023	Q4 2024	Q4 2023	Q4 2024	Q4 2023
<i>In thousands of euros</i>										
Revenue	0	0	3,316	17,598	0	2	74	87	3,390	17,687
Operating profit/ loss	144	-687	137	5,570	-8	-77	-48	-212	225	4,594
Net profit/ loss	145	-688	-69	5,519	-7	-76	151	-277	220	4,478

## External assets and liabilities by segment

Segment	Bulgarian development		Estonian development		Estonian construction		Other		Consolidated	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
<i>In thousands of euros</i>										
Assets	12,154	6,503	25,869	27,298	252	62	1,293	1,327	39,568	35,190
Including PPE and intangible assets	16	29	475	0	1	4	182	212	674	245
Liabilities	3,549	662	11,595	8,477	279	1,299	4,406	3,735	19,829	14,173

### 3. Revenue

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

Segment	Estonia		Bulgaria		Latvia		Consolidated	
	12 months 2024	12 months 2023	12 months 2024	12 months 2023	12 months 2024	12 months 2023	12 months 2024	12 months 2023
<i>In thousands of euros</i>								
Sale of own real estate	7,145	17,488	0	0	0	93	7,145	17,581
Rental of real estate	52	1	0	336	0	0	52	337
Property management services	0	0	0	35	0	0	0	35
Franchise	182	174	63	48	28	30	273	252
Other revenue	7	128	0	6	0	0	7	134
<b>Total revenue</b>	<b>7,386</b>	<b>17,791</b>	<b>63</b>	<b>425</b>	<b>28</b>	<b>123</b>	<b>7,477</b>	<b>18,339</b>

Segment	Estonia		Bulgaria		Latvia		Consolidated	
	Q4 2024	Q4 2023	Q4 2024	Q4 2023	Q4 2024	Q4 2023	Q4 2024	Q4 2023
<i>In thousands of euros</i>								
Sale of own real estate	3,273	17,474	0	0	0	93	3,273	17,567
Rental of real estate	44	0	0	0	0	0	44	0
Property management services	0	0	0	0	0	0	0	0
Franchise	45	43	21	16	8	7	74	66
Other revenue	-1	54	0	0	0	0	-1	54
<b>Total revenue</b>	<b>3,361</b>	<b>17,571</b>	<b>21</b>	<b>16</b>	<b>8</b>	<b>100</b>	<b>3,390</b>	<b>17,687</b>

### 4. Cost of sales

	12 months 2024	12 months 2023	Q4 2024	Q4 2023
<i>In thousands of euros</i>				
Cost of real estate sold (note 10)	-5,500	-11,880	-3,113	-11,871
Brokerage fees	-96	-57	-73	-46
Property management costs	-166	-200	-30	-58
Personnel expenses	-131	-7	7	0
Depreciation, amortization and impairment losses	-1	-13	0	-2
Other costs	-300	-55	-135	-26
<b>Total cost of sales</b>	<b>-6,194</b>	<b>-12,212</b>	<b>-3,344</b>	<b>-12,003</b>



## 5. Marketing and distribution expenses

	12 months 2024	12 months 2023	Q4 2024	Q4 2023
<i>In thousands of euros</i>				
Advertising expenses	-239	-174	-61	-56
Personnel expenses	-99	-73	-27	-21
Market-research	-16	-9	-16	-5
Depreciation, amortization and impairment losses	-3	0	-3	0
Other marketing and distribution expenses	-194	-131	-39	-37
<b>Total marketing and distribution expenses</b>	<b>-551</b>	<b>-387</b>	<b>-146</b>	<b>-119</b>

## 6. Administrative expenses

	12 months 2024	12 months 2023	Q4 2024	Q4 2023
<i>In thousands of euros</i>				
Personnel expenses	-678	-937	-75	-347
Office expenses	-88	-85	-16	-25
IT expenses	-36	-44	-9	-12
Services purchased	-200	-145	-23	-40
Depreciation, amortization and impairment losses	-81	-83	-21	-23
Legal service fees	-17	-28	-2	-10
Other expenses	-27	-65	-10	-6
<b>Total administrative expenses</b>	<b>-1,127</b>	<b>-1,387</b>	<b>-156</b>	<b>-463</b>

## 7. Financial income and expenses

	12 months 2024	12 months 2023	Q4 2024	Q4 2023
<i>EUR tuhandetes</i>				
Interest expenses	-652	-391	40	-118
Interest income	18	9	18	4
Other financial costs	-6	-8	-11	-2
<b>Total financial costs</b>	<b>-640</b>	<b>-390</b>	<b>47</b>	<b>-116</b>

## 8. Earnings per share

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

	12 months 2024	12 months 2023	Q4 2024	Q4 2023
Weighted average number of ordinary shares outstanding during the period	10,388,367	10,388,367	10,388,367	10,388,367
Number of ordinary shares potentially to be issued (at period end)	290,000	60,350	290,000	60,350
Net profit/ loss (in thousands of euros)	-624	3,550	220	4,478
Earnings per share (in euros)	-0.06	0.34	0.02	0.43
Diluted earnings per share (in euros)	-0.06	0.34	0.02	0.43

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

Based on the decision of the general meeting of Arco Vara AS on 17.05.2022, a total of up to 63,000 shares will be issued to three senior employees over three years, if the average ROE from the third quarter of 2022 to the second quarter of 2025 is greater than 12%. As of 31.12.2024 and 31.12.2023, the ROE assumption cannot be fulfilled, therefore no reserve has been formed for conditional option programs. If the ROE requirement is still met, as of 31 December 2024, 35,000 shares have been earned on the basis of the option program.

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

## 9. Receivables and prepayments

### Short-term receivables and prepayments

	31 December 2024	31 December 2023
<i>In thousands of euros</i>		
Receivables from customers	352	301
Miscellaneous receivables	6	6
Prepaid and recoverable taxes	152	274
Other accrued income	6	4
Prepayments	5,174	5,213
<b>Total short-term receivables and prepayments</b>	<b>5,690</b>	<b>5,798</b>

### Long-term receivables and prepayments

	31 December 2024	31 December 2023
<i>In thousands of euros</i>		
Deposits	18	18
<b>Total long-term receivables and prepayments</b>	<b>18</b>	<b>18</b>

As of 31.12.2024 and 31.12.2023, the advance payment for the Arcojärve property is 4,978 thousand euros.

## 10. Inventories

Properties purchased and being developed for resale	31 December 2024	31 December 2023
<i>In thousands of euros</i>		
Properties in stock	8,106	0
Properties under construction	7,973	17,199
Properties in the construction permit process	5,630	2,182
Properties in the detailed planning process	7,461	8,256
<b>Total inventories</b>	<b>29,170</b>	<b>27,637</b>

	2024	2023
<i>In thousands of euros</i>		
<b>Balance at the beginning of period, 1 January</b>	<b>27,637</b>	<b>22,474</b>
Construction costs of apartment buildings	4,763	15,727
Capitalized borrowing costs	669	924
Inventory write-down	487	-528
Other capitalized costs	1,591	890
Reclassification to investment property (note 11)	-88	0
Reclassification to property, plant and equipment	-474	0
Cost of sold properties (note 4)	-5,415	-11,850
<b>Balance at the end of period, 31 December</b>	<b>29,170</b>	<b>27,637</b>

In 2023, the value of Lozen development was downgraded, but due to the changed situation, the discount was canceled in 2024.

## 11. Investment property

	2024	2023
<i>In thousands of euros</i>		
<b>Balance at the beginning of period, 1 January</b>	<b>20</b>	<b>82</b>
Net gain on changes in fair value	0	18
Capitalized development costs	2,184	0
Capitalized borrowing costs	4	0
Reclassification from inventories (note 10)	88	0
Sale of investment property	0	-80
<b>Balance at the end of period, 31 December</b>	<b>2,296</b>	<b>20</b>

## 12. Interest bearing liabilities

	As of 31 December, 2024			As of 31 December, 2023		
	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	11,034	121	10,913	6,624	61	6,563
Bonds	4,000	0	4,000	2,120	2,120	0
Capital lease	126	58	68	184	58	126
Other loans	55	55	0	1,152	1,152	0
<b>Total</b>	<b>15,215</b>	<b>234</b>	<b>14,981</b>	<b>10,080</b>	<b>3,391</b>	<b>6,689</b>

In 12 months 2024, the group settled loans in the amount of 2,193 thousand euros (in 12 months 2023: 11,026 thousand euros) through cash transactions and raised new loans in the amount of 13,246 thousand euros (in 12 months 2023: 14,095 thousand euros). In addition, the buyers paid 5,927 thousand euros from the returned loan directly to the bank in 12 months 2024. This amount is not reflected in the group cash flow statement.

In 12 months 2024, the following major loan obligations were settled:

- ▣ 5,268 thousand euros of bank loan for financing construction of apartment building in Kodulahe Rannakalda, out of which 4,871 thousand directly by customers;
- ▣ 1,056 thousand euros of bank loan for financing land of Kuldlehe project, all directly by customers;
- ▣ 63 thousand euros of bank loan for financing land of Kodulahe project's Stage VIII at Lammi 6;
- ▣ 2,120 thousand euros Arco Vara bonds, out of which 1,490 thousand euros returned in cash and 630 thousand converted into new bonds;
- ▣ 1,152 thousand euros, out of which 181 thousand euros returned in cash and 971 thousand converted into bonds;
- ▣ 4 thousand euros of bank loan for financing Helme padel venue;
- ▣ 58 thousand euros of capitalized office rent.

In 12 months 2024, the group raised the following new liabilities:



- ▣ 7,452 thousand euros of bank loan for financing construction of apartment buildings in Kodulahe Rannakalda;
- ▣ 2,000 thousand euros of bank loan for financing construction of apartment buildings in Kuldlehe, including bank receipts of 1,990 thousand, 10 thousand was the contract fee;
- ▣ 4,000 thousand euros Arco Vara bonds, out of which 2,432 thousand euros received in cash and 1,568 thousand euros converted from old loan products;
- ▣ 55 thousand euros loan from private investors, out of which 22 thousand euros received in cash and 33 thousand converted from previous loan products.
- ▣ 1,350 thousand euros bank loan for financing Helme padel venue.

In 12 months 2023, the following major loan obligations were settled:

- ▣ 5,036 thousand euros of Madrid Blvd project's bank loan principal;
- ▣ 15,884 thousand euros of bank loan for financing construction of apartment building in Kodulahe Rannakalda, out of which 11,093 thousand directly by customers;
- ▣ 59 thousand euros of bank loan for financing land of Kodulahe project Stage VIII;
- ▣ 1,000 thousand euros short term credit from related company;
- ▣ 558 thousand euros loan from private investor, out of which 478 thousand settled with receivables;
- ▣ 60 thousand euros of capitalized office rent.

In 12 months 2023, the group raised the following new liabilities:

- ▣ 11,545 thousand euros of bank loan for financing construction of Kodulahe Rannakalda project;

-  1,550 thousand euros loan from private investors;
-  1,000 thousand euros short term credit from related company.

### 13. Payables and deferred income

#### Short-term payables and deferred income

	31 December 2024	31 December 2023
<i>In thousands of euros</i>		
<b>Trade payables</b>	<b>1,869</b>	<b>740</b>
<b>Taxes payable</b>		
Value added tax	4	1,270
Social security tax	14	46
Personal income tax	7	33
Other taxes	1	2
<b>Total taxes payable</b>	<b>26</b>	<b>1,351</b>
<b>Accrued expenses</b>		
Payables to employees	136	1,048
Dividend payable	104	104
Other accrued expenses	188	215
<b>Total accrued expenses</b>	<b>428</b>	<b>1,367</b>
<b>Deferred income</b>		
Prepayments received on sale of real estate	2,110	555
Security deposits	54	0
<b>Total deferred income</b>	<b>2,164</b>	<b>555</b>
<b>Total short-term payables and deferred income</b>	<b>4,487</b>	<b>4,013</b>

As of 31.12.2024, trade payables for the planned construction of Lozen included a larger amount than usual. Lozen's prepayments from customers have also increased as of 31.12.2024.

On 31.12.2023, the VAT debt was higher than usual, because the turnover of the final sales of Rannakalda apartments in December 2023 was 6,292 thousand euros.

On 31.12.2023, payable to employees include the constructors' bonus reserve of 800 thousand euros.

## 14. Related party disclosure

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

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

### Transactions with related parties

	12 months 2024	12 months 2023
<i>In thousands of euros</i>		
<b>Other related parties</b>		
Sold apartments	0	1,919
Services purchased	54	36
Paid interest	12	16

### Balances with related parties

	31 December 2024	31 December 2023
<i>In thousands of euros</i>		
<b>Other related parties</b>		
Short term loans	0	120
Bonds	160	0

In 12 months 2024, the remuneration provided to the CEO/ member of the management board, including social security charges, amounted to 225 thousand euros, out of which 56 thousand euros in Q4 (in 12 months and Q4 2023: 281 thousand euros and 164 thousand euros).

The remuneration provided to the members of the supervisory board of the group's parent company during the first 12 months in 2024 was 36 thousand euros, out of which 12 thousand in Q4 2024 (in 12 months and Q4 2023: 14 thousand euros and 3 thousand euros).

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

resolution of the Supervisory Board on the basis of the contract of service of Kristina Mustonen, the member of the Management Board of Arco Vara AS. A severance pay of 4 months' salary is provided for the CEO.

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

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

The CEO / member of the management board of Arco Vara AS has prepared Arco Vara AS's condensed consolidated interim financial statements for the fourth quarter and twelve months ended on 31 December 2024.

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 read "Kristina Mustonen".

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

On 13 February 2025