



2022 ANNUAL REPORT PRESENTATION

CEO's overview

The real estate market was clearly a rollercoaster this past year: the amount of capital being invested in real estate exceeded all expectations at the beginning of the year, the second half of the year was the clear opposite. And the volatility of construction prices fuelled the fire on top of everything else, which has settled down by now. Arco Vara did not remain untouched by these aspects.

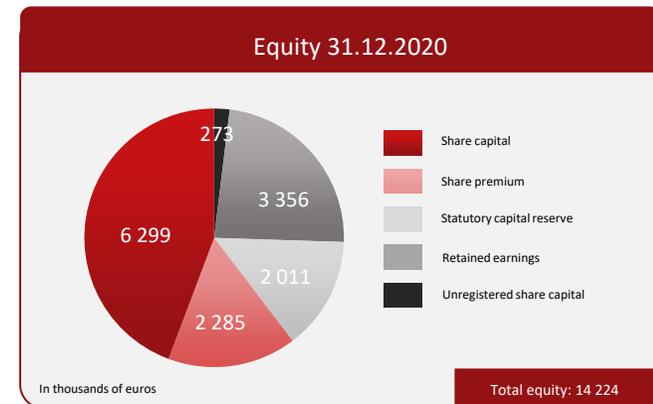
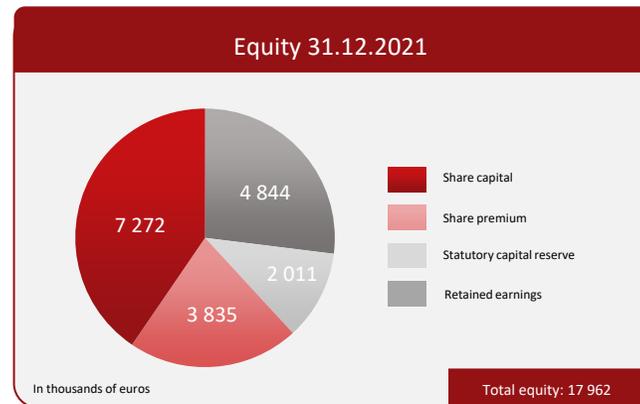
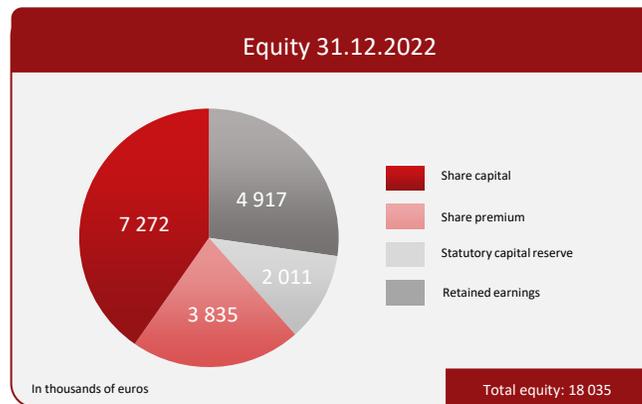
In 2022, clients received 72 new homes in the Kodulahe Quarter in the Pagi 3 and 5 houses, where all apartments had been presold at the time of completing the buildings. The group had no products ready to be delivered in stock throughout 2022, illustrating what happened on the market in the first half of 2022. As at the end of Q3 of 2022, the Kodulahe Rannakalda development contained 11.0 million euros' worth of contracts of presale, but only 1.7 million euros' worth of contracts have been added in the half a year before publishing this report, a good example of the impact of increased interest rates starting in Q4 of 2022. However, the recovering number of inquiries and the increased number of applications for home loans in banks show positive signs, which also has the potential to be reflected in the presales of 2023 of Arco Vara.

The most important event in 2022 for us in Bulgaria was the decision to sell the office building of Madrid BLVD. As the group was not satisfied with the rental revenue of the building after several efforts, a contract of presale was concluded in Q4. The latest date for the transaction entering into force is in June 2023. The aim of Arco Vara is to direct the released 4.1 million euros into projects with a ROE of at least 20% per year.

Last year, the Bulgarian team commenced the construction of the first stage of the Botanica Lozen Residences. The development of the first stage, consisting of 16 homes, is continuing as expected. One house has been presold as at the time of this report. A project is being drawn up for stages 2 and 3 of Botanica Lozen, for the construction permit of the next stage to be issued in Q3 of 2023.

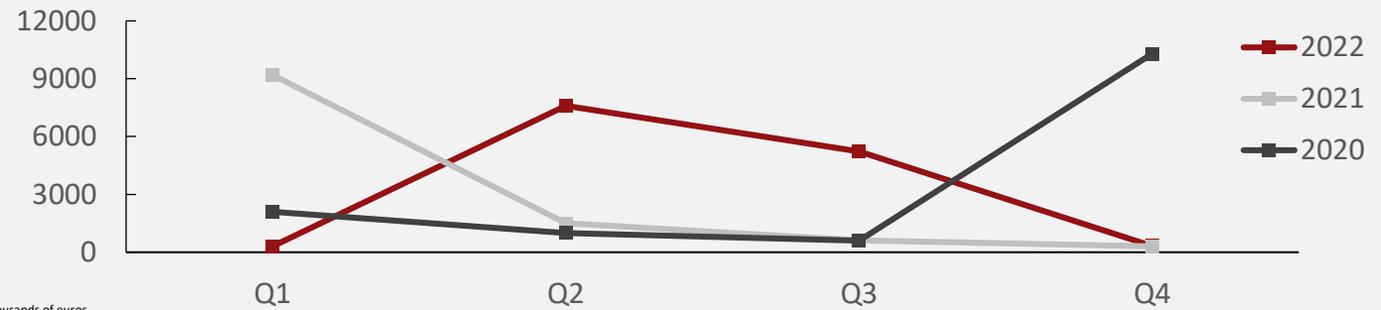
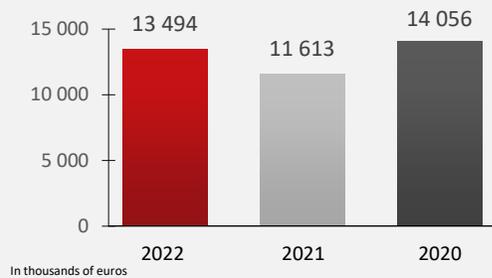
As a deeper look into financial indicators, the high equity-to-asset ratio of recent years has given the group a good position for entering the slower period. At the end of 2022, we obtained a new plot in the Kodulahe Quarter. The team of Arco Vara also continues the development activities of all stages of Kodulahe, Botanica Lozen, and Arcojärve, with the aim to transfer 200 homes per year to clients.

The development and construction teams of Arco Vara face new challenges in 2023 which cannot be likened to those experienced in 2021 and 2022. The risks of war and healthcare are distant today, but their potential unexpected impact, unpredictable in scope, needs to be kept in mind all the same.

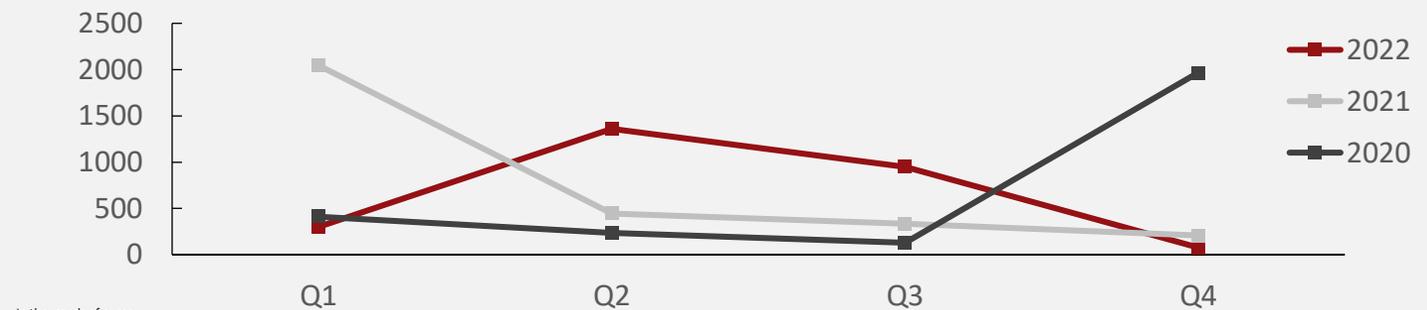
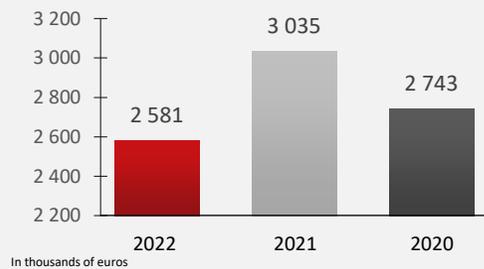


Financial indicators

Revenue

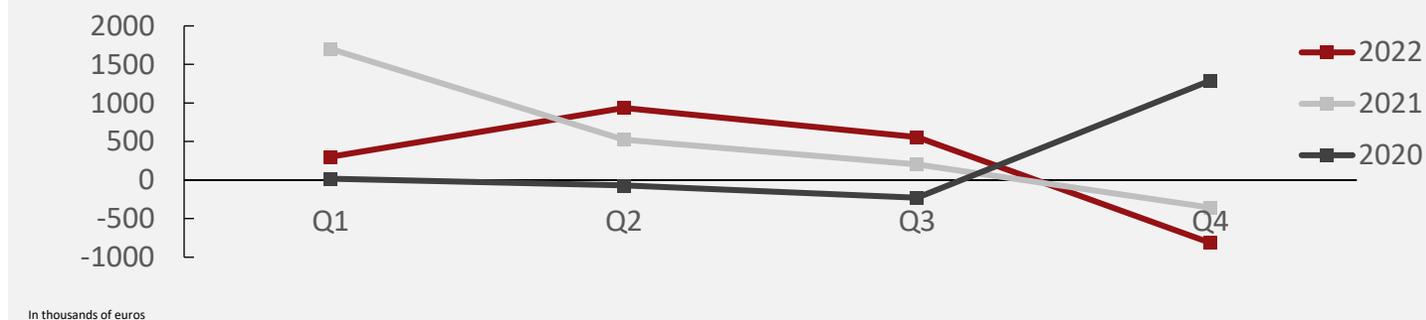
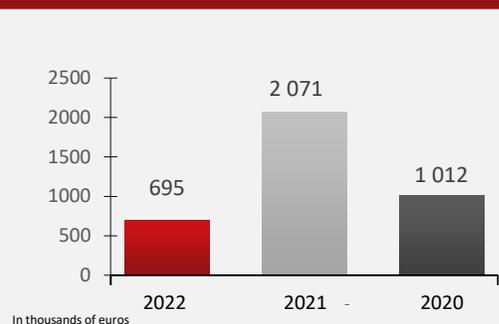


Gross profit

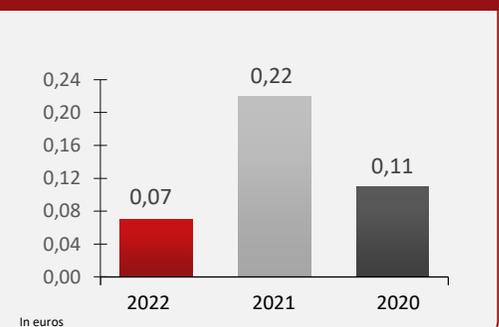


Financial indicators

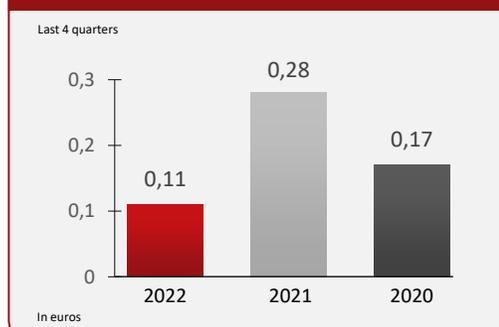
Net profit/loss



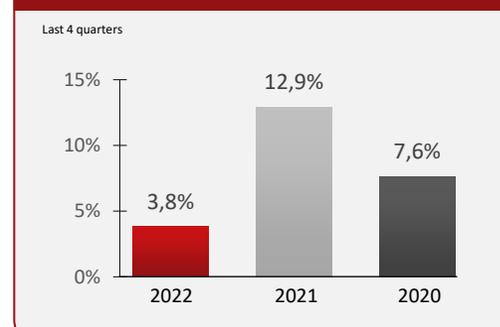
Earnings per share



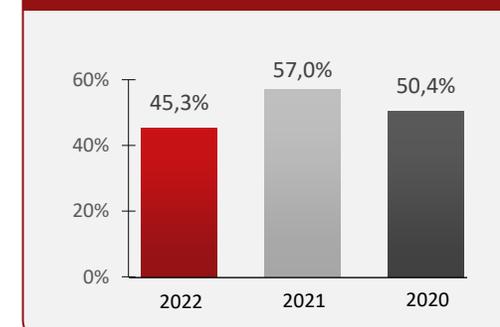
EBITDA per share



ROE

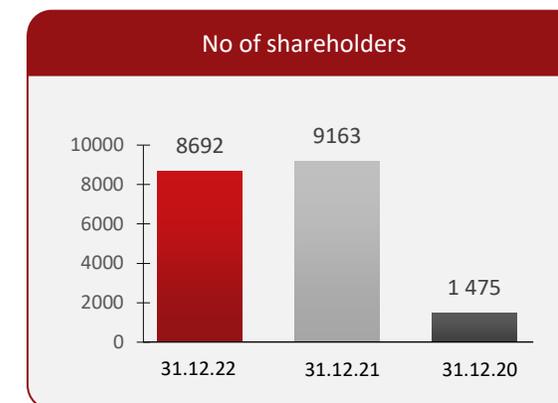
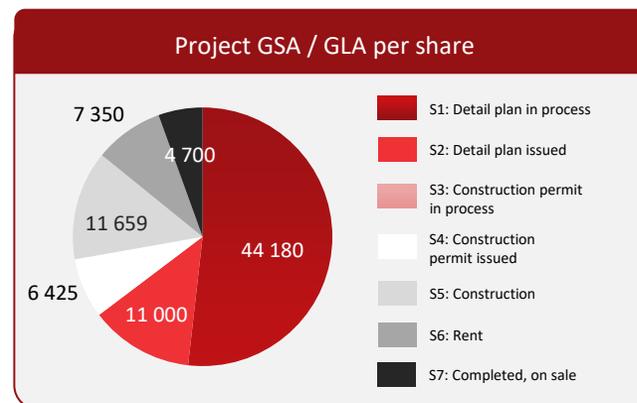


Equity ratio

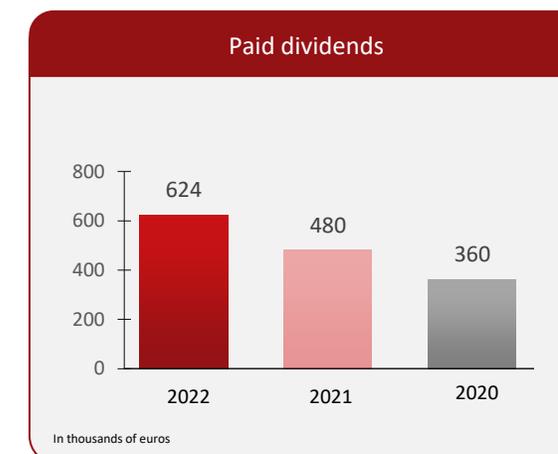
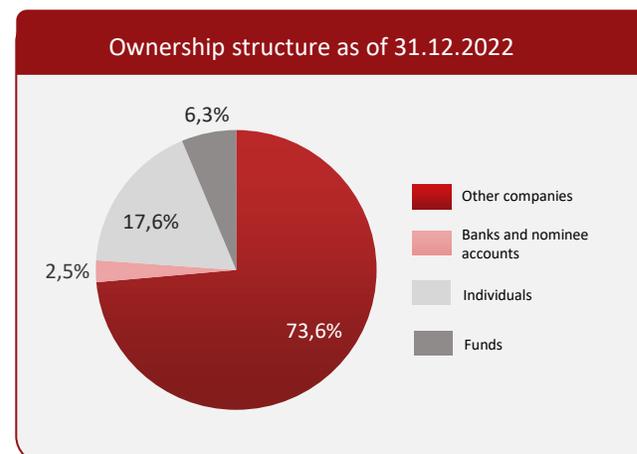


Projects and shareholders

Project name	Product main type
Botanica Lozen	Houses
Harku järve development	Apartments
Kodulahe Rannakalda	Apartments
Kodulahe stage 7	Apartments, commercial
Kodulahe stage 8	Apartments
Kuldelehe	Apartments
Madrid Blvd	Lease: retail / office
Marsili plots	Residential plots



Investor name	No of shares <small>As of 31.12.2022</small>	Share %
Alarmo Kapital OÜ	6 438 531	62,0%
FIREBIRD REPUBLICS FUND LTD	337 057	3,2%
HM Investeeringud OÜ	230 505	2,2%
Marko Teimann	188 174	1,8%
FIREBIRD AVRORA FUND, LTD.	180 343	1,7%
Aia Tänav OÜ	160 960	1,5%
K VARA OÜ	150 901	1,5%
FIREBIRD FUND L.P.	133 948	1,3%
Rafiko OÜ	70 606	0,7%
SANDER KARU	68 609	0,7%
Other investors	2 428 733	23,4%



Consolidated statement of cash flows

In thousands of euros	2022	2021
Cash receipts from customers	10 385	15 894
Cash paid to suppliers	-16 229	-15 516
Other taxes paid and recovered (net)	-1 179	-2 898
Cash paid to employees	-515	-426
Other cash payments and receipts related to operating activities (net)	-242	229
NET CASH USED IN OPERATING ACTIVITIES	-7 780	-2 717

In thousands of euros	2022	2021
Payments made on purchase of tangible and intangible assets	-27	-9
Proceeds from sale of property, plant and equipment	2	0
Proceeds from sale of investment property	670	1
NET CASH FROM / USED IN OPERATING ACTIVITIES	645	-8

In thousands of euros	2022	2021
Proceeds from loans received	12 176	3 944
Settlement of loans and borrowings	-2 107	-2 741
Interest paid	-746	-585
Dividends paid	-624	-480
Proceeds from share capital increase	0	2 250
NET CASH FROM OPERATING ACTIVITIES	8 699	2 388

In thousands of euros	2022	2021
NET CASH FLOW	1 564	-337



ARCO VARA