



2022. Q4 REPORT PRESENTATION

CEO's overview

Looking back on the real estate market of the previous quarter, the only word to describe it is "expectant". Buyers seem to expect for sales prices of real estate to drop and sellers for the increase of interest rates to settle down. Therefore, people are actually expecting an adjustment to the new reality.

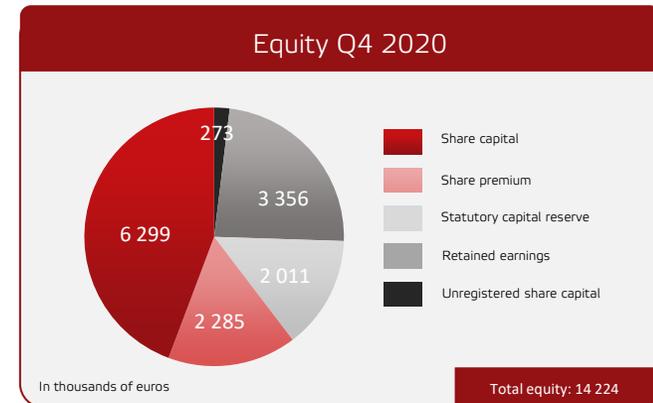
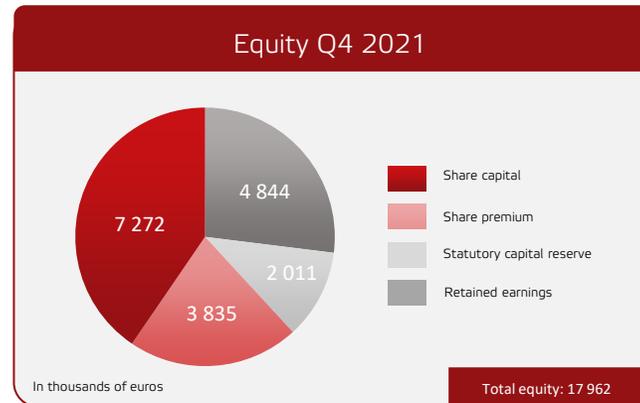
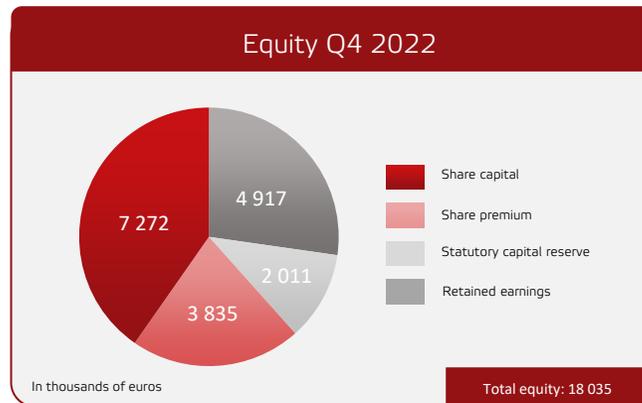
Arco Tarc is continuing construction in Kodulahe Kvartal as planned. We have prepared for a sales period in the second half of 2023 where we foresee an increased demand for apartments with optimal utility costs and stabilizing interest rates. This is supported by an overall drop in construction activities in 2022 and 2023. At the same time, the composition of the Arco Vara land bank and projects in development are clearly advantageous to a further increase of operating volumes.

Construction has begun in the Bulgarian residential development Botanica Lozen Residences, currently undergoing foundation and digging works. A booking contract has been concluded on one building out of the 16 homes to be built in the first stage. It should be noted that Bulgaria is not tied to the increase of base interest rates of the European Central Bank and the local base interest rate has increased to 1.3%, maintaining the spark in the real estate sales market of the country.

From the results of the previous quarter, a loss of nearly 800 thousand euros stands out, a significant part of which is related to the resolution of the board to sell the building at Madrid BLVD after 10 years of efforts to generate stable rental income. The decision is connected to Arco Vara's expectation to generate 20% ROI per year, which the company has not managed by leasing commercial real estate. The released 4.1 million EUR will be redirected to development, i.e., the single loss of the sale of the building does not outweigh the capital being tied up any further.

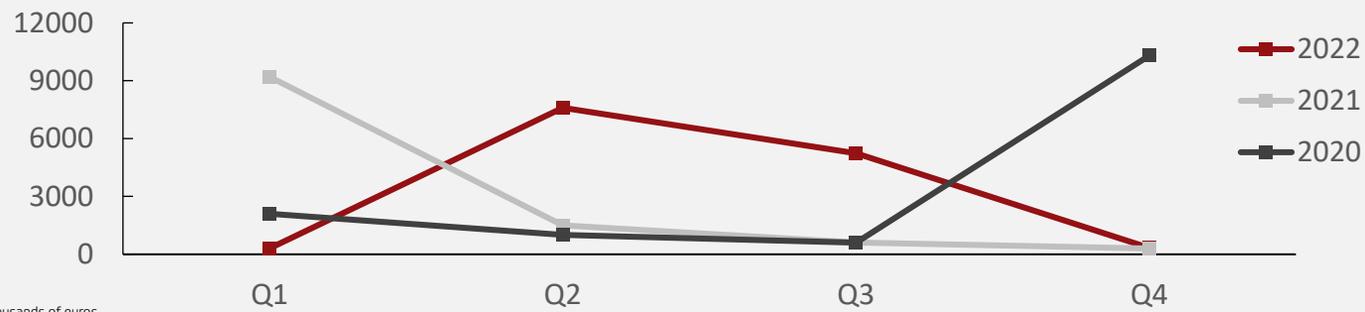
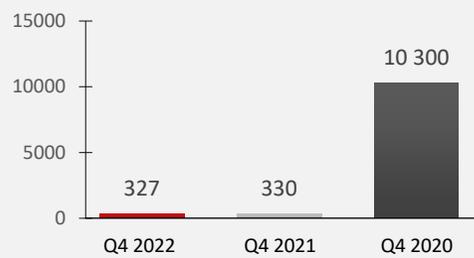
When looking at financial indicators, the high level of liquidity and the low increase of loan interest can be considered a positive sign, facilitated by earlier loan contracts with a fixed interest rate which will keep the interest expenses of Arco Vara under control in future periods as well.

In summary, the objectives of the company have remained the same and we will continue to strengthen the foundation of the company to be able to sell at least 200 homes per year to customers. The primary goal for 2023 is to increase the number of units under development, but we must focus more on innovation in existing developments to create Arco Vara on the next level.



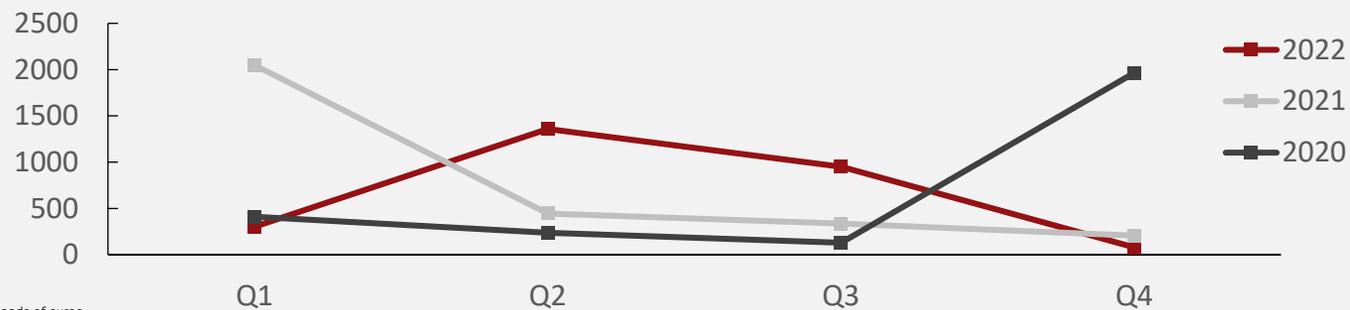
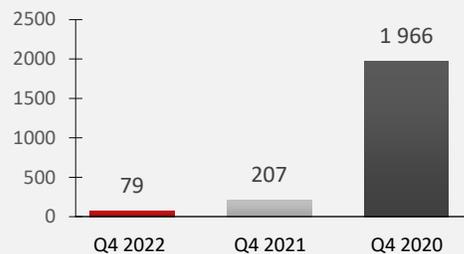
Financial indicators

Revenue



In thousands of euros

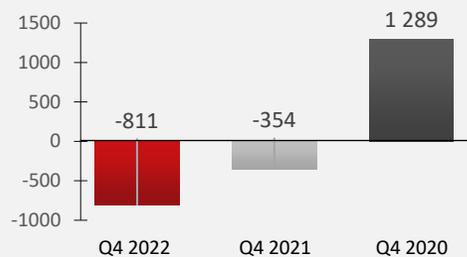
Gross profit



In thousands of euros

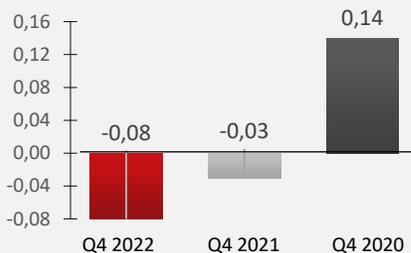
Financial indicators

Net profit/loss

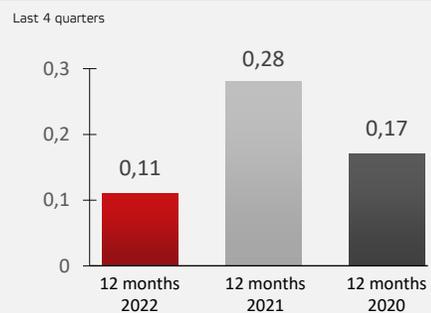


In thousands of euros

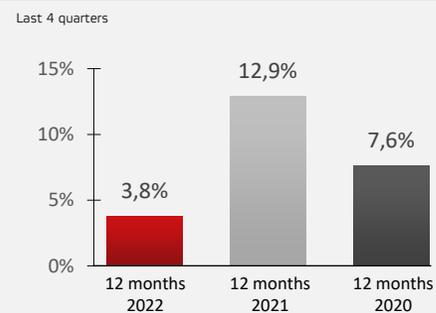
Earnings per share



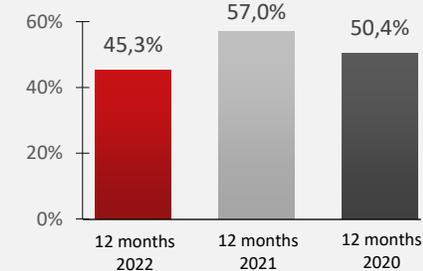
EBITDA per share



ROE

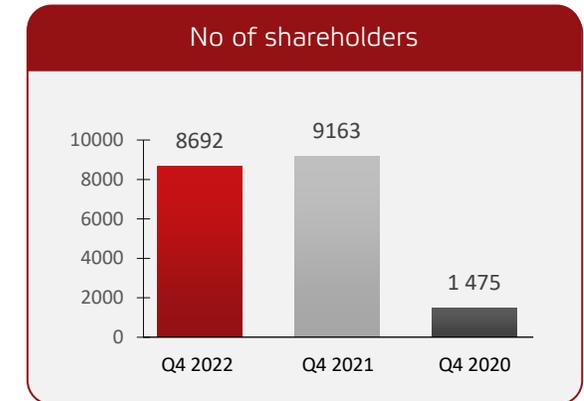
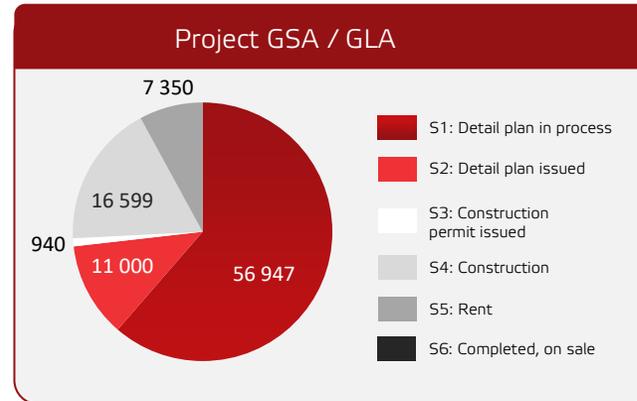


Equity ratio

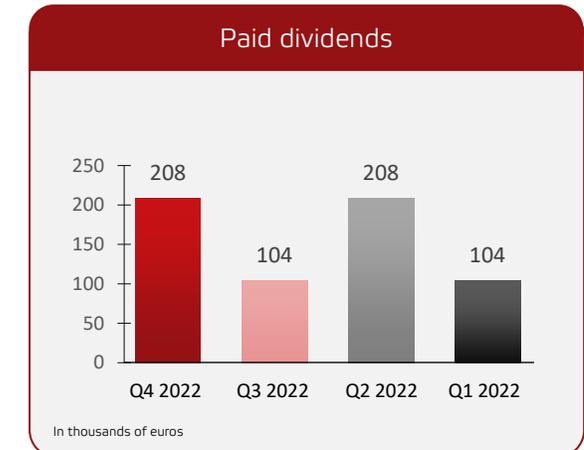
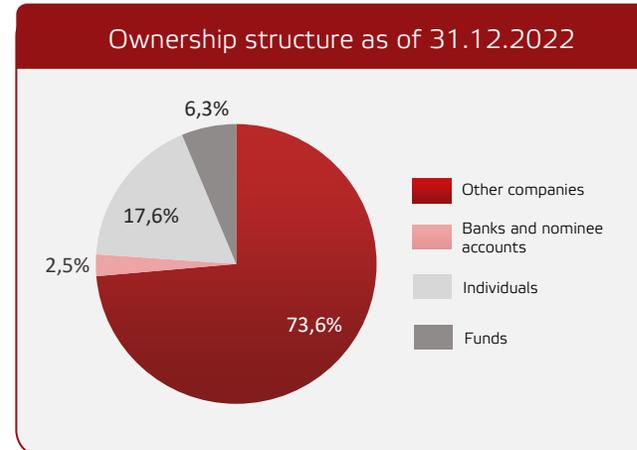


Projects and shareholders

Project name	Product main type
Botanica Lozen	Houses
Harku järve arendus	Apartments
Kodulahe Rannakalda	Apartments, commercial
Kodulahe VII stage	Apartments
Kodulahe VIII stage	Apartments, commercial
Kuldlehe	Apartments
Madrid Blvd	Lease: retail / office
Marsili elamukrundid	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	Q4 2022	Q4 2021
Cash receipts from customers	1 221	968
Cash paid to suppliers	-6 639	-2 810
Other taxes paid and recovered (net)	333	208
Cash paid to employees	-179	-201
Other cash payments and receipts related to operating activities (net)	0	-14
NET CASH FROM / USED IN OPERATING ACTIVITIES	-5 264	-1 849

In thousands of euros	Q4 2022	Q4 2021
Payments made on purchase of tangible and intangible assets	0	-3
Proceeds from sale of investment property	0	0
NET CASH FROM / USED IN OPERATING ACTIVITIES	0	-3

In thousands of euros	Q4 2022	Q4 2021
Proceeds from loans received	7 930	490
Settlement of loans and borrowings	-472	-128
Interest paid	-196	-151
Dividends paid	-208	-104
Proceeds from share capital increase	0	2 250
NET CASH FROM / USED IN OPERATING ACTIVITIES	7 054	2 357

In thousands of euros	Q4 2022	Q4 2021
NET CASH FLOW	1790	505



ARCO VARA