

# AS Pro Kapital Grupp

CONSOLIDATED INTERIM REPORT  
FOR 1 QUARTER AND 3 MONTHS OF 2024  
(UNAUDITED)

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## AS Pro Kapital Grupp in brief

AS Pro Kapital Grupp (hereinafter as “the Group” and/or “Pro Kapital”) is the leading real estate development company in the Baltics, with a commitment and passion for developing high quality, uniquely designed residential and commercial buildings. The Group was established in 1994, which makes Pro Kapital the first professional real estate development company in the Baltics with 30 years of experience. The key focus is on developing large-scale premium areas in the capitals of Baltic states – Tallinn, Riga and Vilnius, aimed at delivering maximum value for the stakeholders.

Pro Kapital has to date, successfully completed more than 300 thousand square meters of living and commercial premises. The Group is focused on delivering the highest quality. Forward looking business management is implemented through all operations across the value-chain, with inhouse competence. This approach enables the Group to ensure sustainable business growth that is socially, economically, and environmentally responsible.



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## Management report

### Key highlights

The **total revenue** of the Group in the first quarter of 2024 was 3.1 million euros compared to 13.4 million euros in the first quarter of 2023.

The real estate sales revenues are recorded at the point of time when legal title is transferred to the buyer. Therefore, the revenues from sales of real estate depend on the construction cycle and the completion of the residential developments.

In 2024, real estate revenue decreased compared to the previous year due to the completion of the final building of Kindrali Houses at the beginning of 2023, when the last apartments were sold and handed over to the customers. By the end of 2023, most of the apartments in our completed real estate projects had been sold. In the first quarter of 2024, we are continuing the construction of the final stage of the Kalaranna District, planning to complete and deliver units from the first two buildings by the end of 2024, and to complete the remaining two buildings by the first quarter of 2025.

The **gross profit** of first three months of 2024 has decreased by 76% amounting to 0.9 million euros compared to 3.7 million euros in 2023.

The **operating result** in the first quarter of 2024 was 0.7 million euros loss comparing to 2.2 million euros profit during the same period in 2023.

The **net result** for the first quarter of 2024 was 1.7 million euros loss, comparing to 1.3 million euros profit in the reference period.

**Cash used in operating activities** during first three months of 2024 was 1.7 million euros comparing to 10.3 million euros generated during the same period in 2023.

**Net assets per share** on 31 March 2024 totalled to 0.95 euro compared to 1 euro on 31 March 2023.

## Key performance indicators

	2024 3M	2023 3M	2023 12M
Revenue, th EUR	3 054	13 415	23 021
Gross profit, th EUR	888	3 666	7 028
Gross profit, %	29%	27%	31%
Operating result, th EUR	-659	2 160	2 963
Operating result, %	-22%	16%	13%
Net result, th EUR	-1 700	1 303	-900
Net result, %	-56%	10%	-4%
Earnings per share, EUR	-0.03	0.02	-0.02

	31.03.2024	31.03.2023	31.12.2023
Total Assets, th EUR	105 855	101 587	107 237
Total Liabilities, th EUR	52 027	44 961	52 814
Total Equity, th EUR	53 828	56 626	54 423
Debt / Equity *	0.97	0.79	0.97
Return on Assets, % **	-1.6%	1.2%	-0.08%
Return on Equity, % ***	-3.1%	2.6%	-1.5%
Net asset value per share, EUR ****	0.95	1.00	0.96

\**debt / equity = total debt / total equity*

\*\**return on assets = net profit/loss / total average assets*

\*\*\**return on equity = net profit/loss / total average equity*

\*\*\*\**net asset value per share = net equity / number of shares*

## Main events

On **15 January 2024** the Group announced about obtained approval from holders of its senior secured callable fixed rate bonds with ISIN SE0013801172 for extending the maturity of the Bonds and for making amendments to the terms and conditions including partial redemption.

On **17 January 2024** the Group announced a mandatory partial redemption of its 28 500 000 senior secured callable fixed rate bonds with ISIN SE0013801172 in amount of 8 550 000 EUR no later than 20 February 2024 by way of reducing the outstanding amount of each bond pro rata at a price equal to 100 per cent of the nominal amount together with accrued but unpaid interest on the prepaid amount. The payment was made on 5 February 2024.

On **22 March 2024** the Group announced about decision to proceed with preliminary agreement that was announced on 24 July 2023 and entered into share purchase agreement to acquire 67.5% stake in Preatoni Nuda Proprieta S.r.l.

# Chairman's summary

## Real Estate Development

In 2024, we are continuing the construction and sales activities of the last stage of Kalaranna 8, Tallinn. The final stage consists of 4 residential buildings with 146 apartments and 4 commercial units which, upon completion, brings the total count of the buildings to 12. In Q1 we reached the topping out of all 4 buildings and the construction is proceeding on schedule. We expect to deliver units from the first two buildings by the end of 2024, and complete the remaining two buildings by the first quarter of 2025. With respect to sales in Kalaranna, as of the publishing of this report, we have reached 40% threshold in presales. We deem this a success in today's challenging market, especially so when our location warrants above average pricing.



*Kalaranna District April 2024*

In Kristiine City, we have continued the sales activities of our new project Uus-Kindrali, with preparatory construction work having started in March 2024. By the end of the first quarter of 2024, we've sold slightly over 30% of our units, and we anticipate an increase in sales as construction progresses. The loan contract for construction works was signed with AS LHV Pank in April 2024.

**In Riga**, our sales of the esteemed River Breeze Residence, recipient of the Baltics Prestige Award for its exceptional architecture, persist. 2023 has been the best year in terms of sales of inventory in River Breeze, and we expect the last apartments to be sold and handed over to customers by the end of 2024. In Q1, 2024 we have concluded 2 sales leaving us with 6 unsold inventory units.

In Vilnius we have completed five residential buildings in Šaltinių Namai Attico project with 115 apartments in 2019. By the end of April, 2024 we have only 2 apartments unsold, out of which one is a model unit. In September 2023 we started the construction of the final stage of Šaltinių Namai Attico with city villas (43 units) and a Residential-commercial building (15 units). As of the end of April 2024, we have achieved approximately 15% completion in construction, which includes the completion of the second-floor structure in the commercial building and the pouring of the ground floor slab in the villas. The loan contract for construction works was signed with Šiaulių bankas in the beginning of May 2024. As of Q1, 2024, we have reached a 25% sellout threshold while achieving record pricing in the market.

We are also continuing the permitting process for our most recent purchase in Naugarduko street. The building, previously a school, will be converted into a high-end residential property located on a hill and opening to spectacular Vilnius old town views, consisting of circa 50 luxury apartments.



By current plan, we are expecting the permit in the summer and to embark on reconstruction works in Q4, 2024.

## Hotel operations

Following two challenging years that significantly impacted the global tourism sector due to the pandemic, there is now a notable resurgence in demand within the hotel industry.

In 2023, the hotel achieved excellent results, and this positive trend has continued into Q1, 2024, with both occupancy and average room rates steadily increasing.

In 2024 special attention and focus is on MICE activities (Meetings, Incentives, Conferences and Exhibitions), aimed at increasing sales in the corporate segment. The successes of Q1, 2024, prove the effectiveness of our strategies, as each month's actual performances have exceeded the monthly budgets set for the year.

## Other matters

In January 2024, the Group extended the terms of conditions of the 28.5 million euro secured bond issue. Pro Kapital made a partial repayment of 8.6 million Euros on 5 February 2024 and has extended the balance of the issue of 19.9 million euros until 20 February 2028. The new interest rate for the bonds is 11% p.a. and the Group has the right to make partial or full repayment of the issue at any time without penalty. On March 22, 2024 the Group acquired 67.5% of the shares of Preatoni Nuda Proprieta S.R.L (registered office in Milan, Italy) at a price of 2,5 million euros.

According to principle of materiality, there were no material differences in the financial statements of Preatoni Nuda Proprieta S.r.l as of acquisition date 22 March 2024 and nearest balance sheet date 31 March 2024, therefore the Group used the financial statements as of 31 March 2024 for recognising the results of Preatoni Nuda Proprieta S.r.l in its consolidated financial statements as of 31 March 2024.

As AS Pro Kapital Grupp is constantly on the lookout for new opportunities the said acquisition will enable the Group to enter a market of bare ownership, a market that is well developed in southern European countries, especially in Italy. We see an opportunity to provide structural support for Preatoni Nuda Proprieta S.R.L while also benefiting from the experience and potentially replicating it in the Baltics.

In the bare ownership model, the buyer acquires the tangible asset of real estate while granting the seller the right to enjoy its benefits, resulting in a discounted valuation commensurate with the seller's age. This strategic approach offers the purchaser a spectrum of opportunities: they may choose to retain the property, anticipating capital appreciation stemming from the initial discounted acquisition, or alternatively, they may opt to transfer the bare ownership to a new investor.

We believe that given the aging population and evolving attitudes of newer generations towards real estate ownership, this approach could offer a fresh perspective on real estate sales. We see this model as both intriguing and innovative, presenting considerable potential for growth while mitigating associated risks.

This transaction describes our attention to new approaches in the field of real estate and stresses our commitment to utilizing the new opportunities.

In closing, I am pleased to report our significant progress and achievements across our real estate development ventures and hotel operations. In 2024, we have demonstrated unwavering commitment to excellence, with our projects in Tallinn, Riga, and Vilnius progressing on schedule and yielding remarkable sales results.

Furthermore, the resurgence in demand within the hotel industry bodes well for our operations, with our focus on MICE activities showing promising results that exceed expectations.

As we navigate through dynamic market landscapes, our commitment to prudent financial management and operational excellence remains steadfast. We are confident that our diversified portfolio, coupled with our unwavering dedication to delivering value to stakeholders, will continue to drive sustainable growth and solidify our position as a leader in the real estate sector.

Thank you to our shareholders, employees, and partners for their continued support and dedication. Together, we look forward to a future filled with promise and opportunity.



Edoardo Preatoni  
CEO  
AS Pro Kapital Grupp  
28 May 2024

# Group structure

As at 31 March 2024



## Overview of the development projects

### Kristiine City in Tallinn

Kristiine City is one of the largest residential areas in the Baltic countries, located in the Kristiine borough, a residential area very close to the City Centre of Tallinn. The unique project plans exquisitely integrated historical red brick buildings with the modern architecture that will arise over the hill, at the very heart of the new quarter. The Kristiine City development will bring lively and elegant atmosphere to the historical barrack area. The residential area is developed mainly to offer green living environment to families and people who prefer living outside the very centre or the city.

### *Kindrali Houses in Kristiine City*

Located among the private houses and apple orchards of Kristiine district, the modern Kindrali Houses project has a warm and cosy heart. Kindrali Houses form a part of the Kristiine City district which is undergoing rapid development near the city centre and offering versatile opportunities for residents of all ages. The focus is on comfort, safety and living in harmony with the environment. The contemporary and Nordic appearance of the buildings is complemented by carefully selected high-quality materials and details in interior design. The buildings have both spacious five-room flats and ground floor studio apartments with separate entrances, as well as a washing room for the four-legged friends.



Kindrali Houses' first stage has been completed, and all apartments have been handed over to the homeowners, except for one unit, which serves as a showroom. In March 2024, we commenced preparatory construction work of the new phase of Kindrali Houses, called Uus-Kindrali.

### Kalaranna in Tallinn

Kalaranna District is a unique sea-side residential district on the border of Tallinn's city center and old town. Kalaranna District, located at Kalaranna 8, will have twelve 4-5 storey buildings on nearly six hectares. The area is being developed in two stages. An integral part of the residential quarter is well-thought-out landscape architecture and a beach promenade that largely preserves the existing natural environment.

During the first phase of construction, eight buildings have been completed with 239 apartments, commercial premises and an underground car park. The area includes the Kalaranna Park with versatile leisure opportunities and a Square connecting the buildings.

To date all buildings of the first stage are completed and handed over to customers. The construction of the final stage, consisting of 4 buildings and 146 apartments, began in March 2023. We expect to deliver units from the first two buildings by the end of 2024, and complete the remaining two buildings by the first quarter of 2025.



### Ülemiste 5, Tallinn

Ülemiste 5 will be developed for commercial use with gross area of ca 18,5 thousand square meters. Located right next to Rail Baltica Ülemiste Terminal, this development project will play a significant role in establishing the new public transportation centre of Tallinn.

## Kliversala in Riga

The district of Klīversala is located in the most picturesque and beautiful part of the centre of Riga. A land plot of almost five hectares in total, is located on the peninsula surrounded by the Daugava River and Agenskalna bay, facing the towers of Old Riga and the President Castle. The property will be developed as an integral residential quarter.



The River Breeze Residence and the neighbouring territory are a significant part of the long-term development strategy of the city of Riga, which will be carried out through the period until 2030. Mainly because the River Breeze Residence is located within the UNESCO heritage protection area it is thereby considered as a highly valuable territory. The River Breeze Residence is the first residential building in Kliversala Quarter. The following stage - Blue Marine, named by its close proximity to the river and yacht port area – is waiting for start of construction.

## Brīvības Business Quarter in Riga

Commercial property development for modern office complex is located on the site of a former factory. The building permit has been issued. The Group has taken the decision to sell this property as it is not in line with our core development direction, i.e. building residential properties. We started the marketing activities in 2023 and the goal is to close the sale within 2024.

## City Oasis Quarter in Riga



City Oasis quarter lies in Tallinas street 5/7 and is a unique residential area in the central city of Riga, where new buildings, modern loft-style apartment buildings and also restored historical buildings can be

found to create an extraordinary atmosphere in the area. The development foresees business premises on the first floors of the buildings. The building permit has been issued and the technical design is completed. Construction will start when market conditions are favourable.

## Šaltinių Namai in Vilnius

Šaltinių Namai | Attico is a prestigious living area, surrounded by the nature in the most tranquil part of the Old Town, located within the UNESCO protection area. Šaltinių Namai | Attico is inspired by the baroque spirit of Vilnius Old Town and the tradition of Italian architecture in Lithuania.

Šaltinių Namai | Attico project with 5 residential buildings is developed and sold, only 2 units are in Prokapital portfolio, one of them is used as a showroom. In September, 2023 Prokapital Lithuania has started the last construction phase with City Villas and a Residential-commercial building.



## Naugarduko 5 in Vilnius

The promising property in the centre of Vilnius will complement our portfolio of high-class residential buildings with impressive panoramas of the old town of Vilnius from the hill on Naugarduko street. After reconstruction the building will blend in with the Šaltinių



Namai | Attico quarter located nearby. The location with cultural attractions, educational and entertainment possibilities within a walking distance, makes the location particularly attractive both for homebuyers and businesses.

## Parkhotel Kurhaus

In addition to the development activities in the Baltic States, we own and operate a hotel in a small German resort town Bad Kreuznach, close to Frankfurt.



## Segments and sales information

As of 31 March 2024, the Group's operations were divided across four geographical segments: Estonia, Latvia, Lithuania and Germany. In addition, the Group monitors its operations through the business activities: real estate sale and rent, hotel operations, maintenance of real estate.

### Revenue structure of the first quarter, in thousands of euros

	EST	EST	LV	LV	LT	LT	GER	GER	Total	Total
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
Real estate	7	9 151	1 561	3 026	0	6	0	0	1 568	12 183
Rent	0	0	36	64	31	23	0	0	67	87
Hotel	0	0	0	0	0	0	1 289	1 026	1 289	1 026
Maintenance	32	27	1	8	92	72	0	0	125	107
Other	1	0	2	3	2	9	0	0	5	12
<b>Total</b>	<b>40</b>	<b>9 178</b>	<b>1 600</b>	<b>3 101</b>	<b>125</b>	<b>110</b>	<b>1 289</b>	<b>1 026</b>	<b>3 054</b>	<b>13 415</b>

The Group's operations in **Estonia** consist of the development and sales of residential and business premises and maintenance of residential and business premises.

The share of the Estonian segment as a percentage of total revenues of the Group for first three months of 2024 amounted to 2% compared to 68% during the same period last year.

During the reporting period the total of 1 parking lot was sold (2023 3M: 63 apartments, 69 parking lots and 54 storage rooms). At the end of the reporting period the stock consisting of 1 apartment, 22 storage rooms and 73 parking spaces in Tallinn were recorded as inventory. The apartment in stock serves as showroom in Kindrali Houses development and therefore is not available for sale.

The Group's operations in **Latvia** consist of development and sale of apartments in premium residential real estate property.

The share of the Latvian segment as a percentage of total revenues of the Group for the three months amounted to 52% comparing to 23% in the same period last year. During the reporting period 2 apartments, 1 storage rooms and 3 parking lots were sold (2023 3M: 4 apartments, 9 parking spaces and 6 storage rooms). At the end of the reporting period the stock consisting of 6 luxury apartments, 6 storage rooms and 25 parking lots were available for sale in Latvia.

The Group's operations in **Lithuania** mainly consist of development and sale of apartments in premium residential real estate properties.

The share of the Lithuanian segment as a percentage of total revenues of the Group for the three months amounted to 4% comparing to 1% during the same period last year. During the reporting period no apartments were sold in Lithuania (2023 3M: 1 storage room). There were 3 apartments, 1 business premise, several storage rooms and parking lots in stock in Vilnius at the end of the reporting period.

The Group's operations in **Germany** consist of development and management of PK Parkhotel Kurhaus, located in Bad Kreuznach.

The share of the German segment as a percentage of total revenues of the Group for the three months amounted to 42% comparing to 8% last year. The occupancy rate of 60% of PK Parkhotel Kurhaus has increased by 13% to compared to 53% during the same period in 2023. The hotel's net operating result for the first three months of 2024 was 69 thousand euros loss (2023 3M: 141 thousand euros loss).

### Other operative data of the first quarter and three months

	EST		LV		LT		Total	Total
	2024 Q1	2023 Q1						
M <sup>2</sup> sold*	0	3 719	452	820	0	0	452	4 539
Average price, m <sup>2</sup> /EUR*	0	2 271	3 254	3 288	0	0	3 254	2 454
M <sup>2</sup> under maintenance	48 276	43 255	0	0	26 768	26 768	75 044	70 023

\*Square meters do not include parking spaces nor storage rooms; prices are considered without value added tax

## Financing sources and policies

Pro Kapital pursues conservative financing policy. The objective of the Group is to use external financing in a manner that enables to avoid interest related risk during the low economic periods and to have sufficient additional external financing capacity when attractive business opportunities occur. The Group seeks to maintain such long-term debt levels that are in reasonable proportion to growth in operations and which preserve the Group's credit standing.

During the reporting period, the Group received 3.4 million and repaid 16 thousand euros of the bank loans and as at 31 March 2024, the total loan debt to the banks was 7.7 million euros (Note 9).

Bank loans taken by the Group are predominantly of middle-term duration, maturing within one to five years. Repayment schedule is mixed, both fixed for some loans and floating, depending on sales volumes for the others.

In January 2024, the Group extended the terms of conditions of the 28.5 million euro secured bond issue. The Group redeemed 8.6 million euros of the bonds in February 2024 by way of reducing the outstanding amount of each bond pro rata at a price equal to 100 per cent of the nominal amount. From 21 February 2024 the senior secured bonds in amount of 19.9 million euros will carry an interest rate of 11%. (Note 9)

As at 31 March 2024 the Group had issued 9.7 million euros unsecured bonds with original redemption date on 31 October 2024. In September 2023 the bondholders approved the extension of the unsecured bonds to 2+2 years with new maturity date of 31 October 2026 with the right to postpone the redemption date until 31 October 2028. The Group will redeem 1.5 million euros, 15% of the denomination value of each bond on 31 October 2024. From 1 November 2024 the bonds in amount 8,2 million euros will carry an interest rate of 9%.

## Shares and shareholders

As at 31 March 2024 Pro Kapital had issued 56 687 954 shares in total with the nominal value 0.20 euros. The registered share capital of the Group was 11 337 590.80 euros.

As at 31 March 2024 there were 1 025 shareholders registered in the shareholders' register. Many of the registered shareholders are nominee companies, which represent multiple non-resident investors.

Shareholders holding over 5% of the shares as at 31 March 2024 were as follows:

Shareholders	Number of shares	Participation in %
Raiffeisen Bank International AG	21 490 780	37.91%
Caceis Bank SA	7 335 775	12.94%
Clearstream Banking AG	16 917 584	29.84%
Svalbork Invest OÜ	5 590 639	9.86%

The largest shareholders of AS Pro Kapital Grupp are Ernesto Preatoni and his affiliates. Based on the information at the possession of AS Pro Kapital Grupp as of 31 March 2024 Ernesto Preatoni and his affiliates control 49.32% of shares of AS Pro Kapital Grupp. The following shares are considered as being controlled by Ernesto Preatoni because the Management Board believes that he is able to control the use of voting rights by the following persons:

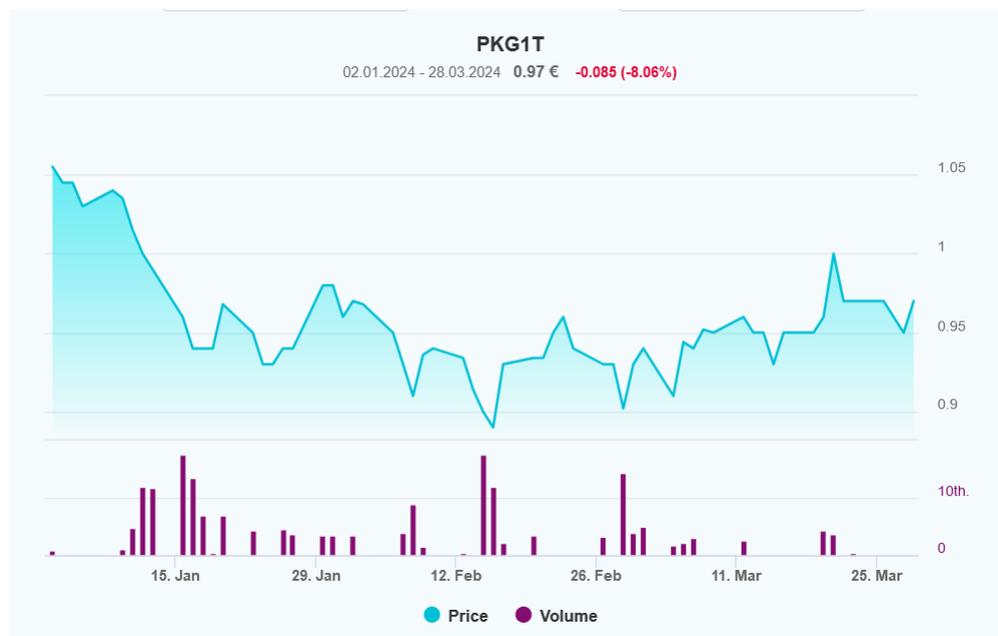
- OÜ Svalbork Invest, Estonian company controlled by Ernesto Preatoni which holds 5 590 639 shares representing 9.86% of the total shares of the Group.
- 11 151 241 shares representing 19.67% of the total shares of the Group held through a nominee account opened by Raiffeisen Bank International AG.
- 10 700 000 shares representing 18.88% of the total shares of the Group held through a nominee account opened by Clearstream Bank.
- 513 183 shares representing 0.91% of the total shares of the Group held through a nominee account opened by the Nordea Bank.

The major shareholder has informed the Group that the shares of the Group controlled by him and his affiliates have been transferred to SA Preatoni Group as of 30 December 2023. Being a major shareholder in that French entity, Ernesto Preatoni remains still as a final beneficiary of the shares. Following the transfer the shares will continue to be held on the same nominee accounts. Although the holding in AS Pro Kapital Grupp is less than 50%, the French company – Preatoni Group – will consolidate the reporting group and is to be considered an ultimate parent for AS Pro Kapital Grupp.

No Council Member nor Member of the Management Board is holding any shares of the Group.

Earnings per share during the three months of 2024 were -0.03 euros (2023 3M: 0.02 euros).

Trading price range and trading amounts of Pro Kapital Grupp shares, 1 January – 31 March 2024, NASDAQ Baltic Main List



Source: [nasdaqbaltic.com](https://nasdaqbaltic.com)

On 23 November 2012 the Group was listed on the secondary list of Tallinn's stock exchange. Starting from 19 November 2018 the shares of the Group are traded in the Main List of Tallinn's stock exchange. During the period 1 January – 31 March 2024 the shares were traded at the price range 0.89-1.06 euros, with the closing price of 0.95 euros per share on 28 March 2024. During the period 196 thousand of the Group's shares were traded with their turnover amounting to 185 thousand euros.

Since 13 March 2014 the Group's shares are available for trading on Frankfurt's stock exchange open market trading platform Quotation Board. Trading with Company's shares was paused from March-July 2023 due to technical changes in the trading platform. During period 1 January – 31 March 2024 the shares were traded at the price range 0.74-0.91 euros, with the closing price of 0.82 euros per share on 28 March 2024. During the period 27 of Company's shares were traded with their turnover amounting to 21 euros.

## Legal overview and developments

To bring out better the events which might have material financial effect on the Group and its share price and not to burden the reporting with smaller litigation issues, the Group has set the policy to disclose in its reporting pending court litigation disputes which might have material financial effect on the Group and its share price. As per the policy all disputes which might have financial effect of at least 100 000 euros (at once or during the period of one financial year) are disclosed in the reporting.

AS Pro Kapital Eesti continues to be in litigation with the Land Board concerning the cadastral unit with the address Kalasadama 3, Tallinn, with 100% purpose of land under water, and the litigation relates to a claim for compensation. AS Pro Kapital Eesti is of the opinion that it has unjustly paid a portion of the purchase price and land tax from this cadastral unit. The Group is claiming from the state compensation of 192 338 euros of land tax paid in excess during 1 January 2004-31 December 2018 as well as that the state compensate 681 816 euros of the purchase price overpaid by the Group for that portion of land (including notary and state fees paid in excess = 675 546 + 2 034 + 4 236), hence the claim for compensation amounting to 874 154 euros in total in the principal sum plus 1 176 261.55 euros of interest in arrears.

AS Pro Kapital Eesti proposed to end the dispute with a settlement, which was not accepted by the other party, so the litigation continues. In this litigation, an expert's report has ordered to determine the damage related to the acquisition of the property.

At the hearing on 01.04.2024, the court gave the parties the opportunity to present their final opinions, including their conclusions on the expert's answers heard at the hearing. The Administrative Court has announced that the judgment will be published on 27.05.2024.

Main contractor of one of the developments of Pro Kapital, AS Oma Ehitaja, has started legal proceedings against OÜ Marsi Elu, a subsidiary of Pro Kapital. Contractor has filled the claim to court wanting to identify that Pro Kapital subsidiary does not have any penalty claims against the contractor and alternatively asks the court to reduce the penalty claims and seeks the payment of the balance of the invoices (in base amount of 587 932 euros, plus delay interest). Pro Kapital subsidiary is of opinion that contractor claim is baseless, the penalty claims are in accordance with the contract, are justified due to long delay in the completion of the construction, the penalty claims have already been reduced and the balance of the invoices has been paid via set-off with the penalty claim. The litigation still continues. Pro Kapital is of opinion that this court case does not have any substantial negative impact on financial results of Pro Kapital. The construction invoices in question have been accounted for as costs of construction

during construction already, thus any possible negative outcome of the court case will not increase the costs (except for the delay interest and court costs).

The litigation with the City of Tallinn arising from the public interest acquisition procedure of Ülemiste tee T3, Ülemiste tee T4 and Ülemiste tee T6 properties owned by AS Pro Kapital Eesti. As the parties failed to reach an agreement on the prices of Ülemiste tee T3, Ülemiste tee T4 and Ülemiste tee T6 during the negotiations, the City of Tallinn has issued an expropriation decision for the acquisition of Ülemiste tee T3, Ülemiste tee T4 and Ülemiste tee T6. AS Pro Kapital Eesti has objected to the expropriation decision (in particular the justification of the fair compensation awarded) before the Administrative Court, arguing that the fair compensation (including consequential damages) is higher than the amount awarded. The complaint by AS Pro Kapital Eesti was upheld by the court.

AS Pro Kapital Grupp (also referred to as “the Parent Company”), its Lithuanian subsidiary and one other company (not affiliated with Pro Kapital) and a private individual have been sued in Rome by two Italian citizens. According to the complainants, the alleged financial claim has passed to them by inheritance. Parent Company and its Lithuanian subsidiary deny any connection with the alleged claim as they have never had any contractual or non-contractual relations with the person whose claims are allegedly inherited. Parent Company and its Lithuanian subsidiary have lodged their statement of objections with the Rome Court. On 11.04.2024, the first hearing was held in Rome, but the court found that the claim was filed in the wrong department and the hearing had to be re-schedule. The court has announced a new hearing date of 12.09.2024.

## People

As at 31 March 2024 the Group employed 86 people compared to 76 people on 31 March 2023 of whom 45 were employed in the hotel (38 on 31 March 2023). The number of employees does not include council members.

## Risks

The most significant risks for the Group are related with the market, liquidity and financing.

Due to long- term orientation in business model the Group can survive turbulences in the markets. The Group is further pursuing long term strategic approach, enabling it to acquire properties for development when market is low and sell the developed properties at the peak of business circle, thus naturally capitalising on market

opportunities and hedging market risk. The size and the diversity of the Group's real estate portfolio allows to adjust itself according to the needs in the market.

Liquidity risks are managed on an ongoing basis, with increased focus on working capital dynamics and needs. Both careful roll-on basis cash planning, monitoring of development project cash flow and flexibility in everyday cash needs contribute to effective management of liquidity risks.

Risk of financing might prolong the Group's schedule of property development and cause the slow-down of realization of its real estate portfolio. The risk is managed through maintaining the continuity of funding and balancing through the use of bank overdrafts, bank loans, bonds and other debentures as well as expanding its investor base and attracting additional financing from outside of Estonia. The Group considers the main risk of events occurring in local banking market, in terms of less alternatives for financing real estate projects and in high interest rates.

Significant business risk would occur with another crisis, the decrease of the substantial purchasing capability and consumer confidence, the increase of the interest rates for mortgage loans and other factors which could decrease the demand for real estate and have a negative impact to the Group's operating activities by decreasing the sales and other services. The Group has evaluated possible business risks and has taken necessary measures to ensure the sustainability in its development.

Asset risks are covered by effective insurance contracts.

## Management Board's confirmation of the management report

The Management Board confirms that the management report presents a true and fair view of any significant event, development of business activities and financial position as well as includes a description of the main risks and doubts. The interim report includes description of relevant transactions with related parties.

Edoardo Preatoni

Chief Executive Officer  
and Member of the Management Board

28 May 2024

## Consolidated financial statements

### Consolidated interim statement of financial position

in thousands of euros	Notes	31.03.2024	31.03.2023	31.12.2023
<b>ASSETS</b>				
Current assets				
Cash		8 897	18 773	17 065
Current receivables		1 688	2 331	1 411
Prepaid expenses		434	395	268
Inventories	4	39 980	26 113	35 563
<b>Total current assets</b>		<b>50 999</b>	<b>47 612</b>	<b>54 307</b>
Non-current assets				
Non-current receivables	5	22	15	2 010
Property, plant and equipment	6	7 710	7 733	7 763
Right-of-use assets	6	553	268	365
Investment property	8	40 378	45 615	40 361
Goodwill		204	262	0
Intangible assets	7	3 654	82	96
<b>Total non-current assets</b>		<b>52 521</b>	<b>53 975</b>	<b>50 595</b>
Assets held for sale		2 335	0	2 335
<b>Total assets held for sale</b>		<b>2 335</b>	<b>0</b>	<b>2 335</b>
<b>TOTAL ASSETS</b>		<b>105 855</b>	<b>101 587</b>	<b>107 237</b>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities				
Current debt	9	1 733	28 422	30 141
Customer advances	10	5 602	1 270	3 657
Trade and other payables	11	6 303	3 156	4 911
Tax liabilities		208	816	161
Short-term provisions		8	19	11
<b>Total current liabilities</b>		<b>13 854</b>	<b>33 683</b>	<b>38 881</b>
Non-current liabilities				
Non-current debt	9	36 903	10 086	12 695
Other long term liabilities		2	0	0
Deferred income tax liabilities		1 140	1 132	1 130
Long-term provisions		128	60	108
<b>Total non-current liabilities</b>		<b>38 173</b>	<b>11 278</b>	<b>13 933</b>
<b>TOTAL LIABILITIES</b>		<b>52 027</b>	<b>44 961</b>	<b>52 814</b>
Equity				
Share capital in nominal value		11 338	11 338	11 338
Share premium		5 661	5 661	5 661
Statutory reserve		1 134	1 134	1 134
Revaluation reserve		2 092	2 012	2 092
Retained earnings		32 498	36 481	34 198
<b>Total equity attributable to the owners of the Company</b>		<b>52 723</b>	<b>56 626</b>	<b>54 423</b>
<b>Non-controlling interest</b>		<b>1 105</b>	<b>0</b>	<b>0</b>
<b>TOTAL EQUITY</b>		<b>53 828</b>	<b>56 626</b>	<b>54 423</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>105 855</b>	<b>101 587</b>	<b>107 237</b>

The accompanying notes are an integral part of these consolidated interim financial statements.

## Consolidated interim statements of comprehensive income

in thousands of euros	Notes	2024 3M	2023 3M	2023 12M
<b>CONTINUING OPERATIONS</b>				
<b>Operating income</b>				
Revenue	12	3 054	13 415	23 021
Cost of sales	13	-2 166	-9 749	-15 993
<b>Gross profit</b>	14	<b>888</b>	<b>3 666</b>	<b>7 028</b>
Marketing expenses		-222	-133	-705
Administration expenses	15	-1 325	-1 374	-5 440
Other operating income	16	2	1	2 099
Other operating expenses	16	-2	0	-19
<b>Operating profit</b>		<b>-659</b>	<b>2 160</b>	<b>2 963</b>
Finance income	17	42	20	254
Finance cost	17	-1 073	-874	-4 115
<b>Profit/loss before income tax</b>		<b>-1 690</b>	<b>1 306</b>	<b>-898</b>
Income tax		-10	-3	-2
<b>Net profit/loss for the period</b>		<b>-1 700</b>	<b>1 303</b>	<b>-900</b>
<b>Other comprehensive income, net of income tax</b>				
Net change in asset revaluation reserve		0	0	0
<b>Total comprehensive income for the period</b>		<b>-1 700</b>	<b>1 303</b>	<b>-900</b>
Earnings per share (Basic) €	18	-0.03	0.02	-0.02

*The accompanying notes are an integral part of these consolidated interim financial statements.*

## Consolidated interim statements of cash flows

in thousands of euros	Note	2024 3M	2023 3M	2023 12M
<b>Cash flows from operating activities</b>				
Profit for the period		-1 700	1 303	-900
Adjustments for:				
Depreciation and amortisation of PPE, ROU and intangible assets		127	100	441
Gain from disposal of investment property		0	0	-111
Change in fair value of investment property		0	0	-1 972
Finance income and costs	17	1 030	853	3 861
Change in deferred tax assets and liabilities		10	2	0
Other non-monetary changes (net amounts)		0	15	6
Movements in working capital:				
Change in receivables and prepayments		-75	294	1 414
Change in inventories		-4 256	8 111	3 984
Change in liabilities and prepayments		3 137	-376	2 300
Change in provisions		20	15	64
<b>Net cash generated by/ used in operating activities</b>		<b>-1 707</b>	<b>10 317</b>	<b>9 087</b>
<b>Cash flows from investing activities</b>				
Cash balances of acquired subsidiaries		247	0	0
Payments for property, plant, equipment	6	-11	-500	-746
Payments for intangible assets	7	-18	-5	-38
Payments for investment property	8	-17	-40	-473
Payments for shares of subsidiaries		-500	0	-2 000
Proceeds from disposal of property, plant and equipment		1	0	0
Proceeds from disposal of investment property		0	0	111
Interests received		43	5	182
<b>Net cash used in/ generated by investing activities</b>		<b>-255</b>	<b>-540</b>	<b>-2 964</b>
<b>Cash flows from financing activities</b>				
Redemption of non-convertible bonds		-8 550	0	0
Proceeds from borrowings		3 355	0	3 974
Repayment of borrowings		-16	-16	-63
Repayment of lease liabilities		-43	-38	-152
Interests paid		-952	-1 539	-3 406
Deposits paid		0	0	0
<b>Net cash used in financing activities</b>		<b>-6 206</b>	<b>-1 593</b>	<b>353</b>
<b>Net change in cash and cash equivalents</b>		<b>-8 168</b>	<b>8 184</b>	<b>6 476</b>
Cash and cash equivalents at the beginning of the period		17 065	10 589	10 589
Cash and cash equivalents at the end of the period		8 897	18 773	17 065

The accompanying notes are an integral part of these consolidated interim financial statements.

## Consolidated interim statements of changes in equity

in thousands of euros	Share capital	Share premium	Statutory reserve	Properties revaluation reserve	Retained earnings	Attributable to equity owners of the parent	Non-controlling interests	Total equity
<b>1 January 2022</b>	<b>11 338</b>	<b>1 748</b>	<b>0</b>	<b>2 984</b>	<b>26 773</b>	<b>42 843</b>	<b>0</b>	<b>42 843</b>
Covering losses of previous period	0	3 913	1 134	0	-5 047	0	0	0
Comprehensive profit for the period	0	0	0	-972	13 452	12 480	0	12 480
<b>31 December 2022</b>	<b>11 338</b>	<b>5 661</b>	<b>1 134</b>	<b>2 012</b>	<b>35 178</b>	<b>55 323</b>	<b>0</b>	<b>55 323</b>
Comprehensive income for the period	0	0	0	0	1 303	1 303	0	1 303
<b>31 March 2023</b>	<b>11 338</b>	<b>5 661</b>	<b>1 134</b>	<b>2 012</b>	<b>36 481</b>	<b>56 626</b>	<b>0</b>	<b>56 626</b>
Comprehensive loss for the period	0	0	0	0	-2 203	-2 203	0	-2 203
Other changes	0	0	0	80	-80	0	0	0
<b>31 December 2023</b>	<b>11 338</b>	<b>5 661</b>	<b>1 134</b>	<b>2 092</b>	<b>34 198</b>	<b>54 423</b>	<b>0</b>	<b>54 423</b>
Comprehensive loss for the period	0	0	0	0	-1 700	-1 700	0	-1 700
Changes in holdings with non-controlling interests	0	0	0	0	0	0	1 105	1 105
<b>31 March 2024</b>	<b>11 338</b>	<b>5 661</b>	<b>1 134</b>	<b>2 092</b>	<b>32 498</b>	<b>52 723</b>	<b>1 105</b>	<b>53 828</b>

The accompanying notes are an integral part of these consolidated interim financial statements.

## Notes to consolidated interim financial statements

### Note 1. General information

AS Pro Kapital Grupp (hereinafter also referred to as “the Parent Company”) is a holding company incorporated and operating in the Republic of Estonia. The main shareholders of the Parent Company are following:

Shareholder	Country of incorporation	Ownership 31.03.2024	Ownership 31.12.2023
Raiffeisen Bank International AG	Austria	37.91%	54.66%
Caceis Bank SA	France	12.94%	12.78%
Clearstream Banking AG	Germany	29.84%	10.99%
Svalbork Invest OÜ	Estonia	9.86%	9.86%
Six Sis Ltd	Switzerland	3.36%	5.46%

For the purpose of providing comparable financial figures in these interim financial statements as of March 31, 2024, AS Pro Kapital Grupp, the Parent Company, owns 100% of the shares of subsidiary groups in Estonia (Pro Kapital Eesti AS), Latvia (Pro Kapital Latvia PJSC), Lithuania (Pro Kapital Vilnius Real Estate UAB), Germany (Pro Kapital Germany Holding OÜ), and 67.5% of the shares of a subsidiary in Italy (Preatoni Nuda Proprieta S.r.l.). The Group’s main activities include coordinating and controlling the development and implementation of the subsidiaries’ business strategies, administering the Group’s financial management and business reporting, and forwarding information to investors.

For the comparable period of 2023, these interim financial statements represent the consolidated assets, liabilities, equity, results of operations and cash flows of the Parent Company and its subsidiaries.

As stated in IFRS 10, a reporting entity includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the reporting entity ceases to control the subsidiary. According to principle of materiality, there were no material differences in the financial statements of Preatoni Nuda Proprieta S.r.l as of acquisition date 22 March 2024 and nearest balance sheet date 31 March 2024, therefore the Group used the financial statements as of 31 March 2024 for recognising the results of Preatoni Nuda Proprieta S.r.l in its consolidated financial statements as of 31 March 2024.

## Note 2. Basis of preparation

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 „Interim Financial Reporting” as adopted by the European Union. The consolidated interim financial statements do not include all of the information required by complete set of financial statements and should be read in conjunction with annual consolidated financial statements of the Group as at and for the year ended 31 December 2023.

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2023.

## Note 3. Segment reporting

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Italy	Internal transacti ons eliminatio	Total
<b>2024 3M</b>								
<b>Revenue</b>	<b>0</b>	<b>40</b>	<b>1 603</b>	<b>125</b>	<b>1 425</b>	<b>0</b>	<b>-139</b>	<b>3 054</b>
incl. sale of real estate	0	7	1 561	0	0	0		1 568
incl. rental income	0	0	36	31	120	0	-120	67
incl. hotel operations	0	0	0	0	1 289	0		1 289
incl. maintenance services	0	32	1	92	0	0		125
incl. other revenue	0	1	5	2	16	0	-16	5
Other operating income and expenses (net)	0	2	-2	1	0	0		0
Segment operating profit/loss	-640	-222	388	-138	-56	0	9	-659
Financial income and expense (net)	-2 264	1 323	3	-36	-57	0		-1 031
<b>Profit/loss before income tax</b>	<b>-2 904</b>	<b>1 101</b>	<b>391</b>	<b>-174</b>	<b>-113</b>	<b>0</b>	<b>9</b>	<b>-1 690</b>
Income tax	0	0	0	0	-10	0		-10
<b>Net profit/loss for the period</b>	<b>-2 904</b>	<b>1 101</b>	<b>391</b>	<b>-174</b>	<b>-103</b>	<b>0</b>	<b>-1</b>	<b>-1 700</b>
<b>31.03.2024</b>								
Assets	56 748	175 388	22 299	17 387	6 268	1 079	-173 314	105 855
Liabilities	154 569	14 244	10 373	6 465	6 317	1 175	-141 116	52 027
Acquisition of non-current assets	0	22	0	5	7	563	3 497	4 094
Decrease of non-current assets	0	-2	-137	-1	0	0		-140
Depreciation and amortisation	0	-12	-11	-10	-91	0		-124

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
<b>2023 3M</b>							
<b>Revenue</b>	<b>0</b>	<b>9 178</b>	<b>3 103</b>	<b>110</b>	<b>1 159</b>	<b>-135</b>	<b>13 415</b>
incl. sale of real estate	0	9 151	3 026	6	0		12 183
incl. rental income	0	0	64	23	120	-120	87
incl. hotel operations	0	0	0	0	1 026		1 026
incl. maintenance services	0	27	8	72	0		107
incl. other revenue	0	0	5	9	13	-15	12
Other operating income and expenses (net)	-1	2	0	0	0	0	1
Segment operating profit/loss	-753	1 882	1 249	-137	-92	11	2 160
Financial income and expense (net)	-1 580	861	-48	-32	-54	-1	-854
<b>Profit/loss before income tax</b>	<b>-2 333</b>	<b>2 743</b>	<b>1 201</b>	<b>-169</b>	<b>-146</b>	<b>10</b>	<b>1 306</b>
Income tax	0	0	0	-1	-2		-3
<b>Net profit/loss for the period</b>	<b>-2 333</b>	<b>2 743</b>	<b>1 201</b>	<b>-170</b>	<b>-148</b>		<b>1 303</b>
<b>31.03.2023</b>							
Assets	57 708	159 504	24 810	15 358	8 681	-164 474	101 587
Liabilities	146 425	3 226	13 859	3 558	6 533	-128 640	44 961
Acquisition of non-current assets	0	20	108	1	484		613
Decrease of non-current assets	0	0	0	0	0		0
Depreciation and amortisation	0	-10	-12	-9	-86		-99

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
<b>2023 12M</b>							
<b>Revenue</b>	<b>1 322</b>	<b>10 322</b>	<b>6 344</b>	<b>911</b>	<b>6 003</b>	<b>-1 881</b>	<b>23 021</b>
incl. sale of real estate	0	10 199	6 099	424	0		16 722
incl. rental income	0	0	210	111	480	-480	321
incl. hotel operations	0	0	0	0	5 452		5 452
incl. maintenance services	0	117	14	362	0		493
incl. other revenue	1 322	6	21	14	71	-1 400	34
Other operating income and expenses (net)	-1	2 169	-89	1	0	-1	2 080
Segment operating profit/loss	-1 740	2 847	1 885	-485	431	25	2 963
Financial income and expense (net)	-6 792	3 658	-101	-393	-232	-1	-3 861
<b>Profit/loss before income tax</b>	<b>-8 532</b>	<b>6 505</b>	<b>1 784</b>	<b>-878</b>	<b>199</b>	<b>24</b>	<b>-898</b>
Income tax	0	0	0	5	-7		-2
<b>Net profit/loss for the period</b>	<b>-8 532</b>	<b>6 505</b>	<b>1 784</b>	<b>-873</b>	<b>192</b>	<b>24</b>	<b>-900</b>
<b>31.12.2023</b>							
Assets	57 634	169 305	23 507	16 168	9 149	-168 526	107 237
	152						
Liabilities	550	9 264	11 973	5 071	6 661	-132 705	52 814
Acquisition of non-current assets	0	86	108	7	894		1 095
Decrease of non-current assets	0	-22	0	-6	-358		-386
Depreciation and amortisation	-1	-49	-35	-38	-295		-418

## Note 4. Inventories

in thousands of euros	31.03.2024	31.03.2023	31.12.2023
<b>Property held for sale</b>	<b>4 595</b>	<b>8 108</b>	<b>5 474</b>
<i>incl. Kindrali Houses, Tallinn</i>	243	666	165
<i>incl. Kalaranna, Tallinn</i>	958	1 201	958
<i>incl. River Breeze, Riga</i>	1 940	4 563	2 897
<i>incl. Šaltinių Namai (Attico), Vilnius</i>	1 454	1 603	1 454
<i>incl. other properties</i>	0	75	0
<b>Works in progress</b>	<b>34 876</b>	<b>17 886</b>	<b>29 885</b>
<i>incl. Uus-Kindrali, Tallinn</i>	5 340	0	5 324
<i>incl. Kalaranna, Tallinn</i>	15 072	5 401	11 048
<i>incl. Šaltinių Namai (Attico), Vilnius</i>	8 117	6 228	7 211
<i>incl. Naugarduko, Vilnius</i>	6 347	6 257	6 302
Goods bought for resale	131	56	126
Prepayments for inventories	378	63	78
<b>Total</b>	<b>39 980</b>	<b>26 113</b>	<b>35 563</b>

Property held for sale include completed real estate stock in Tallinn, Riga and Vilnius. Works in progress include properties being under development or waiting for development in the nearest future in Tallinn and Vilnius. Properties are transferred from “works in progress” to “property held for sale” upon completion.

Works in progress include current development stage in Kalaranna and Uus-Kindrali (Tallinn) and the final phase with city villas and a residential-commercial building in Vilnius.

With Naugarduko we are in the process of obtaining the building permit subject to which we plan to embark on reconstruction works in Q4, 2024.

## Note 5. Non-current receivables

in thousands of euros	31.03.2024	31.03.2023	31.12.2023
Finance leases	9	15	10
Other non-current receivables	13	0	2 000
<b>Total</b>	<b>22</b>	<b>15</b>	<b>2 010</b>

## Note 6. Property, plant, equipment and right-of use assets

Land and buildings held for providing services or for administrative purposes are stated at their revalued amounts being the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. On 31 March 2024 land and buildings comprised of hotel property in Bad Kreuznach, Germany and office premises in Tallinn, Estonia.

In thousands of euros	31.03.2024	31.03.2023	31.12.2023
Acquisition value of property, plant and equipment	9 230	8 967	9 185
Accumulated depreciation	-1 520	-1 234	-1 422
<b>Residual value of property, plant and equipment</b>	<b>7 710</b>	<b>7 733</b>	<b>7 763</b>
in thousands of euros	31.03.2024	31.03.2023	31.12.2023
Acquisition value of right-of-use assets	748	809	654
Accumulated depreciation	-195	-541	-289
<b>Residual value of right-of-use assets</b>	<b>553</b>	<b>268</b>	<b>365</b>

Right-of-use assets comprise land in Germany (rentable until the end of the heritable building right agreement) and Lithuania (rentable until the sale of the properties), office premises in Latvia, Lithuania, and Italy, and machinery and equipment in Lithuania.

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Prepay-ments	PPE total	Right-of-use assets
<b>Acquisition value 31.12.2022</b>	<b>7 040</b>	<b>1 156</b>	<b>271</b>	<b>0</b>	<b>8 467</b>	<b>701</b>
Acquired	415	69	15	1	500	108
<b>Acquisition value 31.03.2023</b>	<b>7 455</b>	<b>1 225</b>	<b>286</b>	<b>1</b>	<b>8 967</b>	<b>809</b>
Acquired	163	44	33	5	246	203
Written off	0	0	-28	0	-28	-358
<b>Acquisition value 31.12.2023</b>	<b>7 618</b>	<b>1 269</b>	<b>291</b>	<b>6</b>	<b>9 185</b>	<b>654</b>
Acquired	0	6	6	0	12	4
Acquired through new subsidiaries	0	36	0	0	36	226
Reclassification	0	0	0	-1	-1	0
Written off	0	0	-2	0	-2	-136
<b>Acquisition value 31.03.2024</b>	<b>7 618</b>	<b>1 311</b>	<b>296</b>	<b>5</b>	<b>9 230</b>	<b>748</b>

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	PPE total	Right-of-use assets
<b>Accumulated depreciation 31.12.2022</b>	0	942	231	1 173	506
Depreciation charge for the period	40	14	7	61	35
<b>Accumulated depreciation 31.03.2023</b>	40	956	238	1 234	541
Depreciation charge for the period	150	49	16	215	97
Written off	0	0	-26	-26	-349
<b>Accumulated depreciation 31.12.2023</b>	190	1 005	228	1 423	289
Depreciation charge for the period	54	16	4	74	43
Acquired through new subsidiaries	0	20	0	20	0
Written off	0	0	3	3	137
<b>Accumulated depreciation 31.03.2024</b>	244	1 041	235	1 520	195

## Note 7. Intangible assets

Intangible assets stated in the financial reports comprise of client database, trademarks, websites, software and visual materials.

The Group conducted a purchase analysis and evaluated the fair value of the AI-based search software and the client database of the new subsidiary. The AI software was valued at 180 thousand euros, while the potential future income from customer contacts was estimated at 3,3 million euros.

In thousands of euros	31.03.2024	31.03.2023	31.12.2023
Acquisition value of intangible assets	4 097	249	281
Accumulated amortisation	-443	-167	-185
<b>Residual value of intangible assets</b>	<b>3 654</b>	<b>82</b>	<b>96</b>

in thousands of euros	Client database	Trade-marks	Websites and software	Other	Prepayments	Total
<b>Acquisition value 31.12.2022</b>	0	16	207	1	20	244
Acquired	0	0	0	0	5	5
<b>Acquisition value 31.03.2023</b>	0	16	207	1	25	249
Acquired	0	0	3	0	29	32
Reclassification	0	0	33	0	-33	0
<b>Acquisition value 31.12.2023</b>	0	16	243	1	21	281
Acquired	0	0	21	0	0	21
Acquired through new subsidiaries	3 317	0	482	0	0	3 799
Written off	0	0	-3	-1	0	-4
<b>Acquisition value 31.03.2024</b>	3 317	16	743	0	21	4 097

in thousands of euros	Client database	Trade-marks	Websites and software	Other	Total
<b>Accumulated amortisation 31.12.2022</b>	0	9	153	1	163
Depreciation charge for the period	0	0	4	0	4
<b>Accumulated depreciation 31.03.2023</b>	0	9	157	1	167
Depreciation charge for the period	0	1	17	0	18
<b>Accumulated depreciation 31.12.2023</b>	0	10	174	1	185
Depreciation charge for the period	0	0	3	3	6
Acquired through new subsidiaries	0	0	252	0	252
<b>Accumulated depreciation 31.03.2024</b>	0	10	429	4	443

## Note 8. Investment property

in thousands of euros	Property held for increase in value
<b>Balance at 31.12.2022</b>	45 575
Investments	40
<b>Balance at 31.03.2023</b>	45 615
Investments	433
Changes in fair value	1 972
Reclassified to assets to be sold	-2 335
Reclassification to inventories	-5 324
<b>Balance at 31.12.2023</b>	40 361
Investments	17
<b>Balance at 31.03.2024</b>	40 378

The fair value of the Group's investment properties has been derived on the basis of valuations carried out by Colliers International, an independent valuator, at the end of 2023. The valuations were performed by reference to recent market information by external valuator.

## Note 9. Current and non-current debt

### Current debt

in thousands of euros	31.03.2024	31.03.2023	31.12.2023
Bank loans and overdrafts	63	63	63
Secured non-convertible bonds	0	28 227	29 903
Unsecured non-convertible bonds	1 453	0	0
Lease liabilities	217	132	175
<b>Total</b>	<b>1 733</b>	<b>28 422</b>	<b>30 141</b>

### Non-current debt

in thousands of euros	31.03.2024	31.03.2023	31.12.2023
Bank loans and overdrafts	7 657	391	4 317
Secured non-convertible bonds	19 950	0	0
Unsecured non-convertible bonds	8 159	9 494	8 130
Lease liabilities	392	201	248
Other non-current loans	745	0	0
<b>Total</b>	<b>36 903</b>	<b>10 086</b>	<b>12 695</b>

### Creditors

in thousands of euros	31.03.2024	31.03.2023	31.12.2023
AS LHV Pank (EE)	7 330	0	3 975
Sparkasse (DE)	390	453	406
Secured bonds, various investors (discounted value)	19 950	28 227	28 450
Unsecured bonds, various investors (discounted value)	9 612	9 494	9 582
Lease agreements (related to right-of-use assets)	609	335	423
Other creditors	745	0	0
<b>Total</b>	<b>38 636</b>	<b>38 509</b>	<b>42 836</b>

All agreements and liabilities are fixed in euros. The total interest and other financial cost (Note 17) for three months of 2024 was 968 thousand euros (2023 3M: 869 thousand euros).

## Unsecured non-convertible bonds

3 459 081 unsecured non-convertible bonds with the total issue value of 9 685 426.80 euros were issued in three tranches in 2020 to substitute former convertible bonds. The new bonds carry annual fixed interest rate of 8% and they have been listed on Nasdaq Tallinn bond list since January 2021 and initially their maturing date was in October 2024. With the consent from bondholders, redemption date has been postponed by 2+2 years, i.e new redemption date is 31 October 2026 with the condition that the Group may unilaterally postpone the redemption date by two years, i.e to 31 October 2028 by making a respective announcement via Nasdaq Tallinn by 30 September 2026 at the latest. The Group will redeem 1.5 million euros, 15% of the denomination value of each bond on 31 October 2024. From 1 November 2024 the bonds in amount 8,2 million euros will carry an interest rate of 9%. As from 1 November 2024 the new denomination value of the Bonds will be 2.38 euros per bond.

The balance sheet value on the reporting date is 9.6 million euros, which consists of nominal value 9.7 million euros minus 74 thousand euros of refinancing costs.

## Secured non-convertible bonds

In February 2020, the Group refinanced the senior secured bonds 2015/2020 in full by issuing new senior secured, called, fixed rate bonds 2020/2024 in total amount of 28.5 million euros. The New Bonds are similar to the Old Bonds: 285 bonds, with the value of 100 000 euros each, carry a fixed rate coupon 8% and their original maturing date was in in February 2024.

With the consent of bondholders received in January 2024 the redemption date of the bonds was extended to 20 February 2028. On 20 February 2024 the Group partially redeemed 8.6 million euros of the bonds by way of reducing the outstanding amount of each bond pro rata at price equal to 100 per cent. of the nominal amount together with accrued but unpaid interest on the prepaid amount. From 21 February 2024 the senior secured bonds in amount of 19.9 million euros will carry an interest rate of 11%.

According to terms and conditions, the Group has to maintain the equity ratio above 35% at all times. As at the end of the reporting period the calculated equity ratio was 50.9%. The equity ratio is positively influenced, when construction is completed and revenues are recorded on the balance sheet.

Remaining balance of the secured non-convertible bonds is 19.9 million euros on 31 March 2024.

## Pledged assets in balance sheet value in thousands of euros

Beneficiary	Collateral description	31.03.2024	31.03.2023	31.12.2023
<b>Bank accounts</b>				
Nordic Trustee & Agency AB (Sweden)	Nordea Bank AB (Sweden)	0	23	18
Nordic Trustee & Agency AB (Sweden)	LHV Pank AS	14	0	0
<b>Inventory</b>				
LHV Pank AS	Kalaranna 8, 22, Tallinn	15 072	N/A	12 005

## Share pledges to Nordic Trustee &amp; Agency AB (NTA) related to secured bonds:

		31.03.2024	31.03.2023	31.12.2023
NTA	Pro Kapital Germany Holdings OÜ	12	12	12
NTA	Pro Kapital Germany GmbH	25	25	25
NTA	PK Hotel Management Services GmbH	116	116	116
NTA	Pro Kapital Eesti AS	16 880	16 880	16 880
NTA	OÜ PKE Treasury	3	3	3
NTA	Pro Halduse OÜ	26	26	26
NTA	AS Tondi Kvartal	160	160	160
NTA	OÜ Marsi Elu	20	20	20
NTA	Kalaranna Kvartal OÜ	3	3	3
NTA	Dunte Arendus OÜ	3	3	3
NTA	Pro Kapital Latvia JSC	12 948	12 948	12 948
NTA	Kliversala SIA	14 531	14 531	14 531
NTA	Tallina Nekustamie Īpašumi SIA	10 300	10 300	10 300
NTA	Nekustamo īpašumu sabiedrība Zvaigznes centrs SIA	6 100	6 100	6 100
NTA	Pro Kapital Vilnius Real estate UAB	1 335	1 335	1 335
NTA	In Vitam UAB	3	3	3
NTA	PK Invest UAB	823	823	823
<b>Total</b>		<b>63 288</b>	<b>63 288</b>	<b>63 288</b>

*The pledging of shares of the newly acquired subsidiary Preatoni Nuda Proprietà is currently in process.*

## Note 10. Customer advances

in thousands of euros	31.03.2024	31.03.2023	31.12.2023
Advances for real estate	5 562	1 241	3 623
Advances for hotel services	40	29	34
<b>Total</b>	<b>5 602</b>	<b>1 270</b>	<b>3 657</b>

Customer advances are recorded in the financial statements from receiving deposit and instalment payments until the properties are handed over to customers. The advances have increased due to start of the new phase in Kalaranna District, Uus-Kindrali and Šaltinių Namai.

## Note 11. Current payables

in thousands of euros	31.03.2024	31.03.2023	31.12.2023
Trade payables	4 003	1 810	2 731
Accrued expenses	1 001	883	961
Accrued interests	1 262	447	1 214
Payables to employees	25	15	4
Other	12	1	1
<b>Total</b>	<b>6 303</b>	<b>3 156</b>	<b>4 911</b>

## Note 12. Revenue

### Segment revenue

in thousands of euros	2024 3M	2023 3M	2023 12M
<b>Revenue from contracts with customers</b>			
Revenue from sale of real estate	1 568	12 183	16 722
Hotel operating revenue	1 289	1 026	5 452
Revenue from maintenance and other services	130	119	526
<b>Total revenue from contracts with customers</b>	<b>2 987</b>	<b>13 328</b>	<b>22 700</b>
Rental income	67	87	321
<b>Total</b>	<b>3 054</b>	<b>13 415</b>	<b>23 021</b>

## Timing of revenue recognition

in thousands of euros	2024 3M	2023 3M	2023 12M
<b>At a point in time</b>			
Revenue from sale of real estate	1 568	12 183	16 722
Revenue from other services	5	12	34
<b>Total revenue recognised at a point in time</b>	<b>1 573</b>	<b>12 195</b>	<b>16 756</b>
<b>Over time</b>			
Hotel operating revenue	1 289	1 026	5 452
Revenue from maintenance fees	125	107	492
<b>Total revenue recognised over time</b>	<b>1 414</b>	<b>1 133</b>	<b>5 944</b>
Rental income	67	87	321
<b>Total</b>	<b>3 054</b>	<b>13 415</b>	<b>23 021</b>

Revenue from sale of real estate has decreased by 87% compared to reference period, as most of the apartments in our completed real estate projects had been sold by the end of 2023. Sales of available inventory have continued in Kliversala in Riga and in Šaltinių Namai in Vilnius. Revenue from hotel operations has increased by 26% compared to the reference period, as greater attention has been paid to the corporate segment and the refurbished premises have attracted more guests.

In the first quarter of 2024, we are continuing the construction of the final stage of the Kalaranna District, planning to complete and deliver units from the first two buildings by the end of 2024, and to complete the remaining two buildings by the first quarter of 2025.

Customer advances decrease when real right agreements are signed and real estate have been handed over to the customers and is the point in time when the Group is entitled for consideration and revenue from sale of real estate is recognised.

## Note 13. Cost of sales

in thousands of euros	2024 3M	2023 3M	2023 12M
Cost of real estate sold	1 040	8 763	11 703
Cost of providing rental services	12	25	86
Cost of hotel operations	1 041	896	3 906
Cost of maintenance services	72	57	286
Cost of other services	1	8	12
<b>Total</b>	<b>2 166</b>	<b>9 749</b>	<b>15 993</b>

## Note 14. Gross profit

in thousands of euros	2024 3M	2023 3M	2023 12M
Real estate	528	3 420	5 019
Rental revenue	55	62	235
Hotel operating	248	130	1 546
Maintenance services	53	50	206
Other services	4	4	22
<b>Total</b>	<b>888</b>	<b>3 666</b>	<b>7 028</b>

## Note 15. Administration expenses

in thousands of euros	2024 3M	2023 3M	2023 12M
Staff costs	733	731	2 994
Consulting fees	276	335	1 275
Land and real estate taxes	93	78	279
Depreciation charge	43	41	165
Bank and CSD fees	30	15	87
Other	149	174	640
<b>Total</b>	<b>1 325</b>	<b>1 374</b>	<b>5 440</b>

## Note 16. Other income and expenses

### Other income

in thousands of euros	2024 3M	2023 3M	2023 12M
Fines collected	0	0	1
Gain from fair value adjustments	0	0	1 972
Profit from sales of investment property	0	0	111
Other	2	1	15
<b>Total</b>	<b>2</b>	<b>1</b>	<b>2 099</b>

### Other expenses

in thousands of euros	2024 3M	2023 3M	2023 12M
Fines paid	2	0	5
Other	0	0	14
<b>Total</b>	<b>2</b>	<b>0</b>	<b>19</b>

## Note 17. Finance income and cost

### Finance income

in thousands of euros	2024 3M	2023 3M	2023 12M
Interest income	42	20	254
<b>Total</b>	<b>42</b>	<b>20</b>	<b>254</b>

### Finance cost

in thousands of euros	2024 3M	2023 3M	2023 12M
Interest expenses	968	869	3 829
Other financial expenses	105	5	286
<b>Total</b>	<b>1 073</b>	<b>874</b>	<b>4 115</b>

## Note 18. Earnings per share

Earnings per share are calculated by dividing the net profit (loss) for the period which is attributable to the equity holders of the Parent with the weighted average number of the shares for the period.

### Average number of shares:

For the period	01.01.2024-31.03.2024	(56 687 954x91/91)	=56 687 954
For the period	01.01.2023-31.03.2023	(56 687 954x90/90)	= 56 687 954
For the period	01.01.2023-31.12.2023	(56 687 954x365/365)	=56 687 954

### Indicative earnings per share from continuing operations:

For the period	01.01.2024-31.03.2024	-1 700 thousand euros/ 56 687 954 = -0.03 euros
For the period	01.01.2023-31.03.2023	1 303 thousand euros/56 687 954 = 0.02 euros
For the period	01.01.2023-31.12.2023	-900 thousand euros/ 56 687 954 = -0.02 euros

## Note 19. Shareholders meetings

The annual shareholders meeting of AS Pro Kapital Grupp took place on 28 May 2024. Minutes of the annual shareholders meeting will be published on AS Pro Kapital Grupp web page [www.prokapital.com](http://www.prokapital.com).

## Note 20. Transactions with related parties

Transactions with related parties are considered as transactions between the entities within the consolidated Group, its shareholders, the members of the Supervisory Council and the Management Board, their families and companies in which they hold majority interest or have significant influence.

### Transactions with related parties

in thousands of euros	2024 3M	2023 3M	2023 12M
Significant owners and owner related companies			
Revenues	2	2	9
Administrative expenses	0	0	513
Payments for subsidiaries	500	0	0
Members of the Management Board and Council			
Salaries and bonuses paid to management	130	150	580

### Receivables from related parties

in thousands of euros	2024 3M	2023 3M	2023 12M
Significant owners and owner related companies			
Prepayments	0	1 514	2 000
Other receivables	68	0	68

On March 22, 2024 the Group acquired 67.5% of the shares of Preatoni Nuda Proprieta S.R.L (registered office in Milan, Italy) at a price of 2.5 million euros of which 2 million euros was paid in 2023.

### Payables to related parties

in thousands of euros	2024 3M	2023 3M	2023 12M
Significant owners and owner related companies			
Trade payables	0	0	105
Laenud	745	0	0

Shareholding in the Group %	31.03.2024	31.03.2023	31.12.2023
Significant owner and owner related companies	49.32%	49.62%	49.31%
Members of the Council and individuals related them	0.00%	0.00%	0.00%

## Management Board's confirmation of the financial statements

The Management Board confirms the correctness and completeness of AS Pro Kapital Grupp consolidated interim report for three months and the first quarter of 2024.

The consolidated interim report has been prepared in accordance with the International Financial Reporting Standards and gives a true and fair view of the Group's financial position, its results of the operations and cash flows. AS Pro Kapital Group is a going concern.

Edoardo Preatoni

Member of the Management Board

28 May 2024