

AS Pro Kapital Grupp

CONSOLIDATED INTERIM REPORT
FOR III QUARTER AND 9 MONTHS OF 2024
(UNAUDITED)

Table of contents

AS Pro Kapital Grupp in brief	2
Management report	3
Key highlights.....	3
Main events	5
Chairman’s summary	6
Group structure	9
Overview of the development projects	10
Segments and sales information.....	15
Financing sources and policies	17
Shares and shareholders	18
Legal overview and developments	20
People.....	22
Risks.....	22
Management Board’s confirmation of the management report.....	24
Consolidated financial statements	25
Consolidated interim statement of financial position.....	25
Consolidated interim statements of comprehensive income	26
Consolidated interim statements of cash flows.....	27
Consolidated interim statements of changes in equity	28
Notes to consolidated interim financial statements	29
Note 1. General information	29
Note 2. Basis of preparation	29
Note 3. Segment reporting	30
Note 4. Changes in minority shareholding.....	32
Note 5. Inventories	32
Note 6. Non-current receivables	33
Note 7. Property, plant, equipment and right-of use assets.....	33
Note 8. Investment property	35
Note 9. Intangible assets	35
Note 10. Current and non-current debt	36
Note 11. Customer advances.....	39
Note 12. Trade and other payables	40
Note 13. Revenue	40
Note 14. Cost of sales	41
Note 15. Gross profit	41
Note 16. Administration expenses.....	42
Note 17. Other income and expenses	42
Note 18. Finance income and cost	42
Note 19. Earnings per share	43
Note 20. Shareholders meetings	43
Note 21. Transactions with related parties	44
Management Board’s confirmation of the financial statements.....	45

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.



Address: Sõjakooli 11, 11316 Tallinn, Estonia

Phone: +372 614 4920

E-mail: prokapital@prokapital.ee

Web: www.prokapital.com

Management report

Key highlights

The total revenue of the Group in nine months of 2024 was 10.6 million euros compared to 20.0 million euros in nine months of 2023. The total revenue of the third quarter was 3.7 million euros compared to 3.9 million euros in 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. Currently, most of our completed properties have been sold out. While we continue construction on the final stage of Kalaranna District, we plan completing and delivering the first units from the first two buildings by the end of 2024, and completing the remaining two buildings by the first quarter of 2025.

The gross profit of nine months of 2024 has decreased by 52% amounting to 2.9 million euros compared to 6.0 million euros in 2023. The gross profit of the third quarter was 433 thousand euros compared to 1.5 million euros in 2023.

The operating result in the nine months was 1.7 million euros loss comparing to 1.7 million euros profit during the same period in 2023. The operating result of the third quarter was 873 thousand euros loss compared to 167 thousand euros profit in the third quarter of 2023.

The net result for the nine months of 2024 was 4.1 million euros loss, comparing to 1.0 million euros loss in the reference period. The net result of the third quarter was 1.0 million euros loss compared to 732 thousand euros loss in the same period of 2023.

Cash used in operating activities during nine months of 2024 was 9.9 million euros comparing to 9.5 million euros generated during the same period in 2023. Cash used in operating activities during third quarter was 5.4 million euros compared to 59 thousand euros generated the third quarter of 2023.

Net assets per share on 30 September 2024 totalled to 0.91 euros compared to 0.96 euros on 30 September 2023.

Key performance indicators

	2024 9M	2023 9M	2024 Q3	2023 Q3	2023 12M
Revenue, th. EUR	10 604	19 969	3 697	3 857	23 021
Gross profit, th. EUR	2 856	6 000	433	1 544	7 028
Gross profit, %	27%	30%	12%	40%	31%
Operating result, th. EUR	-1 731	1 667	-872	167	2 963
Operating result, %	-16%	8%	-24%	4%	13%
Net result, th. EUR	-4 062	-1 025	-1 022	-732	-900
Net result, %	-38%	-5%	-28%	-19%	-4%
Earnings per share, EUR	-0,07	-0,02	-0,02	-0,01	-0,02

	30.09.2024	30.09.2023	31.12.2023
Total Assets, th. EUR	113 614	100 674	107 237
Total Liabilities, th. EUR	62 148	46 376	52 814
Total Equity, th. EUR	51 466	54 298	54 423
Debt/ Equity *	1,21	0,85	0,97
Return on Assets, % **	-3,8%	-1,0%	-0,1%
Return on Equity, % ***	-7,7%	-1,9%	-1,5%
Net asset value per share, EUR ****	0,91	0,96	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.

On **17 May 2024** the Group announced that a subsidiary company of the Group, AS Pro Kapital Eesti has established a new subsidiary, OÜ Pro Kapital Engineering. The new subsidiary will be active in residential and non-residential construction management.

On **20 May 2024** the Group announced about start of construction of the next phase of Kindrali Houses project in Tallinn Kristiine City. The building at Talli 3/Sammu 8, which is part of the Uus-Kindrali project, will comprise 90 apartments and one commercial unit.

On **28 May 2024** the Shareholders of the Group approved the Audited Annual Report of the Group for the financial year 2023.

On **28 May 2024** the Group announced about election of Neringa Rasimavičienė, member of the management board of the Group's Lithuanian subsidiary, as the second member of the Management Board of AS Pro Kapital Grupp.

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 Q3 we are continuing with internal finishing works of the buildings and as per current conditions, we are meeting the schedule deadlines. We expect to deliver the first 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 ca 55% threshold in presales and signed reservations. 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 and construction activities of our new project Uus-Kindrali. By the end of Q3, 2024, we had completed 3 floors, had finished the public utility connections (water, sewage, heating) and have finished the works of the new public road connecting our project to city road infrastructure. As of publishing this report, we have reached 44% in presales and reservations. The construction loan for this project is provided by AS LHV Pank.

In Riga, by the end of the third quarter, we have sold out all units in the River Breeze Residence.

In Vilnius we have completed five residential buildings in Šaltinių Namai Attico project with 115 apartments in 2019. As of publishing this report, we have only 1 apartment unsold. 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 Q3, the construction of the city villa's is finishing up the 3rd floor, so the structural part is ca 80% completed. In the residential-commercial building we have achieved the topping out of the main structure and the final expected completion is in Q2 2025. The loan contract for construction works was signed with Šiaulių bank in the beginning of May 2024. With respect to sales, we are currently at 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 hill and opening to spectacular Vilnius old town views, consisting of circa 50 luxury apartments. According to the current plan, we expect to receive the permit by the end of the year and begin construction activities at the beginning of Q2, 2025.

Hotel operations

After two challenging years that significantly impacted the global tourism sector, we are now seeing a robust recovery in hotel demand. In 2023, our hotel achieved outstanding results, and we're pleased to report that performance in 2024 continues to exceed budgeted expectations through Q3. If this positive momentum persists, we are on track to close the year with a record-breaking Gross Operating Profit (GOP).

Our focus in 2024 has been on expanding MICE (Meetings, Incentives, Conferences, and Exhibitions) activities to capture a larger share of the corporate market. The consistent monthly performance above budget during the first half of the year demonstrates the strength of our strategic approach and operational excellence.

Conclusion

In summary, 2024 has thus far been a year of significant achievements across our real estate development projects and hotel operations. Our projects in Tallinn, Riga, and Vilnius have advanced steadily, with impressive sales figures that reflect our commitment to quality and timeliness.

The strong rebound in the hospitality sector, particularly through our emphasis on MICE activities, has surpassed our expectations and underscores our competitive advantage. As we move forward, we are hopeful that geopolitical stability in the region will support continued growth and opportunity in our real estate ventures.

Amid evolving market conditions, we remain committed to prudent financial oversight and operational efficiency. We believe our diversified portfolio, along with well-executed strategies, will secure sustained growth and reinforce our leading position in the real estate sector.

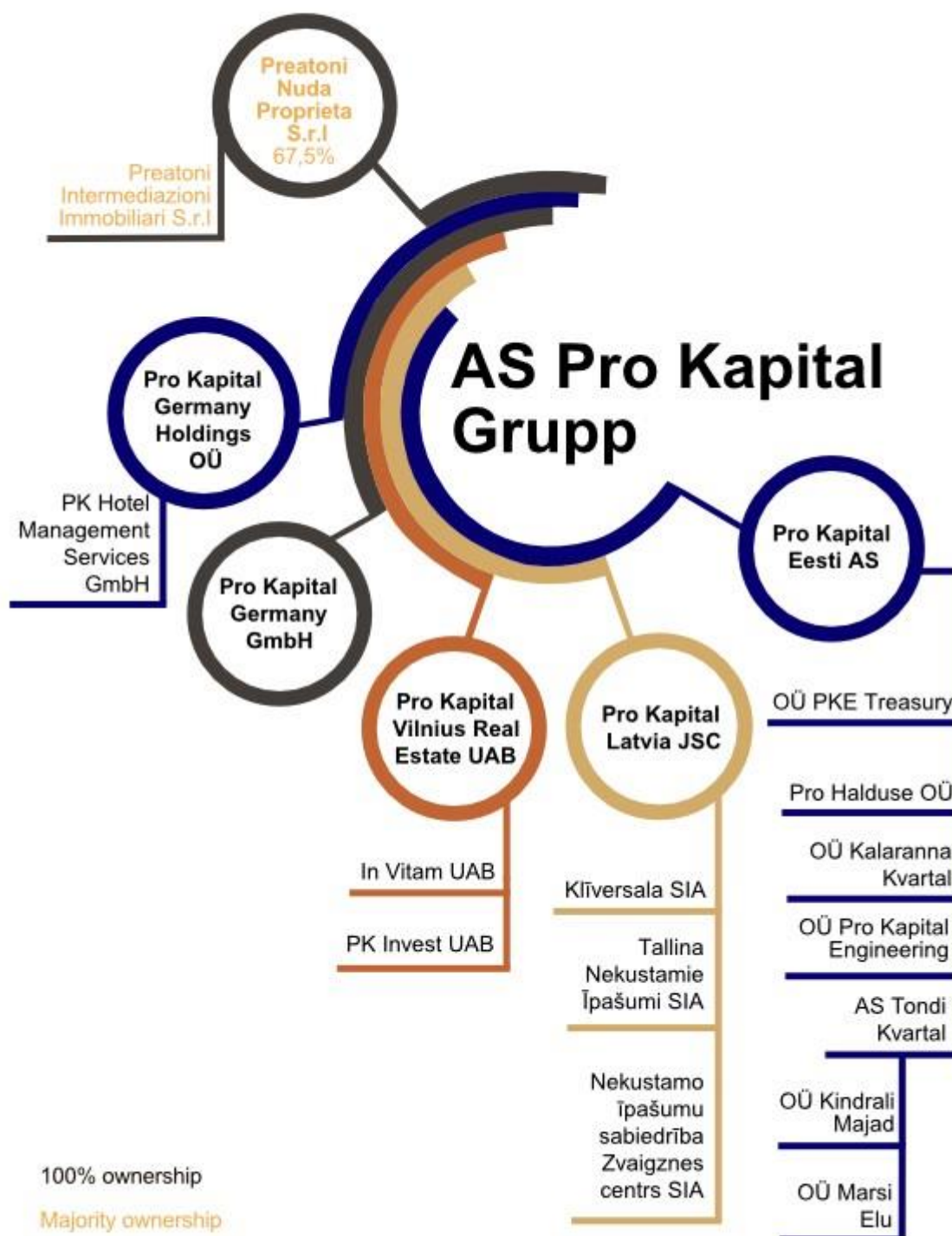
I extend heartfelt thanks to our shareholders, employees, and partners for their steadfast support and dedication. Together, we are well-positioned to seize future opportunities and build on this year's successes.



Edoardo Preatoni
CEO
AS Pro Kapital Grupp
15 November 2024

Group structure

As at 30 September 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 started construction on the new phase of Kindrali Houses, called Uus-Kindrali, with completion expected at the end of 2025.

Kalaranna in Tallinn

Kalaranna District is a unique sea-side residential district on the border of Tallinn's city centre 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 the first 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 Kliversala 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 to be completed with all units sold. 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. Marketing activities have already begun, with the objective of completing the sale within 2025.

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 one unit is available as of the publication of this report. In September, 2023 Pro Kapital Lithuania has started the last construction phase with City Villas and a Residential-commercial building, with completion expected at the end of 2025.



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 30 September 2024, the Group's operations were divided across five geographical segments: Estonia, Latvia, Lithuania, Germany and Italy. In addition, the Group monitors its operations through the business activities: real estate sale and rent, hotel operations, maintenance of real estate and commissions earned from residential real estate sales.

Revenue structure of the nine months, in thousands of euros

	EST	EST	LV	LV	LT	LT	GER	GER	IT	IT	Total	Total
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	9M	9M	9M	9M	9M	9M	9M	9M	9M	9M	9M	9M
Real estate	21	9 726	4 435	5 644	730	25	0	0	0	N/A	5 186	15 395
Rent	0	0	84	174	90	78	0	0	0	N/A	174	252
Hotel	0	0	0	0	0	0	4 497	3 932	0	N/A	4 497	3 932
Maintenance	101	86	1	13	277	263	0	0	0	N/A	379	362
Commissions	0	0	0	0	0	0	0	0	353	N/A	353	N/A
Other	1	5	9	11	5	12	0	0	0	N/A	15	28
Total	123	9 817	4 529	5 842	1 102	378	4 497	3 932	353	N/A	10 604	19 969

Revenue structure of the third quarter, in thousands of euros

	EST	EST	LV	LV	LT	LT	GER	GER	IT	IT	Total	Total
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3
Real estate	11	32	1 819	2 104	0	0	0	0	0	N/A	1 830	2 136
Rent	0	0	23	56	28	28	0	0	0	N/A	51	84
Hotel	0	0	0	0	0	0	1 595	1 480	0	N/A	1 595	1 480
Maintenance	35	29	0	2	74	119	0	0	0	N/A	109	150
Commissions	0	0	0	0	0	0	0	0	107	N/A	107	N/A
Other	0	5	3	4	2	1	0	0	0	N/A	5	7
Total	46	63	1 845	2 166	104	148	1 595	1 480	107	N/A	3 697	3 857

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 nine months of 2024 amounted to 1% compared to 49% during the same period last year.

During the reporting period the total of 2 parking lots and 3 storage rooms were sold (2023 9M: 66 apartments, 87 parking lots and 170 storage rooms). At the end of the

reporting period the stock consisting of 1 apartment, 19 storage rooms and 72 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 nine months amounted to 43% comparing to 30% in the same period last year. During the reporting period 8 apartments, 8 storage rooms and 25 parking lots were sold (2023 9M: 9 apartments, 17 parking spaces and 12 storage rooms). At the end of the reporting period the stock consisting of 3 parking lots is 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 nine months amounted to 11% comparing to 2% during the same period last year. During the reporting period 1 apartment and 2 parking lots were sold in Lithuania (2023 9M: 3 storage rooms). There were 2 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 nine months amounted to 42% comparing to 20% last year. Parkhotel Kurhaus has achieved an occupancy rate of 68%, marking a 3% increase compared to the same period in 2023. The hotel's net operating result for the first nine months of 2024 was 394 thousand euros profit (2023 9M: 250 thousand euros profit).

The Group's operations in **Italy** consist of commissions earned from residential real estate sales.

The share of Italian segment as a percentage of total revenues of the Group for the nine months amounted to 3%. Since the Group entered this segment at the end of the first quarter of 2024, no comparative information is available.

Other operative data of the third quarter and nine months

	EST	EST	LV	LV	LT	LT	Total	Total
	2024 9M	2023 9M	2024 9M	2023 9M	2024 9M	2023 9M	2024 9M	2023 9M
M ² sold*	0	4 011	1 303	1 560	94	0	1 397	5 571
Average price, m ² /EUR*	0	2 271	2 885	3 243	7 160	0	3 172	2 543
M ² under maintenance	48 276	48 276	0	0	26 919	26 768	75 195	75 044

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

	EST	EST	LV	LV	LT	LT	Total	Total
	2024 Q3	2023 Q3	2024 Q3	2023 Q3	2024 Q3	2023 Q3	2024 Q3	2023 Q3
M ² sold*	0	0	574	597	0	0	574	597
Average price, m ² /EUR*	0	0	2 505	3 210	0	0	2 505	2 313
M ² under maintenance	48 276	48 276	0	0	26 919	26 768	75 195	75 044

*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 11.3 million and repaid 47 thousand euros of the bank loans and as at 30 September 2024, the total loan debt to the banks was 15.7 million euros (Note 10).

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 10)

As at 30 September 2024 the Group had issued 9.6 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 redeemed 1.5 million euros, 15% of the denomination value of each bond on 31 October 2024. From 1 November 2024 the bonds in amount 8,1 million euros will carry an interest rate of 9%. (Note 10)

Shares and shareholders

As at 30 September 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 30 September 2024 there were 992 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 30 September were as follows:

Shareholders	Number of shares	Participation in %
Raiffeisen Bank International AG	21 870 780	38.58%
Caceis Bank SA	7 103 432	12.53%
Clearstream Banking AG	17 008 774	30.00%
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 30 September 2024 Ernesto Preatoni and his affiliates control 49.62% 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.
- 11 322 099 shares representing 19.97% 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 nine months of 2024 were -0.07 euros (2023 9M: -0.02 euros).

Trading price range and trading amounts of Pro Kapital Grupp shares, 1 January – 30 September 2024, NASDAQ Baltic Main List



Source: 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 – 30 September 2024

the shares were traded at the price range 0.81-1.11 euros, with the closing price of 0.81 euros per share on 30 September 2024. During the period 474 thousand of the Group's shares were traded with their turnover amounting to 442 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 – 30 September 2024 the shares were traded at the price range 0.63-0.95 euros, with the closing price of 0.65 euros per share on 30 September 2024. During the period 41 of Company's shares were traded with their turnover amounting to 32 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, Pro Kapital 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.

By its decision of 27.05.2024, the Administrative Court partially upheld the appeal of AS Pro Kapital Eesti, i.e. ordered the Land Board to pay AS Pro Kapital Eesti EUR 353,236 in damages for the overpaid land tax, of which the principal claim is EUR 191,973 and default interest EUR 161,263, and dismissed the appeal as regards the claim for damages related to the purchase of the property.

On 26.06.2024, the Land Board filed an appeal against the decision of the Tallinn Administrative Court of 27.05.2024, in which it contests the decision of the Administrative Court to the extent that the appeal was upheld, i.e. with regard to the land tax, and asks for a new decision dismissing the appeal of AS Pro Kapital Eesti in its entirety. AS Pro Kapital Eesti in turn filed a counter-appeal on 11.07.2024 to the Tallinn Circuit Court against the decision of the Tallinn Administrative Court of 27.05.2024, in which it contests the decision to the extent that the appeal of AS Pro Kapital Eesti for compensation for damages, i.e. compensation for the costs related to the purchase of the property was rejected.

The Tallinn Circuit Court, by its order of 13.08.2024, has decided to open the procedure both the appeal of the Land Board and the cross-appeal of AS Pro Kapital Eesti against the decision of the Tallinn Administrative Court of 27 May 2024. The Land-Board and AS Pro Kapital Eesti have submitted their submissions to the circuit court and the parties are awaiting further proceedings.

Main contractor of one of the developments of Pro Kapital, AS Oma Ehitaja, has started legal proceedings against OÜ Marsi Elu, a subsidiary of AS Pro Kapital Grupp. 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 the Group. 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. AS Pro Kapital Grupp 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 set a new hearing for January 2025.

People

As at 30 September 2024 the Group employed 95 people (30. September 2023: 80) of whom 47 were employed in the hotel (30. September 2023: 42) 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 high interest rates.

Significant business risk would occur with another crisis, the decrease of the substantial purchasing capability and consumer confidence, the high 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

15 November 2024

Consolidated financial statements

Consolidated interim statement of financial position

in thousands of euros	Notes	30.09.2024	30.09.2023	31.12.2023
ASSETS				
Current assets				
Cash		6 112	13 781	17 065
Current receivables		1 283	4 965	1 411
Prepaid expenses		275	0	268
Inventories	5	51 757	27 665	35 563
Total current assets		59 427	46 411	54 307
Non-current assets				
Non-current receivables	6	19	12	2 010
Property, plant and equipment	7	7 639	7 819	7 763
Right-of-use-assets	7	438	198	365
Investment property	8	40 493	45 874	40 361
Goodwill		204	262	0
Intangible assets	9	3 026	98	96
Total non-current assets		51 819	54 263	50 595
Assets held for sale		2 368	0	2 335
Total assets held for sale		2 368	0	2 335
TOTAL ASSETS		113 614	100 674	107 237
LIABILITIES AND EQUITY				
Current liabilities				
Current debt	10	1 750	28 581	30 141
Customer advances	11	8 204	3 048	3 657
Trade and other payables	12	6 059	3 236	4 911
Tax liabilities		241	253	161
Short-term provisions		9	5	11
Total current liabilities		16 263	35 123	38 881
Non-current liabilities				
Non-current debt	10	44 585	10 027	12 695
Other long term liabilities		2	0	0
Deferred income tax liabilities		1 131	1 136	1 130
Long-term provisions		167	90	108
Total non-current liabilities		45 885	11 253	13 933
TOTAL LIABILITIES		62 148	46 376	52 814
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		30 186	34 153	34 198
Total equity attributable to owners of the Company		50 411	54 298	54 423
Non-controlling interest		1 055	0	0
TOTAL EQUITY		51 466	54 298	54 423
TOTAL LIABILITIES AND EQUITY		113 614	100 674	107 237

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 9M	2023 9M	2024 Q3	2023 Q3	2023 12M
CONTINUING OPERATIONS						
Operating income						
Revenue	13	10 604	19 969	3 697	3 857	23 021
Cost of goods sold	14	-7 748	-13 969	-3 264	-2 313	-15 993
Gross profit	15	2 856	6 000	433	1 544	7 028
Marketing expenses		-773	-486	-288	-187	-705
Administrative expenses	16	-3 819	-3 860	-1 029	-1 204	-5 440
Other operating income	17	34	16	15	16	2 099
Other operating expenses	17	-29	-3	-3	-2	-19
Operating profit		-1 731	1 667	-872	167	2 963
Finance income	18	98	174	31	86	254
Finance cost	18	-2 411	-2 858	-165	-982	-4 115
Profit/ loss before income tax		-4 044	-1 017	-1 006	-729	-898
Income tax		-18	-8	-16	-3	-2
Profit/ loss for the period		-4 062	-1 025	-1 022	-732	-900
Other comprehensive income, net of income tax						
Net change in asset revaluation reserve		0	0	0	0	0
Total comprehensive income for the period		-4 062	-1 025	-1 022	-732	-900
Attributable to:						
Equity holders of the parent		-4 012	-1 025	-990	-732	-900
Non-controlling interest		-50	0	-32	0	0
Earnings per share (Basic) €	19	-0,07	-0,02	-0,02	-0,01	-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 9M	2023 9M	2024 Q3	2023 Q3	2023 12M
Cash flows from operating activities						
Profit/loss for the period		-4 012	-1 025	-989	-733	-900
Adjustments for:						
Depreciation, amortisation of PPE, ROU and intangible assets		1 028	309	727	105	441
Gain from disposal of property, plant, equipment		16	0	0	0	0
Gain from disposal of investment property		0	0	0	0	-111
Change in fair value of investment property		0	0	0	0	-1 972
Finance income and costs	18	2 313	2 684	135	896	3 861
Changes in deferred tax assets and liabilities		1	6	1	2	0
Other non-monetary changes (net amounts)		-112	55	-112	20	6
Movements in working capital:						
Change in trade receivables and prepayments		493	59	285	-80	1 414
Change in inventories		-16 033	6 558	-7 207	-1 067	3 984
Change in liabilities and prepayments		6 316	837	1 725	901	2 300
Change in provisions		48	44	18	15	64
Net cash generated by/ used in operating activities		-9 942	9 527	-5 417	59	9 087
Cash flows from investing activities						
Cash balances of acquired subsidiaries		247	0	0	0	0
Payments for property, plant and equipment	7	-98	-713	-65	-133	-746
Payments for intangible assets	9	-34	-32	-2	-1	-38
Proceeds from disposal of property, plant, equipment		1	0	0	0	0
Payments for investment property	8	-132	-299	-121	-22	-473
Investments in assets held for sale		-33	0	0	0	0
Proceeds from disposal of investment property		0	0	0	0	111
Payments for subsidiaries		-500	-2 000	0	-2 000	-2 000
Interests received		98	120	31	66	182
Net cash used in investing activities		-451	-2 924	-157	-2 090	-2 964
Cash flows from financing activities						
Net proceeds in minority shareholding		-50	0	-32	0	0
Redemption of non-convertible bonds		-8 550	0	0	0	0
Proceeds from borrowings		11 335	0	4 149	0	3 974
Repayment of borrowings		-47	-47	-16	-10	-63
Repayment of lease liabilities		-158	-114	-57	-45	-152
Interests paid		-3 090	-3 236	-933	-1 594	-3 406
Deposits paid		0	-14	0	-14	0
Net cash used/ generated by financing activities		-560	-3 411	3 111	-1 663	353
Net change in cash and cash equivalents		-10 953	3 192	-2 464	-3 694	6 476
Cash and cash equivalents at the beginning		17 065	10 589	8 576	17 474	10 589
Cash and cash equivalents at the end of the period		6 112	13 781	6 112	13 781	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
1 January 2022	11 338	1 748	0	2 984	26 773	42 843	0	42 843
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
31 December 2022	11 338	5 661	1 134	2 012	35 178	55 323	0	55 323
Comprehensive income for the period	0	0	0	0	-1 025	-1 025	0	-1 025
30 September 2023	11 338	5 661	1 134	2 012	34 153	54 298	0	54 298
Comprehensive loss for the period	0	0	0	0	-125	-125	0	-125
Other changes	0	0	0	80	-80	0	0	0
31 December 2023	11 338	5 661	1 134	2 092	34 198	54 423	0	54 423
Comprehensive loss for the period	0	0	0	0	-4 012	-4 012	-50	-4 062
Changes in holdings with non-controlling interests	0	0	0	0	0	0	1 105	1 105
30 September 2024	11 338	5 661	1 134	2 092	30 186	51 411	1 055	51 466

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 30.09.2024	Ownership 30.09.2023	Ownership 31.12.2023
Raiffeisen Bank International AG	Austria	38.58%	53,26%	54.66%
Caceis Bank SA	France	12.53%	12.52%	12.78%
Clearstream Banking AG	Germany	30.00%	10,55%	10.99%
Svalbork Invest OÜ	Estonia	9.86%	9,86%	9.86%
Six Sis Ltd	Switzerland	3.01%	6,89%	5.46%

For the purpose of providing comparable financial figures in these interim financial statements as of 30 September 2024, AS Pro Kapital Grupp, a holding 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.

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 transactions elimination	Total
2024 9M								
Revenue	0	123	4 535	1 102	4 910	353	-419	10 604
incl. sale of real estate	0	21	4 435	730	0	0	0	5 186
incl. rental income	0	0	84	90	360	0	-360	174
incl. hotel operations	0	0	0	0	4 497	0	0	4 497
incl. maintenance services	0	101	1	277	0	0	0	379
Incl. commissions on sale of real-estate	0	0	0	0	0	353	0	15
incl. other revenue	0	1	15	5	0	0	-59	353
Other operating income and expenses (net)	-1	-1	-6	0	1	11	0	4
Segment operating profit/loss	-1 780	-935	1 065	119	478	-123	-556	-1 732
Financial income and expense (net)	-6 696	4 694	12	-114	-170	-33	-6	-2 313
Profit/loss before income tax	-8 476	3 759	1 077	5	308	-156	-562	-4 045
Income tax	0	0	0	-6	0	0	-12	-18
Non-controlling interest	0	0	0	0	0	-51	0	-51
Net profit/loss for the period	-8 476	3 759	1 077	-1	308	-105	-574	-4 012
30.09.2024								
Assets	55 033	188 604	21 927	19 598	6 654	1 547	-179 749	113 614
Liabilities	158 424	24 805	9 317	8 503	6 283	1 180	-146 364	62 148
Acquisition of non-current assets	0	47	2	7	76	568	3 497	4 204
Decrease of non-current assets	0	-51	-1	-137	0	0	0	-189
Depreciation and amortisation	0	-42	-34	-31	-280	-645	0	-1 032

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
2023 9M							
Revenue	0	9 818	5 846	378	4 342	-415	19 969
incl. sale of real estate	0	9 726	5 644	25	0	0	15 395
incl. rental income	0	0	174	78	360	-360	252
incl. hotel operations	0	0	0	0	3 932	0	3 932
incl. maintenance services	0	86	13	263	0	0	362
incl. other revenue	0	6	15	12	50	-55	28
Other operating income and expenses (net)	-1	0	13	1	0	0	13
Segment operating profit/loss	-2 168	1 540	2 149	-282	399	29	1 667
Financial income and expense (net)	-4 968	2 648	-93	-96	-173	-2	-2 684
Profit/loss before income tax	-7 136	4 188	2 056	-378	226	27	-1 017
Income tax	0	0	0	-1	-7	0	-8
Net profit/loss for the period	-7 136	4 188	2 056	-379	219	27	-1 025

30.09.2023

Assets	65 425	162 217	25 724	15 411	9 231	-177 334	100 674
Liabilities	158 946	4 494	13 918	3 820	6 716	-141 518	46 376
Acquisition of non-current assets	0	66	108	3	676	0	853
Decrease of non-current assets	0	-15	0	0	0	0	-15
Depreciation and amortisation	0	-20	-35	-28	-210	0	-293

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
2023 12M							
Revenue	1 322	10 322	6 344	911	6 003	-1 881	23 021
incl. sale of real estate	0	10 199	6 099	424	0	0	16 722
incl. rental income	0	0	210	111	480	-480	321
incl. hotel operations	0	0	0	0	5 452	0	5 452
incl. maintenance services	0	117	14	362	0	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
Profit/loss before income tax	-8 532	6 505	1 784	-878	199	24	-898
Income tax	0	0	0	5	-7	0	-2
Net profit/loss for the period	-8 532	6 505	1 784	-873	192	24	-900

31.12.2023

Assets	57 634	169 305	23 507	16 168	9 149	-168 526	107 237
Liabilities	152 550	9 264	11 973	5 071	6 661	-132 705	52 814
Acquisition of non-current assets	0	86	108	7	894	0	1 095
Decrease of non-current assets	0	-22	0	-6	-358	0	-386
Depreciation and amortisation	-1	-49	-35	-38	-295	0	-418

Note 4. Changes in minority shareholding

Preatoni Nuda Proprieta S.r.l

Minority (%) as at 31 December 2023	0%
Minority (%) as at 30 September 2024	32.5%

in thousands of euros

Non-controlling interest as at 31 December 2023	0
Acquisition of non-controlling interest	1 105
Loss for the reporting period	-50
Non-controlling interest as at 30 September 2024	1 055

On 22 March 2024, the Group acquired 67,5% of the shares of Preatoni Nuda Proprieta S.R.L (registered office in Milan, Italy).

Note 5. Inventories

in thousands of euros	30.09.2024	30.09.2023	31.12.2023
Property held for resale	2 481	6 259	5 474
<i>incl. Kindrali Houses, Tallinn</i>	228	271	165
<i>incl. Kalaranna Kvartal, Tallinn</i>	957	1 201	958
<i>incl. River Breeze, Riga</i>	63	3 182	2 897
<i>incl. Šaltinių Namai (Attico), Vilnius</i>	1 233	1 599	1 454
<i>incl. other properties</i>	0	6	0
Works in progress	48 822	21 215	29 885
<i>incl. Uus-Kindrali, Tallinn</i>	7 015	0	5 324
<i>incl. Kalaranna Quarter, Tallinn</i>	23 881	8 599	11 048
<i>incl. Šaltinių Namai (Attico), Vilnius</i>	11 495	6 339	7 211
<i>Inc. Naugarduko, Vilnius</i>	6 431	6 277	6 302
Goods bought for resale	101	84	126
Prepayments for inventories	353	107	78
Total	51 757	27 665	35 563

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 at the beginning of Q2,2025.

Note 6. Non-current receivables

in thousands of euros	30.09.2024	30.09.2023	31.12.2023
Finance leases	6	12	10
Other non-current receivables	13	0	2 000
Total	19	12	2 010

Note 7. 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 30 September 2024 land and buildings comprised of hotel property in Bad Kreuznach, Germany and office premises in Tallinn, Estonia.

In thousands of euros	30.09.2024	30.09.2023	31.12.2023
Acquisition value of property, plant and equipment	9 322	11 735	9 185
Accumulated depreciation	-1 683	-3 916	-1 422
Residual value of property, plant and equipment	7 639	7 819	7 763
in thousands of euros	30.09.2024	30.09.2023	31.12.2023
Acquisition value of right-of-use assets	748	809	654
Accumulated depreciation	-310	-611	-289
Residual value of right-of-use assets	438	198	365

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
Acquisition value 31.12.2022	7 040	1 156	271	0	8 467	701
Acquired	566	110	31	5	712	108
Written off	0	0	-15	0	-15	0
Acquisition value 30.09.2023	7 606	1 266	287	5	9 164	809
Acquired	12	3	18	1	34	203
Written off	0	0	-13	0	-13	-358
Acquisition value 31.12.2023	7 618	1 269	292	6	9 185	654
Acquired	16	59	29	-6	98	0
Acquired through new subsidiaries	0	36	0	0	36	230
Reclassification	0	6	0	0	6	0
Written off	0	0	-3	0	-3	-136
Acquisition value 30.09.2024	7 634	1 370	318	0	9 322	748

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	PPE total	Right-of-use assets
Accumulated depreciation 31.12.2022	0	942	231	1 173	506
Depreciation charge for the period	122	47	16	185	96
Written off	0	0	-13	-13	9
Accumulated depreciation 30.09.2023	122	989	234	1 345	611
Depreciation charge for the period	68	16	7	91	36
Written off	0	0	-14	-14	-358
Accumulated depreciation 31.12.2023	190	1 005	227	1 422	289
Depreciation charge for the period	162	54	20	236	158
Acquired through new subsidiaries	0	20	0	20	0
Reclassification	0	4	0	4	0
Written off	0	0	1	1	-137
Accumulated depreciation 30.09.2024	352	1 083	248	1 683	310

Note 8. Investment property

in thousands of euros	Property held for increase in value
Balance at 31.12.2022	45 575
Investments	299
Balance at 30.09.2023	45 874
Investments	174
Changes in fair value	1 972
Reclassified to assets to be sold	-2 335
Reclassification to inventories	-5 324
Balance at 31.12.2023	40 361
Investments	132
Balance at 30.09.2024	40 493

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. 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, with an amortization period of 3 years.

In thousands of euros	30.09.2024	30.09.2023	31.12.2023
Acquisition value of intangible assets	4 058	276	281
Accumulated amortisation	-1 032	-178	-185
Residual value of intangible assets	3 026	98	96

in thousands of euros	Client database	Trade-marks	Websites and software	Other	Prepayments	Total
Acquisition value 31.12.2022	0	16	207	1	20	244
Acquired	0	0	32	0	5	36
Reclassification	0	0	0	0	-5	-5
Acquisition value 30.09.2023	0	16	239	1	20	276
Acquired	0	0	4	0	1	5
Acquisition value 31.12.2023	0	16	243	1	21	281
Acquired	0	26	11	0	-3	34
Acquired through new subsidiaries	3 317	0	482	0	0	3 799
Written off	0	0	-49	-1	0	-50
Reclassification	0	0	-6	0		-6
Acquisition value 30.09.2024	3 317	42	681	0	18	4 058

in thousands of euros	Client database	Trade-marks	Websites and software	Other	Total
Accumulated amortisation 31.12.2022	0	9	153	1	163
Depreciation charge for the period	0	0	15	0	15
Accumulated depreciation 30.09.2023	0	9	168	1	178
Depreciation charge for the period	0	1	6	0	7
Accumulated depreciation 31.12.2023	0	10	174	1	185
Depreciation charge for the period	553	0	85	0	638
Acquired through new subsidiaries	0	0	252	0	252
Reclassification	0	0	-5	0	-5
Written off	0	0	-37	-1	-38
Accumulated depreciation 30.09.2024	553	10	469	0	1 032

Note 10. Current and non-current debt

Current debt

<i>in thousands of euros</i>	30.09.2024	30.09.2023	31.12.2023
Bank loans and overdrafts	63	63	63
Secured non-convertible bonds	0	28 376	29 903
Unsecured non-convertible bonds	1 453	0	0
Current portion of finance lease	234	142	175
Total	1 750	28 581	30 141

Non-current debt

<i>in thousands of euros</i>	30.09.2024	30.09.2023	31.12.2023
Bank loans and overdrafts	15 606	359	4 317
Secured non-convertible bonds	19 865	0	0
Unsecured non-convertible bonds	8 109	9 551	8 130
Non-current portion of finance lease	260	116	248
Other non-current loans	745	0	0
Total	44 585	10 027	12 695

Creditors

<i>in thousands of euros</i>	30.09.2024	30.09.2023	31.12.2023
LHV Bank	15 309	0	3 975
Sparkasse (DE)	360	422	406
Secured non-convertible bonds, various investors	19 865	28 376	28 450
Unsecured Non-convertible bonds, various investors	9 562	9 551	9 582
Lease agreements (right-of-use assets)	494	259	423
Other	745	0	0
Total	46 335	38 608	42 836

All agreements and liabilities are fixed in euros. The total interest and other financial cost (Note 18) for nine months of 2024 was 2.4 million euros (2023 9M: 2.9 million 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 redeemed 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 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 9.56 million euros, after deducting discounted 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 8.55 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 19.95 million euros 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 45.30%. The equity ratio is positively influenced, when construction is completed and revenues are recorded on the balance sheet.

The remaining balance of the secured non-convertible bonds as of 30 September 2024 is 19,86 million euros, after deducting discounted refinancing costs.

Pledged assets in balance sheet value in thousands of euros

Beneficiary	Collateral description	30.09.2024	30.09.2023	31.12.2023
Bank accounts				
Nordic Trustee & Agency AB (Sweden)	Nordea Bank AB (Sweden)	0	23	18
Nordic Trustee & Agency AB (Sweden)	LHV Pank AS	14	0	0
Inventory				
LHV Bank AS	Kalaranna 8, Tallinn	24 838	0	12 005
LHV Bank AS	Talli3/Sammu 8, Tallinn	7 015	0	0

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

	30.09.2024	30.09.2023	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 Kindrali Majad 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 share pledge	1 335	1 335	1 335
NTA In Vitam UAB	3	3	3
NTA PK Invest UAB	823	823	823
NTA Preatoni Nuda Proprieta S.r.l	10	0	0
NTA Preatoni Intermediazioni Immobiliari S.r.l.	10	0	0
Total	63 307	63 287	63 287

Note 11. Customer advances

<i>in thousands of euros</i>	30.09.2024	30.09.2023	31.12.2023
Advances for real estate	8 171	3 022	3 623
Advances for hotel services	33	26	34
Total	8 204	3 048	3 657

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 12. Trade and other payables

<i>in thousands of euros</i>	30.09.2024	30.09.2023	31.12.2023
Trade payables	4 629	1 914	2 731
Accrued expenses	989	857	961
Accrued interests	384	447	1 214
Payables to employees	56	16	4
Other	1	2	1
Total	6 059	3 236	4 911

Note 13. Revenue

<i>in thousands of euros</i>	2024 9M	2023 9M	2024 Q3	2023 Q3	2023 12M
Revenue from contracts with customers					
Revenue from sale of real estate	5 186	15 395	1 830	2 135	16 722
Hotel operating revenue	4 497	3 932	1 595	1 480	5 452
Revenue from maintenance and other services	394	390	114	159	526
Revenue from commissions on real estate sales	353	0	107	0	0
Total revenue from contracts with customers	10 430	19 717	3 646	3 774	22 700
Rental income	174	252	51	83	321
Total	10 604	19 969	3 697	3 857	23 021

<i>in thousands of euros</i>	2024 9M	2023 9M	2024 Q3	2023 Q3	2023 12M
At a point in time					
Revenue from sale of real estate	5 186	15 395	1 830	2 135	16 722
Revenue from commissions on real estate sales	353	0	107	0	0
Revenue from other services	15	28	5	10	34
Total revenue recognised at a point in time	5 554	15 423	1 942	2 145	16 756
Over time					
Hotel operating revenue	4 497	3 932	1 595	1 480	5 452
Revenue from maintenance fees	379	362	109	149	492
Total revenue recognised over time	4 876	4 294	1 704	1 629	5 944
Rental income	174	252	51	83	321
Total	10 604	19 969	3 697	3 857	23 021

Revenue from sale of real estate has decreased by 66% 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 14% compared to the reference period as greater attention has been paid to the corporate segment and the refurbished premises have attracted more guests.

While we continue construction on the final stage of Kalaranna District, we plan completing and delivering the first units from the first two buildings by the end of 2024, and completing 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 14. Cost of sales

in thousands of euros	2024 9M	2023 9M	2024 Q3	2023 Q3	2023 12M
Cost of real estate sold	3 976	10 852	1 930	1 217	11 703
Cost of commissions of real estate sales	176	0	66	0	0
Cost of providing rental services	236	69	200	26	86
Cost of hotel operations	3 138	2 826	1 004	970	3 906
Cost of maintenance services	218	211	63	99	286
Cost of other services	4	11	1	1	12
Total	7 748	13 969	3 264	2 313	15 993

Note 15. Gross profit

in thousands of euros	2024 9M	2023 9M	2024 Q3	2023 Q3	2023 12M
RE sales	1 210	4 543	-100	918	5 019
Commissions on real estate sales	177	0	41	0	0
Rent	-62	183	-149	57	235
Hotel	1 359	1 106	591	510	1 546
Maintenance	161	151	46	50	206
Other	11	17	4	9	22
Total	2 856	6 000	433	1 544	7 028

Note 16. Administration expenses

in thousands of euros	2024 9M	2023 9M	2024 Q3	2023 Q3	2023 12M
Staff costs	2 121	2 146	593	682	2 994
Consulting fees	809	887	153	274	1 275
Bank, Stock Exchange and CSD fees	93	69	33	30	87
Land and real estate taxes	197	192	53	48	279
Depreciation charge	159	123	59	41	165
Other	440	443	138	129	640
Total	3 819	3 860	1 029	1 204	5 440

Note 17. Other income and expenses

Other income

in thousands of euros	2024 9M	2023 9M	2024 Q3	2023 Q3	2023 12M
Fines collected	0	1	0	1	1
Profit from sale of investment property	0	0	0	0	111
Gain from fair value adjustments	0	0	0	0	1 972
Other	34	15	15	15	15
Total	34	16	15	16	2 099

Other expenses

in thousands of euros	2024 9M	2023 9M	2024 Q3	2023 Q3	2023 12M
Fines paid	6	2	0	1	5
Loss from write off of non-current assets	16	0	0	0	0
Other	7	1	3	1	14
Total	29	3	3	2	19

Note 18. Finance income and cost

Finance income

in thousands of euros	2024 9M	2023 9M	2024 Q3	2023 Q3	2023 12M
Interest income	98	174	31	86	254
Gain from foreign currency translation	0	0	0	0	0
Other financial income	0	0	0	0	0
Total	98	174	31	86	254

Finance cost

in thousands of euros	2024 9M	2023 9M	2024 Q3	2023 Q3	2023 12M
Interest expenses	2 367	2 616	384	874	3 829
Foreign currency loss	0	0	0	0	0
Other financial expenses	44	242	-219	108	286
Total	2 411	2 858	165	982	4 115

Note 19. 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	01.01.2024-30.09.2024	(56 687 954x274/274)	=56 687 954
For the period	01.01.2023-30.09.2023	(56 687 954x273/273)	= 56 687 954
For the period	01.07.2024-30.09.2024	(56 687 954x92/92)	= 56 687 954
For the period	01.07.2023-30.09.2023	(56 687 954x92/92)	= 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	01.01.2024-30.09.2024	-4 012 000 euros/ 56 687 954 = -0.07 euros
For the period	01.01.2023-30.09.2023	-1 025 000 euros/56 687 954 = -0.02 euros
For the period	01.07.2024-30.09.2024	-1 023 000 euros/56 687 954 = -0.02 euros
For the period	01.07.2023-30.09.2023	-732 000 euros/56 687 954 = -0.01 euros
For the period	01.01.2023-31.12.2023	-900 000 euros/ 56 687 954 = -0.02 euros

Note 20. Shareholders meetings

The annual shareholders meeting of AS Pro Kapital Grupp took place on 28 May 2024. Minutes of the annual shareholders meeting have been published on AS Pro Kapital Grupp web page www.prokapital.com.

Note 21. 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 9M	2023 9M	2023 12M
Significant owners and owner related companies:			
Revenues	7	7	9
Administrative expenses	384	408	513
Payments for subsidiaries	500	0	0
Members of the Management Board and Council			
Salaries and bonuses paid to management	437	424	580

Receivables from related parties

in thousands of euros	30.09.2024	30.09.2023	31.12.2023
Significant owners and owner related companies:			
Prepayments	0	3 553	2 000
Other receivables	69	0	0

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 has already been paid earlier.

Payables to related parties

in thousands of euros	30.09.2024	30.09.2023	31.12.2023
Significant owners and owner related companies			
Trade payables	0	0	105
Loans	745	0	0

Shareholding in the Group %	30.09.2024	30.09.2023	31.12.2023
Significant owner and owner related companies	49,62%	49,31%	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 nine months and the third 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 15 November 2024