

AS Pro Kapital Grupp

CONSOLIDATED INTERIM REPORT
FOR IV QUARTER AND 12 MONTHS OF 2020
(UNAUDITED)

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AS Pro Kapital Grupp in brief

AS Pro Kapital Grupp (hereinafter as “the Company” 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 Company was established in 1994, which makes Pro Kapital the first professional real estate development company in the Baltics with over 25 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 is the only real estate company with eight large ongoing and upcoming projects in its portfolio.

Pro Kapital has to date, successfully completed more than 250 thousand square meters of living and commercial premises and at least the same volume is yet to be developed. The Company is focused on delivering the highest quality. Forward looking business management is implemented through all operations across the value-chain, with inhouse competence. The Company can thereby ensure socially, economically and environmentally sustainable business growth.



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Management report

Key highlights

The total revenue of the Company for 2020 was 19.2 million euros, which is a decrease of 65% compared to the reference period (2019 12M: 55.3 million euros). The total revenue of the fourth quarter was 5.6 million euros, a decrease of 69% compared to 18.0 million euros during the same period in 2019. The real estate sales revenues are recorded at the moment of handing over the premises to the buyer. Therefore, the revenues from sales of real estate depend on the completion of the residential developments. The real estate sales revenue was higher in 2019 due to completion of apartment buildings in Kristina Houses and Šaltinių Namai projects. In 2020, the Company concentrated on sales of completed developments - River Breeze Residence in Riga and Šaltinių Namai Attico development in Vilnius.

The gross profit for 2020 decreased by 57% amounting to 6.8 million euros compared to 15.8 million euros during the same period in 2019. In the fourth quarter the gross profit figures were 1.4 million euros and 4.1 million euros respectively. Gross profit margin has increased by 23%.

The operating result for 2020 was -40.9 million euros comparing to -15.2 million euros during the same period in 2019. The operating result of the fourth quarter was -42.1 million euros comparing to -22.1 million euros in 2019. The decrease in operating result is mainly influenced by the non-monetary loss from revaluation of investment properties. The total impact from revaluation is -41.9 million euros (Note 8), mostly related to devaluation of T1 Mall of Tallinn property due to decreased ability to generate cash flow.

The net result for 2020 was -57.3 million euros and in the fourth quarter -46.2 million euros. In the comparable periods the net result was respectively -29.2 million euros and -26.1 million euros. In addition to loss from revaluation, the net result of the reporting period was influenced by high interest expenses in AS Tallinna Moekombinaat.

Cash used in operating activities during twelve months was 7.7 million euros comparing to 20.4 million euros cash generated during the same period in 2019. In the fourth quarter of 2020 cash used in operating activities was 3.1 million euros while 13.7 million euros cash was generated during the same period in 2019.

Net assets per share on 31 December 2020 totalled to 0.25 euros compared to 1.26 euros on 31 December 2019.

Key performance indicators

	2020 12M	2019 12M	2020 Q4	2019 Q4 (adjusted)	2019 Q4
Revenue, th EUR	19 234	55 276	5 619	17 993	17 993
Gross profit, th EUR	6 775	15 809	1 404	4 069	4 069
Gross profit, %	35%	29%	25%	23%	23%
Operating result, th EUR	-40 933	-15 178	-42 069	-22 065	-22 063
Operating result, %	-213%	-27%	-749%	-123%	-123%
Net result, th EUR	-57 281	-29 172	-46 196	-26 099	-26 031
Net result, %	-298%	-53%	-822%	-145%	-145%
Earnings per share, EUR	-0.95	-0.48	-0.76	-0.43	-0.43
				31.12.2020	31.12.2019
Total Assets, th EUR				183 380	210 821
Total Liabilities, th EUR				169 095	139 255
Total Equity, th EUR				14 285	71 566
Debt / Equity *				15.26	1.94
Return on Assets, % **				-29.1%	-12.8%
Return on Equity, % ***				-133.4%	-34.4%
Net asset value per share, EUR ****				0.25	1.26

*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 17 January 2020 the Company prolonged the redemption date of 378 070 PKG2 convertible bonds by 2 years. New redemption date was set for 20 January 2022.

On 12 February 2020 the Company announced about the signing the construction contract with OÜ Vanalinna Ehitus for re-construction of a stables-building and additional construction of a new adjacent building as well as a semi-underground parking to be located at Marsi Street in Kristiine City. The Ratsuri Houses development project will have 39 apartments and the construction cost is ca 3.5 million euros (including VAT). The completion is planned for the spring of 2021.

On 19 February 2020 the Company informed about a successful issue of senior secured, callable, fixed rate bonds (New Bonds) in total amount of 28.5 million euros. The new bonds carry a fixed rate coupon of 8% and will mature in February 2024.

On 20 February 2020 the Company notified of early redemption of the senior secured, callable fixed rate bonds (Existing Bonds) in full. Pro Kapital sent an irrevocable notice of early redemption to all directly registered owners and registered authorised nominees in the debt register for the Existing Bonds kept by Euroclear Sweden as of 19 February 2020. The Existing Bonds were redeemed on 17 March 2020. In accordance with the terms and conditions for the Existing Bonds, these 279 bonds were redeemed at an amount equal to 101.00 per cent of the nominal amount, *i.e.* 101 000 euros per each bond. The total redemption amount per each Existing Bond, together with accrued and unpaid interest up to and including the early redemption date was 103 355.56 euros.

On 31 March 2020 the owner and operator of T1 Mall of Tallinn shopping centre, AS Tallinna Moekombinaat (TMK), submitted an application to Harju County Court for commencement of reorganisation proceedings with the purpose to overcome temporary liquidity issues, reasonably reorganise liabilities and increase profitability of TMK. **On 3 April 2020** Harju County Court initiated reorganisation proceedings. **On 12 June 2020** Harju County Court appointed two experts to evaluate the reorganization plan who have provided their opinion to the court in time. Based on experts' opinions the court should have decided on the approval of the reorganization plan.

On 22 May 2020 the Company announced about the intention to issue new non-convertible bonds to refinance its PKG1-PKG7 convertible bonds in the aggregate value up to 10 252 258.80 euros. The bonds are expected to be issued in several tranches,

whereby the value of first tranche should be at least 5 million euros. During the first subscription period, which ended on **7 July 2020**, 2 925 641 bonds with the total issue value of 8 191 794.80 euros were subscribed. The issue date of the first tranche of the Bonds took place on **3 August 2020**. New non-convertible bonds are issued against PKG1-PKG7 convertible bonds. New bonds carry an interest of 8%, they are non-convertible and not secured, the final redemption date is 31 October 2024.

On 28 May 2020 the Company announced about the decision of the Annual General Meeting in regards to election of Oscar Crameri as the new member of the Supervisory Council of AS Pro Kapital Grupp with the term until 5 July 2023.

On 30 June 2020 the holders of senior secured bonds 2020/2024 decided to approve to amend the terms and conditions of the Company's senior secured bonds. The amendments were related to the maintenance test definition in respect of the Company's German hotel operations. The amended version of the terms and conditions took effect on 30 June 2020.

On 7 July 2020 the Company announced about publishing a listing prospectus in respect of its senior secured bonds 2020/2024 and applying for admission to trading of these bonds on Nasdaq Stockholm. The prospectus and application for trading were approved by the Swedish Financial Supervisory Authority. The first day of trading was on **9 July 2020**.

On 20 July 2020 the Company announced the merger of its subsidiaries in Lithuania – Pro Kapital Bonum Ltd to be integrated into its parent company PK Invest Ltd. PK Invest Ltd was a 100% subsidiary of Pro Kapital Vilnius Real Estate Ltd. Following the merger, the share capital of PK Invest Ltd remains the same and all the assets, rights and obligations of Pro Kapital Bonum Ltd are taken over by PK Invest Ltd. The merger was finalised on **25 September 2020**.

On 30 July 2020 the Company announced about the ruling of the Tallinn District Court in relation to the reorganization proceedings of its subsidiary AS Tallinna Moekombinaat. The district court did not find that the county court had incorrectly appointed the experts, but held that the county court should have further analysed and substantiated some of the preconditions for initiating expert proceedings. Therefore, the district court has referred the matter back to the county court for a new decision.

On 14 August 2020 the county court made a new ruling in the matter and terminated the reorganization proceedings because it had established that AS Tallinna Moekombinaat is allegedly permanently insolvent. AS Tallinna Moekombinaat

disagreed with the views expressed in the county court ruling and disputed the termination of the reorganisation proceedings.

On 10 August 2020 the Company prolonged the redemption date of 37 423 PKG3 and 50 504 PKG4 convertible bonds by 2 years. New redemption date for convertible bonds PKG3 is set as 10 August 2022 and for PKG4 - 16 September 2022. 1 100 PKG3 convertible bonds were redeemed with the total value of 3 080 euros.

On 30 September 2020 the Company announced about the start of the second subscription period for private placement of non-convertible bonds with the aggregate nominal value of up to 2 057 384 euros. The Bonds were subscribed for only in exchange for the existing Pro Kapital convertible bonds. The subscription period of the bonds started on 1 October 2020 and was supposed to end on 28 October 2020. **On 28 October 2020** the Company announced the prolongation of the subscription term until 6 November 2020, which was further prolonged until 13 November 2020.

On 30 November 2020 the Company announced the results of the second subscription and issue for non-convertible bond offering. During the second subscription period 187 502 bonds with the total issue value of 525 005.60 euros were subscribed. The issue date of the second tranche of the Bonds took place on **27 November 2020**. New non-convertible bonds were issued against PKG1-PKG7 convertible bonds. New bonds carry an interest of 8%, they are non-convertible and not secured, the final redemption date is 31 October 2024.

On 30 November 2020 the company announced about the start of the third subscription period for private placement of non-convertible bonds with the aggregate nominal value of up to 968 626.40 euros. The Bonds were subscribed for only in exchange for the existing Pro Kapital convertible bonds. The subscription period of the bonds started on 1 December 2020 and ended on 13 December 2020. **On 14 December 2020** the Company announced the results of the subscription for non-convertible bond offering. During the third subscription period 345 938 bonds with the total issue value of 968 626.40 euros were subscribed. The issue date of the third tranche of the Bonds took place on **15 January 2021**.

On 30 November 2020 the Company prolonged the redemption date of 24 500 PKG5 convertible bonds by 2 years. New redemption date for convertible bonds PKG5 is set at 29 November 2022. 10 844 PKG5 convertible bonds were redeemed with the total value of 30 363.20 euros.

On **19 January 2021**, after the reporting period, the Company announced about publishing a listing prospectus in respect of its unsecured, callable, fixed rate non-convertible bonds “EUR 8.00 PRO KAPITAL GRUPP VÕLAKIRI 20-2024” and applying for admission to trading of these bonds on Nasdaq OMX Tallinn bond list. The prospectus was approved by the Estonian Financial Supervisory Authority on January 2021. The first day of trading was on **27 January 2021**.

On **29 January 2021**, after the reporting period, the Company announced about Tallinn District Court ruling from 29 January 2021, which decided not to satisfy the appeals of AS Tallinna Moekombinaat and its three creditors - Elkorall OÜ, OÜ Kristiine KVH and AS Merko Ehitus Eesti - against the ruling in which Harju County Court decided to terminate the reorganization proceedings. On **15 February 2021** the Company announced about AS Tallinna Moekombinaat, the subsidiary of AS Pro Kapital Grupp, contesting the ruling of Tallinn District Court and its decision to file an appeal to the Supreme Court of Estonia.

On **3 February 2021**, after the reporting period, the Company announced about OÜ Marsi Elu, a company belonging to the AS Pro Kapital Grupp group, and Oma Ehitaja AS signing a contract for the construction of three five-storey building complexes (**Kindrali Houses**) located in Kristiine City, in Tondi, Estonia. The construction will be carried out in two stages with a total cost of 20 million euros including the VAT. In the first construction phase 129 apartments and in the following 66 apartments with parking spaces under the houses and above-ground will be completed. Completion of the first two building complexes is planned for the summer of 2022 at the latest.

Chairman's summary

2020 has been quite a turbulent year. It will be remembered for the start of the new virus SARS-CoV-2 and COVID-19 pandemic spread. Many economic sectors have suffered. Also, our group operations and results are affected. However, in spite of direct influence to the rental and hotel segment, we see an unusual increase of interest in residential real-estate sector and we are optimistic about the future.

The highlights of the year were:

- refinancing of secured bonds by issuing new bonds with the total value of 28.5 million euros bonds in February and listing of the bonds in July on Nasdaq Stockholm;
- refinancing of majority of PKG1-PKG7 convertible bonds in exchange for new non-convertible unsecured bonds with the total value of 8.7 million euros;
- start of construction of Ratsuri Houses in Tallinn.

Real estate development

We have been actively developing Ratsuri Houses and Kalaranna projects and preparing project documentation for the following development phases **in Tallinn**. We did not complete any new projects during the year and were selling only remaining inventories. However, we have seen a remarkable interest for our projects and presales have exceeded our expectations. For example, in Ratsuri Houses we have booked or presold all 39 apartments prior to the completion. In the new project, Kindrali Houses, we had booked and presold more than half of the apartments before signing the construction agreement. This spring we will complete Ratsuri Houses and close to summer start handing over apartments in Kalaranna project, where completion of eight buildings with the total of 240 apartments will be achieved in four phases. Today we have reservations or presales concluded for 70% of apartments. This year we have started with construction of Kindrali Houses project, where two building complexes with 129 apartments will be raised by next summer. Today over 76% of the apartments have been booked or presold.

In Riga we are selling our luxury product River Breeze Residence and prepare for the further development of Kliversala Residential Quarter. We have received a building permit for City Oasis residential quarter with 326 apartments – a tranquil and green living environment in the city centre. We will be ready to proceed with construction activities as soon as the market situation becomes more favourable. Unfortunately, the Latvian real-estate market has not been as active as its neighbouring countries Estonia and Lithuania. That situation has remained relatively similar within recent years and is heavily influenced by inflexible conditions of the banks towards their customers.

In 2019 we completed five buildings in Šaltiniu Namai Attico project **in Vilnius** with 115 apartments. Real estate sales of the Company in 2020 have been mostly driven by Lithuanian market. Today we have only 5 apartments unsold, of which 2 have been

reserved. We are preparing for the following phase with city villas and commercial building and plan to start the construction this year.

Our revenues from the sales of the real estate depend on the completion of the residential developments as the revenues are recorded at the moment notary deeds of sale are concluded. We did not complete any buildings and were selling only remaining inventory, therefore we did not generate significant revenues in 2020.

T1 Mall of Tallinn

On 3 April 2020 Harju County Court initiated reorganization proceedings of its subsidiary AS Tallinna Moekombinaat (TMK). With its 14 August 2020 ruling the County Court terminated the reorganization proceedings because it has established that TMK is allegedly permanently insolvent. TMK contested the ruling and three creditors of the subsidiary also filed an appeal. Tallinn District Court decided on 29 January 2021 not to satisfy the appeals and TMK filed a new appeal to the Supreme Court of Estonia.

The reorganization proceedings are ongoing and the influence of initiating the reorganization proceedings continue to apply to TMK. T1 Mall of Tallinn is opened for customers and proceeds with its activities according to plans. The purpose of reorganisation proceedings is to ensure continuation of normal daily business by safeguarding the rights and interests of investors, employees, creditors and all cooperation partners. The reorganisation process involves only TMK and does not influence directly any other group company of AS Pro Kapital Grupp. No group company has secured nor guaranteed liabilities of TMK. If reorganization proceedings will fail and TMK goes bankrupt, AS Pro Kapital Eesti will have to record the maximum losses of 26 million euros including loan amount of 22.2, unpaid interest balance 3.3 million euros, unpaid invoices 0.5 million euros as at 31 December 2020. The total negative effect to the group would be 39 million euros (including initial investment into the share capital of the subsidiary). However, it would not affect liquidity of the group nor the short-term cash flows. The situation would influence the long-term cash flows to the extent of loan and interest payments.

Hotel operations

Last year had a significant impact on PK Parkhotel Kurhaus in Bad Kreuznach, Germany. Due to the COVID-19 restrictions, the hotel was closed from March until the end of June and due to new restrictions hotel is not operating since November. The impact of COVID-19 has been 2.2 million euros in less hotel revenues and ca 0.6 million lower net result in 2020 comparing to last year. PK Parkhotel Kurhaus operating company received a long-term government support loan in amount of 500 000 euros on favourable conditions and non-refundable grants in total amount of 134 thousand euros. The funds received have helped to support the period of uncertainty. Hotel has not laid off any employees and hotel operator receives state support also for salary payments. We are adjusting plans according to the changes in the situation and restrictions imposed by the German Government.

2020 has presented unexpected challenges for everyone and will most likely continue to do so. We make our long-term decisions consciously and conservatively. Certainly, every negative thing is accompanied by new prospects and expectations. Consumption and behavioural habits are changing and this is rather an opportunity to adapt and offer something new and valuable. Our primary focus is currently set on ongoing and upcoming projects, sales of available inventory and contributing to re-establishing and maintaining normal activities in rental and hotel operations.



Paolo Michelozzi
CEO
AS Pro Kapital Grupp
25 February 2021

Group structure

As at 31 December 2020



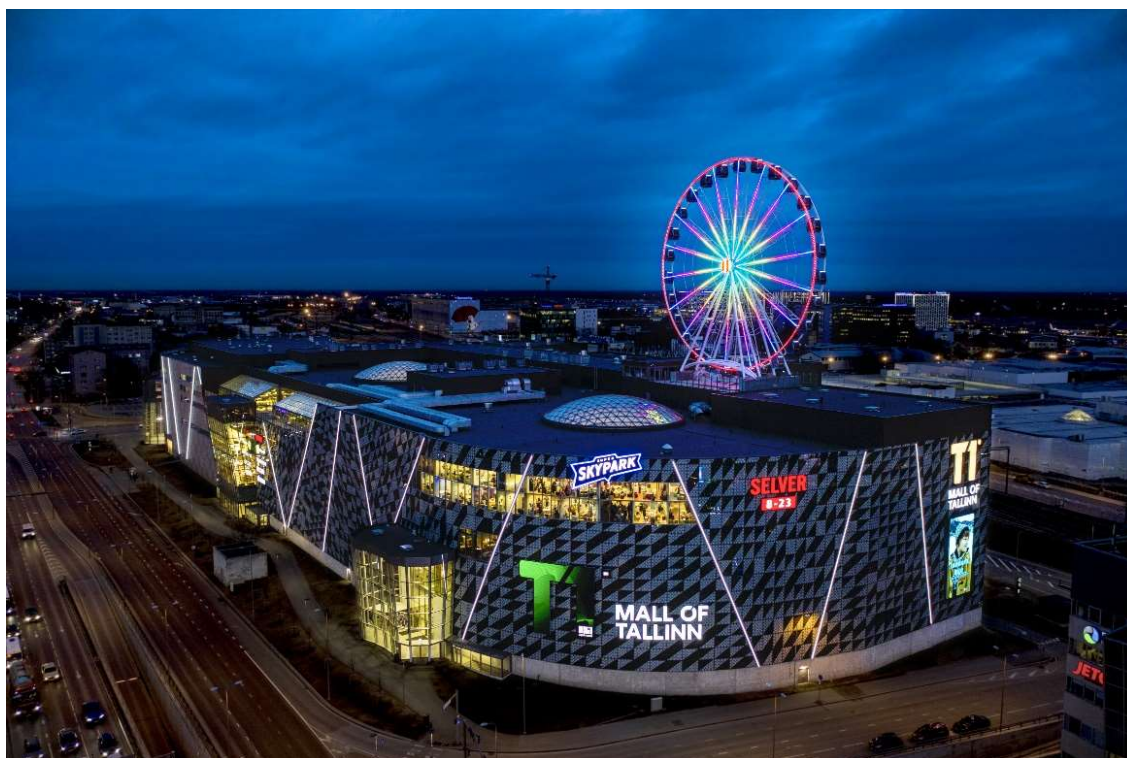
* On 25 September 2020 the merger of Company's subsidiaries in Lithuania was finalised. Pro Kapital Bonum UAB was integrated into its parent company PK Invest UAB. Following the merger, the share capital of PK Invest UAB has remained the same and all the assets, rights and obligations of Pro Kapital Bonum UAB were taken over by PK Invest UAB.

Overview of the development projects

T1 Mall of Tallinn – a new standard of retail and entertainment

The concept of T1 Mall of Tallinn is unique across the Baltics. The distinctive idea is to balance the traditional shopping experience by creating an environment where people can spend time and experience something new and exciting. T1 aspires to create new user journeys by introducing unique international brands to the market which in well-distinctive balance with the versatile world of entertainment allows a different customer mindset to emerge.

T1 has spacious, bright interior architecture, shopping and art, but also versatile dining area “Taste of Tallinn” or “TOT” which is unique in Estonia both, for scope and layout. Most restaurants are located on the fourth floor above regular shopping with an opportunity to admire the breath-taking views to the city. T1 has world-class Cinamon Movie Theatre, the region’s largest indoor family entertainment centre – Super Skypark and a rooftop observation wheel Skywheel of Tallinn, unique in Europe.



Ülemiste 5, Tallinn

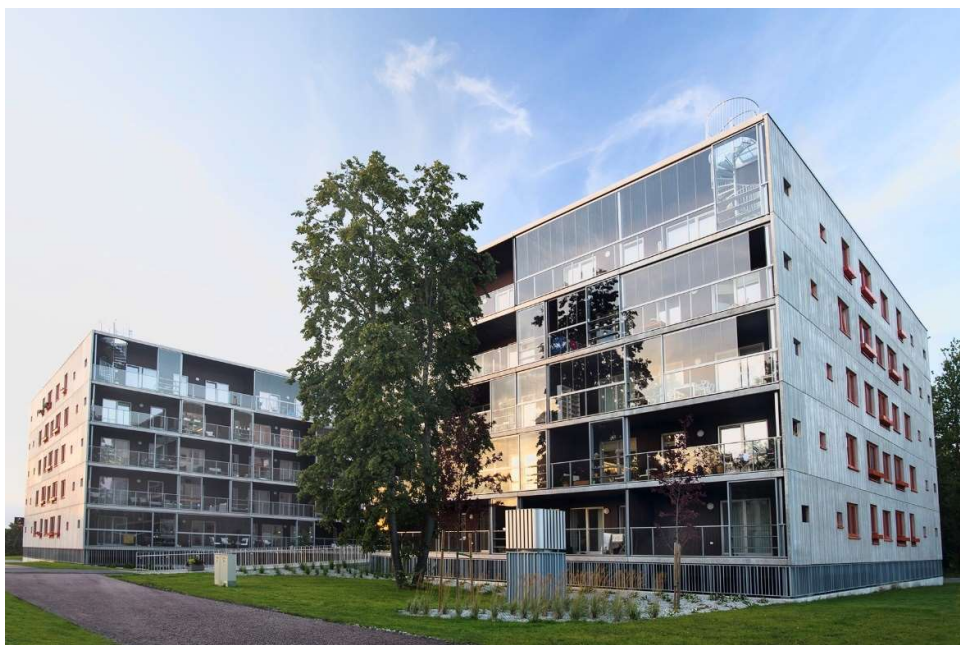
Ülemiste 5 land plot is close to the T1 Mall of Tallinn property, located on Peterburi road 2. Ülemiste 5 will be developed for commercial premises with gross leasable area of ca 14 thousand square meters. This development project will play a significant role in establishing the new public transportation centre of Tallinn.

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 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 near the very centre of the city.

Kristina Houses in Kristiine City

This is a development of ten new apartment buildings located in Kristiine City with 22 thousand square meters of net sellable area in total. The last three buildings were completed in October 2019. Kristina Houses have been highly valued by our customers as all apartments in this project are sold.



Ratsuri Houses in Kristiine City

The project Ratsuri Houses has been named after its history as a horse stable which will receive a new look being united with a modern New Holland style building. Ratsuri Houses is being constructed by OÜ Vanalinna Ehitus. The construction includes the reconstruction of a 20th-



century, two-storey stables building on Talli 5 (former Marsi 5) property, the construction of an extension and partially underground car park. The building is scheduled for completion this spring. Ratsuri Houses have a total of 39 apartments – 17 in the former stables and 22 in the modern New Holland style building. Today **all** apartments have been reserved or presold already prior to the end of construction.

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. New five-storey apartment buildings will be built at 6 Sõjakooli Street. The focus is on comfort, safety and living in harmony with environment. The contemporary and Nordic appearance of the buildings is complemented by carefully selected high-quality materials and details in interior design. There are both spacious five-room flats and ground floor studio apartments with separate entrances as well as a washing room for the four-legged friends. The two first buildings are scheduled for completion in summer 2022. To date, 76% of apartments have been reserved.

Kalaranna in Tallinn

Kalaranna District is a unique sea-side residential district on the border of Tallinn's central city 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 will be completed with 240 apartments, commercial premises and an underground car park. The area will include the Kalaranna Park with versatile leisure opportunities and a Square connecting the buildings. The first buildings will be completed by September 2021 at the latest. To date, 70% of apartments have been reserved or presold.



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 on 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 and is thereby considered as a highly valuable territory.



The River Breeze Residence is the first residential building in Kliversala Quarter. We are in the process of projecting the second phase of the area - the Blue Marine, named by its close proximity to the river and yacht port area.

Brivibas Business Quarter in Riga

Commercial property development of the modern office complex will be built on the site of a former factory. The area is located at one of the main transport arteries heading through the city – the Brīvības street – making it an attractive



commercial area. The first phase of the project foresees renovation of the existing

industrial building into an office building. The construction of new office and commercial buildings will be carried out as a second phase of the project. The site is ready for construction, existing building is conserved. The building permit has been issued and the Company will start with construction when market conditions will be favorable.

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 currently in progress.



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. Homebuyers can choose from thoroughly planned apartments with exceptional views to spacious town houses. As an integral part of the landscape, this unique area has the first Italian courtyard garden in the city, designed

by an Italian concept architect Gianmarco Cavagnino. To date we have completed five houses of the Šaltinių Namai | Attico project and are currently planning the following construction phase with city villas and commercial building.



Segments and sales information

The Company's operations are divided across four geographical segments: Estonia, Latvia, Lithuania and Germany. In addition, the Company monitors its activities through the business activities: real estate sale and rent, hotel operations, maintenance of real estate and other services.

Revenue structure of twelve months, in thousands of euros

	EST	EST	LV	LV	LT	LT	GER	GER	Total	Total
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	12M	12M	12M	12M	12M	12M	12M	12M	12M	12M
Real estate	1 002	19 367	1 903	4 640	8 574	17 412	0	0	11 479	41 419
Rent	5 588	9 467	78	71	23	49	0	0	5 689	9 587
Hotel	0	0	0	0	0	0	1 672	3 944	1 672	3 944
Maintenance	62	48	0	0	224	172	0	0	286	220
Other	35	29	20	22	53	55	0	0	108	106
Total	6 687	28 911	2 001	4 733	8 874	17 688	1 672	3 944	19 234	55 276

Revenue structure of fourth quarter, in thousands of euros

	EST	EST	LV	LV	LT	LT	GER	GER	Total	Total
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4
Real estate	506	12 653	943	310	3 017	1 619	0	0	4 466	14 582
Rent	723	2 222	19	17	5	6	0	0	747	2 245
Hotel	0	0	0	0	0	0	302	1 078	302	1 078
Maintenance	16	14	0	0	59	57	0	0	75	71
Other	21	2	6	8	2	7	0	0	29	17
Total	1 266	14 891	968	335	3 083	1 689	302	1 078	5 619	17 993

The Company's operations in **Estonia** consist of the development and sales of residential and business premises, rental activity and maintenance of residential and business premises. Revenue from rent and maintenance services of T1 Mall of Tallinn is included in the rent revenue.

The share of the Estonian segment as a percentage of total revenues of the Company for 2020 amounted to 34.8% compared to 52.3% during the same period last year.

During twelve months of 2020 the total of 3 apartments, 4 parking lots and 8 storage rooms were sold (2019 12M: 133 apartments, 164 parking lots and 83 storage rooms).

At the end of the reporting period the stock consisting of several parking spaces and storage rooms were available for sale in Tallinn. No completed apartment is available.

The Company'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 Company in 2020 amounted to 10.4% comparing to 8.6% in the same period last year. During the reporting period 4 apartments, 4 storage rooms and 8 parking lots were sold in Latvia (2019 12M: 7 apartments, 5 storage rooms and 16 parking lots). At the end of the reporting period the stock consisting of 30 luxury apartments, several storage rooms and parking lots are available for sale in Latvia.

The Company'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 Company in 2020 amounted to 46.1% comparing to 32.0% during the same period last year.

During the reporting period 22 apartments, 2 cottages, 2 business premises, 13 storage rooms and 23 parking lots were sold in Lithuania (2019 12M: 83 apartments, 1 cottage, 74 storage rooms and 77 parking lots). There were 9 apartments, 1 business premise, several storage rooms and parking lots in stock in Vilnius at the end of the reporting period.

The Company'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 Company in 2020 amounted to 8.7% comparing to 7.1% last year. The occupancy rate of 47% of PK Parkhotel Kurhaus has decreased by 28% compared to 66% during the same period in 2019. In the fourth quarter the occupancy rate was 49% (2019 Q4: 67%). Total annual revenues were 1 672 thousand euros compared to 3 944 thousand euros during the same period in 2019. Net result for 2020 was 543 thousand euros loss (2019 12M: 76 thousand euros profit). Due to the Emergency State and restrictions set by the German Government the hotel was closed during 21 March - 30 June 2020. The hotel was re-opened from 1 July 2020, but forced to close again from 2 November 2020 at least until further notice.

Other operative data of twelve months

	EST	EST	LV	LV	LT	LT	Total	Total
	2020	2019	2020	2019	2020	2019	2020	2019
	12M	12M	12M	12M	12M	12M	12M	12M
M ² sold*	228	9 425	619	1 391	2 471	6 080	3 319	16 896
Average price, m ² /EUR*	1 958	1 898	2 783	3 049	3 274	2 544	3 092	2 225
M ² under maintenance	26 307	26 307	0	0	26 203	23 971	52 510	50 278

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

Other operative data of fourth quarter

	EST	EST	LV	LV	LT	LT	Total	Total
	2020 Q4	2019 Q4	2020 Q4	2019 Q4	2020 Q4	2019 Q4	2020 Q4	2019 Q4
M ² sold*	0	6 095	333	134	742	613	1 075	6 842
Average price, m ² /EUR*	0	1 933	0	0	3 925	2 509	3 508	1 992
M ² under maintenance	26 307	26 307	0	0	26 203	23 971	52 510	50 278

*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, targeting on high ratio of equity in its projects, as compared to the industry standards. The objective of the Company 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 Company seeks to maintain such long-term debt levels that are in reasonable proportion to growth in operations and which preserve the Company's credit standing.

During the reporting period, the Company borrowed 12.1 million euros from LHV Pank AS, 1.7 million euros from Coop Pank AS, 500 thousand euros from Sparkasse and 100 thousand euros from Colosseum Finance OÜ. The Company repaid 1.4 million euros of the bank loans, 0.1 million euros of non-convertible bonds (which matured last year), 33 thousand euros of convertible bonds and in the first quarter refinanced non-convertible bonds with the nominal value of 27.9 million euros. As at 31 December 2020, the total loan debt to the banks was 96.3 million euros (Note 9).

Bank loans 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.

As at 31 December 2020 the Company had issued 1.5 million euros convertible bonds, 28.5 million euros secured, callable, fixed rate non-convertible bonds with redemption date in February 2024 and 8.7 million euros unsecured, callable, fixed rate non-convertible bonds with redemption date in October 2024 (Note 9).

Shares and shareholders

As at 31 December 2020 Pro Kapital had issued 56 687 954 shares in total with the nominal value 0.20 euros. The registered share capital of the Company was 11 337 590.80 euros.

As at 31 December 2020 there were 388 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 December 2020 were as follows:

Shareholders	Number of shares	Participation in %
Raiffeisen Bank International AG	31 010 717	54.70%
Clearstream Banking Luxembourg S.A. Clients	11 372 980	20.06%
Nordea Bank AB (Publ)/ Non-treaty Clients	4 787 996	8.45%
Svalbork Invest OÜ	3 759 620	6.63%

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 December 2020 Ernesto Preatoni and his affiliates control 45.99% 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 3 759 620 shares representing 6.63% of the total shares of the Company.
- 18 803 439 shares representing 33.17% of the total shares of the Company held through a nominee account opened by Raiffeisen Bank International AG.
- 3 510 985 shares representing 6.19% of the total shares of the Company held through a nominee account opened by Nordea Bank.

Participation of Member of the Management Board and the Council Members as at 31 December 2020 was as follows:

Name	Position	Number of shares	Participation in %
Paolo Vittorio Michelozzi	CEO	281 647	0.50%
Allan Remmelkoo	COO	0	0.00%
Edoardo Axel Preatoni	Board member	0	0.00%
Emanuele Bozzone	Chairman of the Council	0	0.00%
Petri Olkinuora	Council Member	30 000	0.05%
Oscar Crameri	Council Member	15 000	0.03%

Earnings per share for 2020 were -0.95 euros (2019 12M: -0.48 euros).

Trading price range and trading amounts of Pro Kapital Grupp shares, 1 January – 31 December 2020, NASDAQ Baltic Main List



Source: nasdaqbaltic.com

On 23 November 2012 the Company was listed on the secondary list of Tallinn’s stock exchange. Starting from 19 November 2018 the shares of the Company are traded in the Main List of Tallinn’s stock exchange. During the period 1 January – 31 December 2020 the shares were traded at the price range 0.675-1.39 euros, with the closing price of 0.7 euros per share on 31 December 2020. During the period 833 thousand of the Company’s shares were traded with their turnover amounting to 766 thousand euros.

Since 13 March 2014 the Company's shares are available for trading on Frankfurt's stock exchange trading platform Quotation Board. During the period of 1 January – 31 December 2020 the shares were traded at the price range of 0.65-1.35 euros, with the closing price 0.67 euros per share on 31 December 2020. During the period 384 thousand of the Company's shares were traded with the total turnover of 370 thousand euros.

Legal overview and developments

The Company has set the policy to disclose the information about pending court litigation disputes which might have material financial effect on the Company and its share price. The Company will disclose all disputes which might have financial effect of at least 100 000 euros at once or during the period of one financial year.

As at 31 December 2020, AS Pro Kapital Eesti had two interlinked administrative court cases in progress. In the first court case, the company is requesting nullification of a decision of the Land Board whereby a cadastral unit located at Kalasadama 3, Tallinn, with 100% purpose of land under water bodies was not registered. On 27 March 2020, the Tallinn District Court decided in favour of AS Pro Kapital Eesti and ruled that the Land Board should make a new decision or, then, should invalidate its original 30 April 1999 decision from the privatisation era. On 27 April 2020 the Land Board appealed the District Court's decision to the Supreme Court, which has accepted the appeal and granted AS Pro Kapital Eesti the right of response. The company has responded on time on 6 October 2020 and is awaiting the Supreme Court's judgment. The Supreme Court has notified that it will issue its judgment on 24 March 2021.

The second court case is a claim of compensation against the state in relation to the same cadastral unit – court proceedings have been halted until a final court decision takes effect in the first court case. In case the Supreme Court takes the matter for review and decides in favour of the Land Board or if the Land Board should render its original decision from privatisation time invalid, then AS Pro Kapital Eesti will have unjustly paid land tax from this cadastral portion of land and the company shall have a right to claim that the state compensate 192 336 euros of land tax paid in excess during 2004-2018 and to claim that the state compensates 733 450 euros of the purchase price paid by the company for that portion of land, the claim for compensation amounting to 925 788 euros in total.

People

As at 31 December 2020 the Company employed 84 people compared to 89 people at 31 December 2019. 38 of them were engaged in hotel and property maintenance services (40 on 31 December 2019). The number of employees does not include council members.

Risks

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

Due to long-term orientation in business model the Company can survive turbulences in the markets. The Company 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 cycle, thus naturally capitalising on market opportunities and hedging market risk. The size and the diversity of the Company'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 Company'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 Company considers the main risk of events occurring in local banking market, in terms of less alternatives for financing real estate projects and increasing interest rates.

Significant business risk would occur with another crisis, the decrease of the substantial purchasing capability of the permanent residence, 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 operating activities, decreasing the sales and rent income as well the gain from development activities, property management service. The Company has valued 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.

Paolo Michelozzi	Chief Executive Officer and Chairman of the Management Board	25 February 2021
Allan Remmelkoor	Chief Operating Officer and Member of the Management Board	25 February 2021
Edoardo Preatoni	Member of the Management Board	25 February 2021

Consolidated financial statements

Consolidated interim statement of financial position

in thousands of euros	Notes	31.12.2020	31.12.2019
ASSETS			
Current assets			
Cash and cash equivalents		9 393	10 616
Current receivables		1 797	1 475
Inventories	5	58 352	41 031
Total current assets		69 542	53 122
Non-current assets			
Non-current receivables	6	4 085	2 297
Property, plant and equipment	7	7 023	7 146
Right-of-use assets	7	357	519
Investment property	8	101 998	147 365
Intangible assets		375	372
Total non-current assets		113 838	157 699
TOTAL ASSETS	3	183 380	210 821
LIABILITIES AND EQUITY			
Current liabilities			
Current debt	9	79 939	111 759
Customer advances		7 866	3 974
Current payables		21 829	8 741
Tax liabilities		458	1 155
Short-term provisions		459	267
Total current liabilities		110 551	125 896
Non-current liabilities			
Long-term debt	9	54 897	10 871
Other non-current payables		2 295	1 013
Deferred income tax liabilities		1 170	1 348
Long-term provisions		182	127
Total non-current liabilities		58 544	13 359
TOTAL LIABILITIES	3	169 095	139 255
Equity attributable to owners of the Company			
Share capital in nominal value		11 338	11 338
Share premium		5 661	5 661
Statutory reserve		1 134	1 134
Revaluation reserve		3 262	3 262
Retained earnings		49 744	76 725
Profit/ Loss for the period		-53 648	-26 981
Total equity attributable to owners of the Company		17 491	71 139
Non-controlling interest	4	-3 206	427
TOTAL EQUITY		14 285	71 566
TOTAL LIABILITIES AND EQUITY		183 380	210 821

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

Consolidated interim statements of comprehensive income

in thousands of euros	Notes	2020 12M	2019 12M	2020 Q4	2019 Q4 (adjusted)	2019 Q4
CONTINUING OPERATIONS						
Operating income						
Revenue	3, 10	19 234	55 276	5 619	17 993	17 993
Cost of goods sold	11	-12 459	-39 467	-4 215	-13 924	-13 924
Gross profit	12	6 775	15 809	1 404	4 069	4 069
Marketing expenses		-621	-728	-193	-241	-240
Administrative expenses	13	-5 587	-6 013	-1 748	-1 675	-1 674
Other income	14	478	95	368	39	39
Other expenses	14	-41 978	-24 341	-41 900	-24 257	-24 257
Operating profit/ loss		-40 933	-15 178	-42 069	-22 065	-22 063
Financial income	15	4	4	1	1	1
Financial expense	15	-15 998	-14 019	-3 985	-3 945	-3 879
Profit/ loss before income tax		-56 927	-29 193	-46 053	-26 009	-25 941
Income tax		-354	21	-143	-90	-90
Profit/ loss for the period		-57 281	-29 172	-46 196	-26 099	-26 031
Attributable to:						
Equity holders of the parent		-53 648	-26 981	-42 975	-24 249	-24 181
Non-controlling interest	4	-3 633	-2 191	-3 221	-1 850	-1 850
Total comprehensive income/ loss for the year		-57 281	-29 172	-46 196	-26 099	-26 031
Attributable to:						
Equity holders of the parent		-53 648	-26 981	-42 975	-24 249	-24 181
Non-controlling interest		-3 633	-2 191	-3 221	-1 850	-1 850
Earnings per share for the period (EUR)	16	-0.95	-0.48	-0.76	-0.43	-0.43

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

Consolidated interim statements of cash flows

in thousands of euros	Note	2020 12M	2019 12M	2020 Q4	2019 Q4 (adjusted)	2019 Q4
Cash flows from operating activities						
Profit/ loss for the period		-57 281	-29 172	-46 196	-26 098	-26 031
Adjustments for:						
Depreciation, amortisation of non-current assets		416	399	105	105	105
Gain from disposal of investment property		0	-3	0	-3	-3
Loss from write-off PPE and intangible assets		8	6	8	6	6
Change in fair value of property, plant, equipment		-16	-15	-16	-15	-15
Change in fair value of investment property		41 902	24 236	41 902	24 236	24 236
Finance income and costs	15	15 994	14 016	3 984	3 945	3 878
Changes in deferred tax assets and liabilities		-178	-656	-60	-66	-66
Other non-monetary changes (net amounts)		-3 111	419	9	-2 026	-2 026
Changes in working capital:						
Trade receivables and prepayments		-2 081	-630	-32	1 155	1 155
Inventories		-13 011	18 276	-638	10 685	10 685
Liabilities and prepayments		9 643	-6 412	-2 227	1 842	1 842
Provisions		59	-51	31	-36	-36
Net cash used/ generated in operating activities		-7 656	20 413	-3 130	13 730	13 730
Cash flows from investing activities						
Payments for property, plant and equipment	7	-94	-226	-68	-24	-24
Payments for intangible assets		-43	-74	-43	-28	-28
Payments for investment property	8	-844	-6 019	-188	-523	-523
Proceeds from disposal of investment property		0	2 170	0	2 170	2 170
Interests received	15	1	4	0	0	0
Net cash used in investing activities		-980	-4 145	-299	1 595	1 595
Cash flows from financing activities						
Net proceeds from secured bonds		28 500	0	0	0	0
Redemption of convertible bonds		-33	0	-33	0	0
Redemption of non-convertible bonds		-28 000	-500	3	0	0
Proceeds from borrowings		14 410	16 461	6 721	544	544
Repayment of borrowings		-1 376	-21 551	-692	-8 912	-8 912
Repayment of lease liabilities		-135	-192	-5	-63	-63
Interests paid		-5 953	-6 910	-488	-3 548	-3 548
Deposited amount related to loan obligations		0	0	0	2 000	2 000
Net cash used/ generated by financing activities		7 413	-12 692	5 506	-9 979	-9 979
Net change in cash and cash equivalents		-1 223	3 576	2 077	5 346	5 346
Cash and cash equivalents at the beginning		10 616	7 040	7 316	5 270	5 270
Cash and cash equivalents at the end of the period		9 393	10 616	9 393	10 616	10 616

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 2018	11 338	5 661	1 082	3 256	59 950	81 287	1 395	82 682
Changes in revaluation reserve	0	0	0	6	-6	0	0	0
Comprehensive profit for the period	0	0	0	0	16 827	16 827	1 229	18 056
31 December 2018	11 338	5 661	1 082	3 262	76 771	98 114	2 624	100 738
Allocation of funds to statutory reserve	0	0	52	0	-52	0	0	0
Changes in non-controlling interests	0	0	0	0	6	6	-6	0
Comprehensive loss for the period	0	0	0	0	-26 981	-26 981	-2 191	-29 172
31 December 2019	11 338	5 661	1 134	3 262	49 744	71 139	427	71 566
Comprehensive loss for the period	0	0	0	0	-53 648	-53 648	-3 633	-57 281
31 December 2020	11 338	5 661	1 134	3 262	-3 904	17 491	-3 206	14 285

Changes in non-controlling interests are described in Note 4.

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 31.12.2020	Ownership 31.12.2019
Raiffeisen Bank International AG	Austria	54.70%	48.68%
Clearstream Banking Luxembourg S.A. Clients	Luxembourg	20.06%	20.80%
Nordea Bank AB (Publ)/ Non-treaty Clients	Finland	8.45%	0.00%
Svalbork Invest OÜ	Estonia	6.63%	6.41%
Nordea Bank Finland Plc Clients	Finland	0.00%	11.13%

For the purpose of comparable financial figures of these interim financial statements as at 31 December 2020, AS Pro Kapital Grupp is a holding company, which owns subsidiary groups in Estonia (Pro Kapital Eesti AS), Latvia (Pro Kapital Latvia PJSC), Lithuania (Pro Kapital Vilnius Real Estate UAB), and Germany (Pro Kapital Germany Holding OÜ) (hereinafter also referred to as „the Group“) and whose main fields of activity are to coordinate and control the development and implementation of the subsidiaries’ business strategies, to administrate the Group’s financial management, business reporting and to forward information to the investors.

For the comparable period of twelve months of 2019, 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 Company as at and for the year ended 31 December 2019. The comparative period of fourth quarter 2019 includes adjusted information as there are minor differences between interim unaudited report and annual audited report.

The accounting policies applied by the Company in these consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended 31 December 2019.

Note 3. Segment reporting

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
2020 12M							
Revenue	736	6 687	2 007	8 874	1 684	-754	19 234
<i>incl. sale of real estate</i>	0	1 002	1 903	8 574	0		11 479
<i>incl. rental income</i>	0	5 588	78	23	0		5 689
<i>incl. hotel operations</i>	0	0	0	0	1 684	-12	1 672
<i>incl. maintenance services</i>	0	62	0	224	0		286
<i>incl. other revenue</i>	736	35	26	53	0	-742	108
Other operating income and expenses (net)	22	-41 266	-602	0	346		-41 500
Segment operating profit/loss	-1 369	-41 342	-613	2 786	-404	9	-40 933
Financial income and expense (net)	-5 917	-9 425	-475	-15	-148	-14	-15 994
Profit/Loss before income tax	-7 286	-50 767	-1 088	2 771	-552	-5	-56 927
Income tax	0	0	-2	-348	-4		-354
Non-controlling interest	0	-3 633	0	0	0		-3 633
Net profit/loss for the financial year attributable to equity holders of the parent	-7 286	-47 134	-1 090	2 423	-556	-5	-53 648
31.12.2020							
Assets	53 832	219 002	28 224	13 796	7 492	-138 966	183 380
Liabilities	124 237	125 472	20 306	1 401	5 096	-107 417	169 095
Acquisition of non-current assets	0	60	1	3	73		137
Write-off non-current assets	0	-33	-11	0	0		-44
Depreciation and amortisation	-5	-62	-49	-29	-227		-372
2019 12M							
Revenue	760	28 911	4 739	17 688	4 451	-1 273	55 276
<i>incl. sale of real estate</i>	0	19 367	4 640	17 412	0		41 419
<i>incl. rental income</i>	0	9 467	71	49	0		9 587
<i>incl. hotel operations</i>	0	0	0	0	4 451	-507	3 944
<i>incl. maintenance services</i>	0	48	0	172	0		220
<i>incl. other revenue</i>	760	29	28	55	0	-766	106
Other operating income and expenses (net)	-3	-23 537	-696	-26	16		-24 246
Segment operating profit/loss	-1 354	-16 660	381	2336	110	9	-15 178
Financial income and expense (net)	-5 042	-8 123	-495	-200	-140	-16	-14 015
Profit/Loss before income tax	-6 396	-24 782	-114	2136	-30	-7	-29 193
Income tax	0	0	-30	50	1		21
Non-controlling interest	0	-2 191	0	0	0		-2 191
Net profit/loss for the financial year attributable to equity holders of the parent	-6 396	-22 591	-144	2 186	-29	-7	-26 981

31.12.2019

Assets	31 976	138 250	19 623	14 844	6 128	210 821
Liabilities	39 127	93 812	2 819	2 189	1 308	139 255
Acquisition of non-current assets	1	133	2	2	162	300
Disposal of non-current assets	0	-14	0	-1	0	-15
Depreciation and amortisation	-5	-78	-54	-32	-230	-399

Note 4. Changes in minority shareholding

AS Tallinna Moekombinaat

Minority (%) as at 31 December 2018	6.65%
Minority (%) as at 31 December 2019	6.65%
Minority (%) as at 31 December 2020	6.65%

in thousands of euros

Non-controlling interest as at 31 December 2018	2 624
Loss for the reporting period	-2 191
Changes in statutory reserve in non-controlling interests	-6
Non-controlling interest as at 31 December 2019	427
Loss for the reporting period	-3 633
Non-controlling interest as at 31 December 2020	-3 206

Note 5. Inventories

in thousands of euros

	31.12.2020	31.12.2019
Property held for resale	11 534	17 782
<i>incl. Kristina Houses, Tallinn</i>	58	459
<i>incl. River Breeze, Riga</i>	8 705	9 890
<i>incl. Šaltinių Namai (Attico), Vilnius</i>	2 663	7 209
<i>incl. other properties</i>	108	224
Works in progress	46 694	23 091
<i>incl. Kristiine City, Tallinn</i>	7 059	722
<i>incl. Kalaranna District, Tallinn</i>	33 663	16 399
<i>incl. Šaltinių Namai (Attico), Vilnius</i>	5 972	5 970
Goods bought for resale	124	119
Prepayments for inventories	0	39
Total	58 352	41 031

Property held for resale 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.

All completed properties are transferred from “works in progress” to “property held for sale”.

Works in progress include two development projects being currently under construction in Tallinn – Ratsuri Houses in Kristiine City and Kalaranna District. The planned completion of both development projects is in 2021. Kindrali Houses in Kristiine City and the following phase of Šaltinių Namai are waiting for the start of development.

Note 6. Non-current receivables

in thousands of euros	31.12.2020	31.12.2019
Accrued income (rental income)	4 058	2 265
Finance leases	26	30
Other non-current receivables	1	2
Total	4 085	2 297

Accrued income has increased by 1.8 million euros during 2020 due to the recognition of estimation of rental income in T1 Mall of Tallinn according to IFRS 15.

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 31 December 2020 land and buildings comprised of hotel property in Bad Kreuznach, Germany and office premises in Tallinn, Estonia.

in thousands of euros	31.12.2020	31.12.2019
Acquisition value of property, plant and equipment	10 432	10 372
Accumulated depreciation	-3 409	-3 226
Residual value of property, plant and equipment	7 023	7 146
Acquisition value of right-of-use assets	664	674
Accumulated depreciation	-307	-155
Residual value of right-of-use assets	357	519

On 1 January 2019 the Company recognised initial balances of leases in total amount of 674 thousand euros as right-of-use assets using modified retrospective approach as per implementation of IFRS 16 “Leases” requirements.

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Prepay-ments	Total	Right-of-use assets
Acquisition value 31.12.2018	8 956	918	280	0	10 154	0
Initial application of IFRS 16 (Note 2)	0	0	0	0	0	674
Adjusted acquisition value 01.01.2019	8 956	918	280	0	10 154	674
Additions:						
Acquired	14	41	64	107	226	0
Reclassification	107	0	0	-107	0	0
Disposals:						
Written off	0	0	-8	0	-8	0
Acquisition value 31.12.2019	9 077	959	336	0	10 372	674
Additions:						
Acquired	40	27	20	7	94	0
Reclassification	7	0	0	-7	0	0
Disposals:						
Adjustments	0	0	0	0	0	-10
Written off	0	0	-34	0	-34	0
Acquisition value 31.12.2020	9 124	986	322	0	10 432	664

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Prepay-ments	Total	Right-of-use assets
Accumulated depreciation 31.12.2018	1 982	864	180	0	3 026	0
Additions:						
Depreciation charge for the period	148	25	49	0	222	155
Changes in fair value	-15	0	0	0	-15	0
Disposals and write offs:						
Written off	0	0	-7	0	-7	0
Accumulated depreciation 31.12.2019	2 115	889	222	0	3 226	155
Additions:						
Depreciation charge for the period	152	20	52	0	224	152
Changes in fair value	-16	0	0	0	-16	0
Disposals:						
Written off	0	0	-25	0	-25	0
Accumulated depreciation 31.12.2020	2 251	909	249	0	3 409	307

Note 8. Investment property

in thousands of euros	Property held for increase in value	Property held for operating lease	Total
Balance at 31.12.2018	38 945	129 200	168 145
Additions:			
Investments	1 273	4 746	6 019
Changes in fair value:			
Loss from change in fair value	-1 190	-23 046	-24 236
Reclassified into inventories	-396	0	-396
Disposals:			
Sold	-2 167	0	-2 167
Balance at 31.12.2019	36 465	110 900	147 365
Additions:			
Investments	687	157	844
Changes in fair value:			
Loss from change in fair value	2 879	-44 781	-41 902
Reclassified into inventories	-4 309	0	-4 309
Balance at 31.12.2020	35 722	66 276	101 998

The fair value of the Company's investment properties has been derived on the basis of valuations carried out by Colliers International, an independent valuator, at the end of 2020, except for the property of AS Tallinna Moekombinaat, which was valued by its Management Board. The valuations were performed by reference to recent market information. Mainly discounted cash flow method was used due to low number of comparable market transactions. Although the lease market has significantly changed since the last valuation was performed, the Company maintains the policy to value its properties once a year at the end of the financial reporting period.

Note 9. Current and non-current debt

Current debt

in thousands of euros	31.12.2020	31.12.2019
Bank loans and overdrafts	78 458	77 726
Convertible bonds	1 296	5 875
Secured non-convertible bonds	0	27 867
Unsecured non-convertible bonds	0	100
Lease liabilities	185	191
Total	79 939	111 759

Non-current debt

in thousands of euros	31.12.2020	31.12.2019
Bank loans and overdrafts	17 888	5 687
Convertible bonds	191	4 250
Secured non-convertible bonds	27 642	0
Unsecured non-convertible bonds	8 293	0
Payables to non-controlling interest	651	510
Lease liabilities	232	424
Total	54 897	10 871

Creditors

in thousands of euros	31.12.2020	31.12.2019
Luminor Bank AS (EE)	387	416
AS LHV Pank (EE)	17 388	5 300
AS Swedbank (LV)	993	2 339
Coop Pank AS (EE)	1 722	0
Sparkasse (DE)	500	0
Lintgen Adjacent Investments (Agent) incl. long-term interests	75 356	75 356
Colosseum Finance OÜ including long-term interests	104	0
Fiducaria Emiliana S.r.l including long-term interests	353	330
Anndare Limited including long-term interests	194	181
Convertible bonds, various investors (discounted value)	1 487	10 125
Non-convertible bonds, various investors	0	100
Secured bonds, various investors (discounted value)	27 642	27 867
Unsecured bonds, various investors (discounted value)	8 293	0
Lease agreements (related to right-of-use assets)	417	615
Swedbank AS (EE), credit cards	0	1
Total	134 836	122 630

All agreements and liabilities are fixed in euros. The total interest and other financial cost (Note 15) for the reporting period was 16.0 million euros (2019 12M: 14.0 million euros).

The most significant creditor of the Company has financed AS Tallinna Moekombinaat (TMK) for the construction of T1 Mall of Tallinn. The total amount provided with the facility agreement was 65 million euros to which accumulated interests have been added until interest payment obligation started (September 2019). The lower operating profitability of TMK triggered non-fulfilment of two financial maintenance covenants under the loan facility agreement with the subsidiary's main creditor (DSCR or Debt Service Coverage Ratio and NLR or Net Leverage Ratio – which are ratios to assess the health of the investment in conformity with expected operating results). However, the operating results of TMK (before non-monetary revaluation effect and the interest

costs) had remained positive. TMK is also in payment default under the abovementioned loan facility agreement. While the first regular interest payment under the loan facility agreement was duly made in September 2019, during the negotiations with the lender and initiated reorganisation proceedings TMK has made no further interest or default interest payments. Such non-payment and the above-described non-fulfilment of financial covenants entitles the creditor to accelerate its claims under the facility agreement. This is why TMK recorded the loan balance as a short-term liability as at the end of 2019. After realising that long negotiations with the lender are leading nowhere and uncertainty related to COVID-19 increased significantly (restrictions were set for the shopping centres), TMK submitted on 31 March 2020 an application to Harju County Court for commencement of reorganisation proceedings with the purpose to overcome temporary liquidity issues, reasonably reorganise liabilities and increase profitability of TMK. On 3 April 2020 Harju County Court initiated reorganisation proceedings. In co-operation with the reorganization advisor TMK prepared and submitted a realistic and fair reorganization plan to the creditors. Although the most of the creditors voted in favour of the reorganisation plan, it was not enough to accept the plan as the major creditor, the lender, voted against it. TMK applied to the court to accept the plan through the expert procedures. The court appointed two experts and requested to provide their opinion to the court by 22 July 2020. Opinions of the experts were in general supportive towards the reorganisation plan. At the end of July Tallinn District Court requested Harju County Court to review the appointment of the experts. The district court did not find that the county court had incorrectly appointed the experts but held that the county court should have further analysed and substantiated some of the preconditions for initiating expert proceedings. Harju County Court made a new ruling in the matter in the middle of August and terminated the reorganization proceedings prematurely because it has established that TMK is allegedly permanently insolvent. TMK disputed the decision of Harju County Court. Both experts appointed by the court in the reorganization proceedings have thoroughly analysed the economic situation of the company and concluded that the company is not permanently insolvent and the problems can be overcome with the help of the reorganization plan. Also, during the reorganization procedure, the company's financial results have been better than those outlined in the reorganization plan and all the company's ongoing new obligations are being fulfilled. According to the position of TMK, the county court has insufficiently analysed and assessed the arguments and evidence submitted by TMK. TMK has provided the court with statements and evidence which clearly show that the payment difficulties of the company are temporary. On 29 January 2021 Tallinn District Court decided not to satisfy the appeals of AS Tallinna Moekombinaat and its three creditors - Elkoral OÜ,

OÜ Kristiine KVH and AS Merko Ehitus Eesti - against the ruling in which Harju County Court decided to terminate the reorganization proceedings. On 15 February 2021 TMK contested the ruling of Tallinn District Court and filed an appeal to the Supreme Court of Estonia. However, if reorganization proceedings will fail and TMK goes bankrupt, AS Pro Kapital Eesti will have to record the maximum losses of 26 million euros including loan amount of 22.2, unpaid interest balance 3.3 million euros, unpaid invoices 0.5 million euros and the portion of equity of TMK in the amount of 0.2 million euros as at 31 December 2020. The total negative effect to the group would be 39 million euros (including initial investment into the share capital of the subsidiary). The bankruptcy of TMK would not affect liquidity of the group nor the short-term cash flows. The situation would influence the long-term cash flows to the extent of loan and other payables.

Convertible bonds

The Company has issued convertible bonds with issue price of 2.80 euros. Each convertible bond entitles the holder to redeem and exchange one bond to one share of the Company and for that purpose to subscribe for 1 share as provided in Terms and Conditions of the Convertible Bond Issue by AS Pro Kapital Grupp. Convertible bonds carry interest rate of 7%.

On 17 January 2020 the Company prolonged the redemption date of 378 070 PKG2 convertible bonds by 2 years. New redemption date is set for 20 January 2022.

On 22 May 2020 the Company announced about the intention to issue new non-convertible bonds to refinance its PKG1-PKG7 convertible bonds in the aggregate nominal value up to 10 252 258.80 euros. The bonds are expected to be issued in several tranches. During the first subscription period, which ended on 7 July 2020, 2 925 641 bonds with the total issue value of 8 191 794.80 euros were subscribed. The issue date of the first tranche of the Bonds took place on 3 August 2020. New non-convertible bonds were issued against the same amount of PKG1-PKG7 convertible bonds. The new bonds will carry an interest at 8%, they are non-convertible and not secured. The final redemption date is 31 October 2024.

On 10 August 2020 the Company prolonged the redemption date of 37 423 PKG3 and 50 504 PKG4 convertible bonds by 2 years. New redemption date for convertible bonds PKG3 is set for 10 August 2022 and for PKG4 - 16 September 2022. 1 100 PKG3 convertible bonds were redeemed with the total value of 3 080 euros.

On 27 November 2020 the second tranche of refinance PKG1-PKG7 convertible bonds took place. During the second subscription period, which ended on 13 November 2020, 187 502 bonds with the total issue value of 525 005.60 euros were subscribed.

On 29 November 2020 the Company prolonged the redemption date of 24 500 PKG5 convertible bonds by 2 years. New redemption date for convertible bonds PKG5 is set for 29 November 2022. 10 844 PKG5 convertible bonds were redeemed with the total value of 30 363.20 euros.

The value of remaining convertible bonds is 1.50 million euros. Remaining balance sheet value on reporting date is 1.49 million euros - nominal value minus 15 thousand euros of prolongation fees which are being discounted from the value of the convertible bonds.

On 30 November 2020 the Company announced about the start of the third subscription period for private placement of non-convertible bonds with the aggregate nominal value of 1 502 015.20 euros. The Bonds were to be subscribed for only in exchange for the existing Pro Kapital convertible bonds. The subscription period of the Bonds started on 1 December 2020 and ended on 13 December 2020. During the third subscription period 345 938 bonds with the total issue value of 968 626.40 euros were subscribed. The issue date of the third tranche of the Bonds took place on 15 January 2021.

Unsecured non-convertible bonds

Unsecured non-convertible bonds that were issued in 2014 with total face value of 600 thousand euros have been redeemed. The balance of current liabilities as at 31 December 2019 included part of the redeemed bonds in total value of 100 thousand euros, which were transferred to the bondholder in January 2020 with a delay due to the technical issues related to the counterparty.

Due to the refinancing of PKG1-PKG7 convertible bonds as described in the chapter "Convertible bonds" above, new 2 925 641 unsecured and non-convertible bonds with the total face value of 8 191 794.80 euros were issued on 3 August 2020. During the second subscription period, 187 502 bonds with the total issue value of 525 005.60 euros were issued. The total value of the unsecured non-convertible bonds is 8.7 million euros on 31 December 2020. The balance sheet value on the reporting date is 8.3 million euros - nominal value minus 0.4 million euros of refinancing costs. During the third subscription period, 345 938 bonds with the total issue value of 968 626.40 euros were issued. The third tranche subscription results were notified at 14 December 2020 and bonds were issued at 15 January 2021. New unsecured non-convertible bonds have been listed on Nasdaq Tallinn bond list since January 2021.

Secured non-convertible bonds

In February 2020, the Company refinanced the senior secured bonds 2015/2020 (the "Old Bonds") in full by issuing new senior secured, called, fixed rate bonds 2020/2024

(the “New Bonds”) in total amount of 28.5 million euros. The New Bonds are similar to the Old Bonds with minor differences. All shares of Pro Kapital subsidiaries with and exception of shares of AS Tallinna Moekombinaat have been pledged. 285 bonds, with the value of 100 000 euros each, carry a fixed rate coupon 8% and mature in February 2024. The Old Bonds were redeemed on 17 March 2020.

Remaining balance of the secured non-convertible bonds is 28.5 million euros on 31 December 2020. The balance sheet value is 27.6 million euros - nominal value minus 0.9 million euros of refinancing costs are being discounted over the effective period of the New Bonds. According to New Bonds terms and conditions, the Company has to maintain the equity ratio above 35% at all times. For calculation consolidated figures are used excluding AS Tallinna Moekombinaat (TMK). As at the end of the reporting period the calculated equity ratio was 50.1%.

In thousands of euros	PKG consolidated	PKG consolidated without TMK	Difference
Revenue	19 234	13 730	-29%
Gross profit	6 942	4 441	-36%
Net result	-57 281	-1 918	97%
Total Assets	183 380	151 483	-17%
Current Assets	69 542	71 287	3%
Non-Current Assets	113 838	80 195	-30%
Total Liabilities	169 095	75 623	-55%
Current Liabilities	110 551	18 539	-83%
Non-Current Liabilities	58 544	57 084	-2%
Equity	14 285	75 860	431%
Equity ratio	7.8%	50.1%	543%

Pledged assets in balance sheet value

in thousands of euros

Beneficiary	Collateral description	31.12.2020	31.12.2019
Bank accounts			
Nordic Trustee & Agency AB (Sweden)	Nordea Bank AB (Sweden)	25	37
Lintgen Adjacent Investments	Swedbank AS	0	3
Inventory			
LHV Pank AS	Kalaranna 5, 7, 8, 22, Tallinn	33 663	16 398
AS Swedbank (Latvia)	Trijadibas St. 5, Riga	23 489	23 527
Coop Pank AS	Marsi 5, Tallinn	3 310	N/A
Property, plant and equipment			
Luminor Bank AS	Sõjakooli 11, Tallinn	730	730
Colosseum Finance OÜ	AS Tallinna Moekombinaat fixed assets and trademarks	67	N/A
Investment property			
Lintgen Adjacent Investments	AS Tallinna Moekombinaat	66 276	110 900

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

		31.12.2020	31.12.2019
NTA	Pro Kapital Germany Holdings OÜ	11	10
NTA	Pro Kapital Germany GmbH	25	25
NTA	PK Hotel Management Services GmbH	116	116
NTA	Pro Kapital Eesti AS	16 880	16 880
NTA	OÜ Ilmarise Kvartal	3	3
NTA	Pro Halduse OÜ	26	26
NTA	AS Tondi Kvartal	160	160
NTA	OÜ Marsi Elu	20	20
NTA	AS Tallinna Moekombinaat*	N/A	11 795
NTA	Kalaranna Kvartal OÜ	3	3
NTA	Dunte Arendus OÜ	3	3
NTA	Pro Kapital Latvia JSC	9 960	9 960
NTA	Kliversala SIA	14 531	14 531
NTA	Tallina Nekustamie Īpašumi SIA	7 500	4 000
NTA	Nekustamo Īpašumu sabiedrība Zvaigznes centrs SIA	4 300	2 500
NTA	Pro Kapital Vilnius Real Estate UAB	1 335	1 335
NTA	In Vitam UAB	3	3
NTA	PK Invest UAB	823	823
NTA	Pro Kapital Bonum UAB**	N/A	800

* Shares of AS Tallinna Moekombinaat have not been pledged under the conditions of new secured bonds

** Pro Kapital Bonum UAB has been merged with its parent company PK Invest UAB as at 25 September 2020

Note 10. Revenue

Segment revenue

in thousands of euros	2020 12M	2019 12M	2020 Q4	2019 Q4
Revenue from contracts with customers				
Revenue from sale of real estate	11 479	41 419	4 466	14 582
Hotel operating revenue	1 672	3 944	302	1 078
Revenue from maintenance and other services	394	326	104	88
Total revenue from contracts with customers	13 545	45 689	4 872	15 748
Rental income	5 689	9 587	747	2 245
Total	19 234	55 276	5 619	17 993

Timing of revenue recognition

in thousands of euros	2020 12M	2019 12M	2020 Q4	2019 Q4
At a point in time				
Revenue from sale of real estate	11 479	41 419	4 466	14 582
Hotel operating revenue	1 672	3 944	302	1 078
Revenue from other services	108	106	29	17
Total revenue recognised at a point in time	13 259	45 469	4 797	15 677
Over time				
Rental income	5 689	9 587	747	2 245
Revenue from maintenance fees	286	220	75	71
Total	19 234	55 276	5 619	17 993

Revenue from sale of real estate decreased by 72%, as during the comparable period of 2019 apartment buildings in Kristina Houses and in Šaltinių Namai were completed and final sales agreements were signed according to presales. No apartment buildings were completed in 2020. Sales of available inventory continued in Kliversala in Riga and in Šaltinių Namai in Vilnius. Revenue from hotel operations decreased by 58% due to COVID-19 as the hotel was closed from 21 March to 30 June and from 2 November 2020 until further notice. Rental revenues declined by 41% and are also affected by COVID-19, as most shops were closed in the shopping centres since the end of March until 11 May 2020 in Estonia and there have been further restrictions affecting the tenants in entertainment and restaurant segment. Rental revenue includes provision of future rental revenues as per IFRS 15 rental revenue recording principles.

Customer advances which are recorded in the balance sheet 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 11. Cost of sales

in thousands of euros	2020 12M	2019 12M	2020 Q4	2019 Q4
Cost of real estate sold	7 385	31 857	2 864	11 995
Cost of providing rental services	3 011	4 522	798	1 074
Cost of hotel operations	1 852	2 937	504	804
Cost of maintenance services	163	136	41	49
Cost of other services	48	15	8	2
Total	12 459	39 467	4 215	13 924

Note 12. Gross profit

in thousands of euros	2020 12M	2019 12M	2020 Q4	2019 Q4
Real estate	4 094	9 562	1 602	2 587
Rental revenue	2 678	5 065	-51	1 173
Hotel operating	-180	1 007	-202	273
Maintenance services	123	84	34	22
Other services	60	91	21	14
Total	6 775	15 809	1 404	4 069

Note 13. Administration expenses

in thousands of euros	2020 12M	2019 12M	2020 Q4	2019 Q4 (adjusted)	2019 Q4
Staff costs	2 953	2 869	967	707	707
Land and real estate taxes	391	404	94	89	89
Allowance of doubtful debt and written-off debt	431	649	360	649	216
Depreciation charge	128	137	33	36	36
Other	1 684	1 954	294	194	626
Total	5 587	6 013	1 748	1 675	1 674

Note 14. Other income and expenses

Other income

in thousands of euros	2020 12M	2019 12M	2020 Q4	2019 Q4
Fines collected	63	37	8	6
Profit from sale of investment property	0	3	0	3
Gain from fair value adjustments of non-current assets	16	15	15	15
Other	399	40	345	15
Total	478	95	368	39

Other expenses

in thousands of euros	2020 12M	2019 12M	2020 Q4	2019 Q4
Fines paid	63	36	0	31
Loss from write-off of non-current assets	9	6	9	6
Net loss from fair value adjustments - investment property	41 902	24 236	41 902	24 236
Other	4	63	-11	-16
Total	41 978	24 341	41 900	24 257

Other income includes non-refundable state aid in the amount of 351 thousand euros paid in relation to the restrictions of COVID-19 pandemic.

Note 15. Finance income and cost

Finance income

in thousands of euros	2020 12M	2019 12M	2020 Q4	2019 Q4
Interest income	4	4	1	1
Total	4	4	1	1

Finance cost

in thousands of euros	2020 12M	2019 12M	2020 Q4	2019 Q4 (adjusted)	2019 Q4
Interest expenses	15 196	13 590	3 819	3 661	3 661
Foreign currency loss	1	0	0	0	0
Other financial expenses	801	429	166	284	218
Total	15 998	14 019	3 985	3 945	3 879

Other financial expenses include commitment fee in the amount of 721 thousand euros which was paid to the banks for the undisbursed loan amount.

Note 16. 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	01.01.2020-31.12.2020	(56 687 954 x 366/366)	= 56 687 954
For the period	01.01.2019-31.12.2019	(56 687 954 x 365/365)	= 56 687 954
For the period	01.10.2020-31.12.2020	(56 687 954 x 92/92)	= 56 687 954
For the period	01.10.2019-31.12.2019	(56 687 954 x 92/92)	= 56 687 954

Indicative earnings per share:

For the period	01.01.2020-31.12.2020	-53 648 thousand euros / 56 687 954 = -0.95 euros
For the period	01.01.2019-31.12.2019	-26 981 thousand euros / 56 687 954 = -0.48 euros
For the period	01.10.2020-31.12.2020	-42 975 thousand euros / 56 687 954 = -0.76 euros
For the period	01.10.2019-31.12.2019	-24 249 thousand euros / 56 687 954 = -0.43 euros

The convertible bonds issued by the Company did not have a dilutive effect on earnings in 2019 and 2020, therefore they have not been included in the calculation of the diluted net profit (loss) per share and diluted net profit (loss) per share equals the net profit (loss) per share indicator.

Note 17. Shareholders meetings

The annual shareholders meeting of AS Pro Kapital Grupp took place on 27 May 2020. Seven shareholders were present at the meeting and represented 62.15% of all votes. The main decisions adopted at the meeting were as follows:

1. The audited annual report of the Company for the financial year of 2019 was approved.
2. It was decided to cover the loss for the financial year which ended at 31 December 2019 in amount of 26 981 682 Euros with retained earnings of previous periods.
3. Mr. Ernesto Achille Preatoni's term as the member of the Supervisory Council expired as at 22 May 2020 and he decided not to prolong his term in the office. Instead Mr. Oscar Crameri was elected to the Supervisory Council of the Company for the term of 27 May 2020 until 5 July 2023. The term of office for Mr. Petri Altti Sakari Olkinuora and Mr. Emanuele Bozzone was prolonged until 5 July 2023 likewise.
4. It was decided to elect AS Deloitte Audit Eesti as the auditor of the Company for the financial year of 2020.

Minutes of the annual shareholders meeting have been published on AS Pro Kapital Grupp web page www.prokapital.com.

Note 18. Transactions with related parties

Transactions with related parties are considered to be 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	2020 12M	2019 12M
Significant owners and owner related companies		
Revenues	14	194
Administrative expenses	0	1
Loans received	100	0
Interest expenses incurred	4	0
Minority shareholders		
Interest expenses incurred	37	37
Other shareholders / bondholders		
Interest expenses incurred	754	733
Redemption of non-convertible bonds	100	500
Interest payments	789	755
Members of the Management Board and Council		
Salaries and bonuses paid to management	915	988
Administrative expenses	19	13

Payables to related parties

in thousands of euros	31.12.2020	31.12.2019
Short-term payables		
To other shareholders/ bondholders	0	100
Long-term payables		
To significant owner related company	104	0
To minority shareholders	547	510
Total	651	610

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Shareholding in the Company %	31.12.2020	31.12.2019
Significant owner and owner related companies*	45.99%	39.69%
Members of the Board and individuals related them	0.50%	0.50%
Members of the Council and individuals related them	0.08%	0.05%

*Significant owner was also a member of the Council until 22 May 2020. For the sake of clarity, the participation is recorded only on this line.

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 the twelve months and the fourth quarter of 2020.

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

Paolo Michelozzi	Chairman of the Management Board	25 February 2021
Allan Remmelkoo	Member of the Management Board	25 February 2021
Edoardo Preatoni	Member of the Management Board	25 February 2021