

AS Pro Kapital Grupp

CONSOLIDATED INTERIM REPORT
FOR 1 QUARTER AND 3 MONTHS OF 2023
(UNAUDITED)

Table of contents

AS Pro Kapital Grupp in brief	2
Management report	3
Key highlights	3
Main events	4
Chairman's summary	5
Group structure	8
Overview of the development projects	9
Financing sources and policies	17
Shares and shareholders	17
Legal overview and developments	20
People	22
Risks	22
Management Board's confirmation of the management report	23
Consolidated financial statements	24
Consolidated interim statement of financial position	24
Consolidated interim statements of comprehensive income	25
Consolidated interim statements of cash flows	26
Consolidated interim statements of changes in equity	27
Notes to consolidated interim financial statements	28
Note 1. General information	28
Note 2. Basis of preparation	28
Note 3. Segment reporting	29
Note 4. Inventories	30
Note 5. Non-current receivables	31
Note 6. Property, plant, equipment and right-of use assets	31
Note 7. Investment property	33
Note 8. Current and non-current debt	33
Note 9. Customer advances	36
Note 10. Current payables	36
Note 11. Revenue	36
Note 12. Cost of sales	37
Note 13. Gross profit	38
Note 14. Administration expenses	38
Note 15. Other income and expenses	38
Note 16. Finance income and cost	39
Note 17. Earnings per share	39
Note 18. Shareholders meetings	40
Note 19. Transactions with related parties	40
Management Board's confirmation of the financial statements	41

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 close to 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 is the only real estate company with seven large ongoing and upcoming projects in its portfolio.

Pro Kapital has to date, successfully completed more than 300 thousand square meters of living and commercial premises. 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.



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 Company in first three months of 2023 was 13.4 million euros compared to 7.9 million euros in the reference period.

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 of the reporting period have been influenced by handing over completed apartments in Kindrali Houses in Tallinn.

The **gross profit** for three months of 2023 has increased by 43% amounting to 3.7 million euros compared to 2.6 million euros in 2022.

The **operating result** in three months of 2023 has increased to 2.2 million euros profit comparing to 1 million euros profit during the same period in 2022.

The **net result** for the three months of 2023 was 1.3 million euros profit, comparing to 251 thousand euros loss in the reference period.

Cash generated in operating activities during first three months of 2023 was 10.3 million euros comparing to 3.2 million euros used during the same period in 2022.

Net assets per share on 31 March 2023 totalled to 1.00 euro compared to 0.75 euros on 31 March 2022.

Key performance indicators

	2023 3M	2022 3M	2022 12M
Revenue, th EUR	13 415	7 916	65 654
Gross profit, th EUR	3 666	2 558	16 965
Gross profit, %	27%	32%	26%
Operating result, th EUR	2 160	989	17 657
Operating result, %	16%	12%	27%
Net result, th EUR	1 303	-251	13 452
Net result, %	10%	-3%	20%
Earnings per share, EUR	0.02	0.00	0.24

	31.03.2023	31.03.2022	31.12.2022
Total Assets, th EUR	101 587	117 371	101 256
Total Liabilities, th EUR	44 961	74 779	45 933
Total Equity, th EUR	56 626	42 592	55 323
Debt / Equity *	0.79	1.76	0.83
Return on Assets, % **	1.2%	-0.2%	12.4%
Return on Equity, % ***	2.6%	-0.6%	27.4%
Net asset value per share, EUR ****	1.00	0.75	0.98

*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 **24 January 2023** the Company announced about the decision to withdraw from the preliminary agreement of acquiring the hotel company PK Sicily in Italy.

On **18 April 2023** the Company announced that the next construction phase of the Kalaranna District has started. In this construction phase 4 new houses will be built on the plot of Kalaranna 8 with a total of 146 residential units and 4 business premises.

Chairman's summary

Q1 2023 marks as a start of new developments in AS Pro Kapital Grupp.

Real estate development

In Tallinn, we took the decision to start the final stage of development in Kalaranna 8. This last and final stage consists of 4 residential buildings with 146 apartments and 4 commercial units. What is different this time around is that we decided to proceed the construction without the general contractor. Due to several reasons stemming from the pandemic and the ongoing war, the general contractors' market still seems to be on shaky ground and it is close to impossible to reach agreements for fixed price. Hence, we decided to split the construction agreement in smaller pieces and the contracting of which, we will manage in house with our highly skilled technical department.

At the end of Q1, we initiated a tender for the excavation and retaining walls contract and we started works in mid-April.

Kalaranna 1st stage construction is formally finished, all units delivered to clients and the main activity there is property management by our Pro Halduse OÜ and the management of warranty works, if any.

We also started the presales of Kalaranna final stage with 31 apartments and 4 business premises closed with notarial presale deeds.

As with the already completed stages of Kalaranna development, we are grateful to the local authorities and community to have been helpful and understanding also in this preliminary preparatory stage. The completion of this final stage will definitely close the circle and add to the beautiful neighbourhood of the city.

In Kindrali Houses in Kristiine City we have also completed the 3 residential buildings for a total of 195 apartments. The project is entirely sold out and by now the handovers of the last building are all done and final notarial deeds closed.

In Riga we continue the sales of our luxury product River Breeze Residence which has been awarded the Baltics Prestige Award for its outstanding architecture. During Q1, 2023 we signed 4 new sales. Overall, we see an upwards trend in the real estate segment in Riga as it pertains to our project.

We hold a building permit for City Oasis residential quarter, a project consisting of ca 330 apartments and 32.500 sqm GBA located in Tallinas iela— 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 fit for such an ambitious and vast project.

Out of the three capitals (Tallinn, Riga, Vilnius), Riga seems to have the most challenges in terms of overall market conditions. However, our long-term outlook for the Latvian real estate sector remains bullish.

In 2019 we completed five buildings in Šaltinių Namai Attico project in Vilnius with 115 apartments. Today we have only 2 apartments unsold, out of which one is a model unit. We are preparing for the following phase with city villas (43 units) and a commercial building and plan to start the construction this year.

Despite the geopolitical situation, Vilnius market is very active in the high-end segment and we look forward to the next stage of our high-end development.

The Company has also expanded its land portfolio in Vilnius, purchasing a school in Naugarduko street for the price of 6.25M euros. The school will be converted into a high-end residential property, consisting of circa 50 luxury apartments. An architectural competition was carried out for the purpose, the winning studio which is currently in the design process and ready to start the permitting process.

Hotel operations

After two difficult years, which clearly affected the global sector of tourism because of the pandemic, there seems to be a strong demand in the hotel industry.

In Bad Kreuznach we have reached a substantial operational break even, despite the fact that a large portion of the rooms were not available to the public due to ongoing renovations. A few years ago, we renovated half of the rooms and part of the common areas. The renovations of the remaining rooms were completed by the end of Q1 2023, and all the room count (116 units) are available. We are seeing an increase in Average Daily Rate already and also positive trends in outperforming against the budgeted proforma.

The Baltic real estate sector showed great resilience throughout the pandemic period as well as during the turbulent geopolitical period we live in, and we are confident that we will manage to develop our pipeline of projects in line with the market's expectations, thus continuing to provide a stream of high-quality properties to the local population. We are aware of the challenging historical times we live in; we will need to be fast to adapt to an ever-changing and fast paced world (especially in regards of the construction works and the related challenges to the supply chain and cost of

materials), but we still have a very positive outlook on the Baltic region and thus far the market has been supporting our sentiment.

The economic outlook for the Baltic region is generally positive. The Baltic countries of Estonia, Latvia, and Lithuania have experienced steady economic growth in recent years, driven by a combination of factors such as increasing foreign investment, a growing service sector, and export-oriented manufacturing. The region has also benefited from its proximity to Northern Europe and its membership in the European Union, which has helped to boost trade and investment.

All the positive indicators above will not disappear despite the challenges that are posed to the real estate sector by the global macroeconomic outlook and the geopolitical turmoil caused by the war in Ukraine.

As the CEO of a successful development company, I see the future of real estate being heavily impacted by technology and changing consumer preferences. Smart home technology, virtual and augmented reality, and online marketplaces are becoming increasingly popular and will continue to shape the way we buy, sell, and experience real estate. Additionally, there is a growing demand for sustainable and energy-efficient homes, as well as for flexible living spaces that can adapt to the changing needs of residents. Overall, the future of real estate is exciting and dynamic, and we are constantly looking for innovative ways to stay ahead of the curve and meet the evolving needs of our customers.



Edoardo Preatoni
CEO
AS Pro Kapital Grupp
18 May 2023

Group structure

As at 31 March 2023



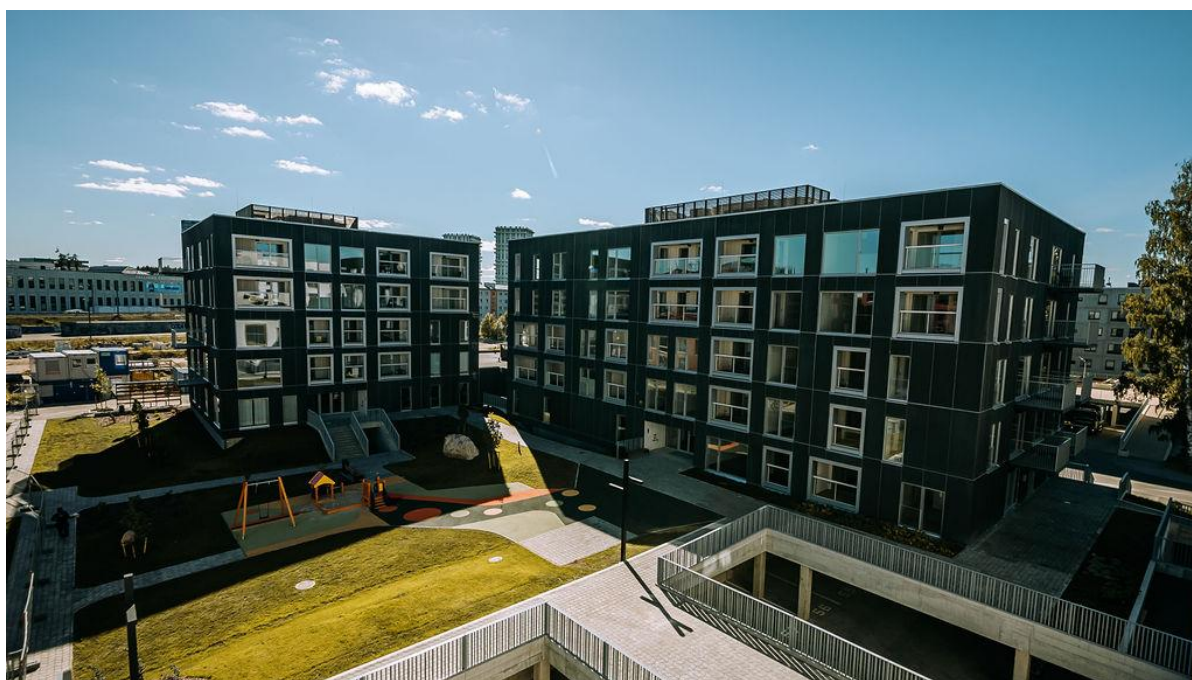
Overview of the development projects

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. New five-storey apartment buildings are being built. 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 project has been completed and last apartments were handed over to the homeowners during the reporting period. There are no apartments left for sale.

Kalaranna in Tallinn

Kalaranna District is a unique sea-side residential district on the boarder of Tallinn's central city and old town. Located at Kalaranna 8, the development 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 are 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. The construction of the next phase with 4 houses has started. There are no apartments available for sale in the first stage of the development and the pre-sales of the next phase has started. Kalaranna was nominated in the category of the "Best Development Project 2022" at Tallinn City Enterprise Centre's business awards competition.



Ülemiste 5, Tallinn

Ülemiste 5 will be developed for commercial use with gross leasable area of ca 14 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. 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 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 offices. 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 are favourable.

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. 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 a commercial building.



Naugarduko 5 in Vilnius

The promising property in the centre of Vilnius will complement our portfolio of high-class residential buildings with impressive panoramas of the old town of Vilnius from the hill on Naugarduko street. After reconstruction the building will blend in with the Šaltinių Namai | Attico quarter located nearby. The location with cultural attractions, educational and entertainment possibilities within a walking distance, makes the location particularly attractive both for homebuyers and businesses. Projecting is ongoing and we aim to start construction by the end of the year.



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 operations through the business activities: real estate sale and rent, hotel operations, maintenance of real estate and other services.

Revenue structure of the first quarter, in thousands of euros

	EST	EST	LV	LV	LT	LT	GER	GER	Total	Total
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
Real estate	9 151	6 690	3 026	225	6	286	0	0	12 183	7 201
Rent	0	0	64	22	23	5	0	0	87	27
Hotel	0	0	0	0	0	0	1 026	588	1 026	588
Maintenance	27	26	8	0	72	73	0	0	107	99
Other	0	0	3	0	9	1	0	0	12	1
Total	9 178	6 716	3 101	247	110	365	1 026	588	13 415	7 916

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.

The share of the Estonian segment as a percentage of total revenues of the Company for the three months in 2023 amounted to 68% compared to 85% during the same period last year.

During the reporting period the total of 63 apartments, 69 parking lots and 54 storage rooms were sold (2022 3M: 23 apartments, 26 parking lots and 11 storage rooms). At the end of the reporting period the stock consisting of 5 apartments, 31 storage rooms and 90 parking spaces in Tallinn were recorded as inventory. Two of the apartments in stock serve as showrooms in Kalaranna District and Kindrali Houses developments and therefore are not available for sale.

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 for the twelve months amounted to 23% comparing to 3% in the same period last year. During the reporting period 4 apartments, 6 storage rooms and 9 parking lots were sold (2022 3M: 1 apartment and 4 parking spaces). At the end of the reporting period the stock consisting of 14 luxury apartments, 23 storage rooms and 48 parking lots were 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 for the twelve months amounted to 1% comparing to 5% during the same period last year. During the reporting period 1 storage room was sold in Lithuania (2022 3M: 1 apartment, 2 storage rooms and 1 parking lot). There were 4 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 for the twelve months amounted to 8% comparing to 7% last year. The occupancy rate of 53% of PK Parkhotel Kurhaus has increased by 10% compared to 43% during the same period in 2022. Due to increased occupancy and higher room rates total revenues of three months were 1 million euros compared to 588 thousand euros during the same period in 2022. Net result for three months of 2023 was 148 thousand euros loss (2022 3M: 201 thousand euros loss). In 2022 there were ongoing renovation works in the Hotel, therefore the hotel was operating only with partial capacity. The renovations are being finalised.

Other operative data of the first quarter

	EST	EST	LV	LV	LT	LT	Total	Total
	2023 3M	2022 3M	2023 3M	2022 3M	2023 3M	2022 3M	2023 3M	2022 3M
M ² sold*	3 719	1 653	820	56	0	53	4 539	1 762
Average price, m ² /EUR*	2 271	3 718	3 288	2 893	0	4 905	2 454	3 691
M ² under maintenance	43 255	48 237	0	0	26 768	26 768	70 022	75 005

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

The average price for a square meter sold in Estonia has decreased in 2023 as it is influenced by a different type of the product – sales in Kristiine City were finalised, while price in 2022 was influenced by the high-end product sales in Kalaranna.

Financing sources and policies

Pro Kapital pursues conservative financing policy. 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 repaid 16 thousand euros of the bank loans and. As at 31 March 2023, the total loan debt to the banks was 453 thousand euros (Note 8).

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 March 2023 the Company had issued 28.5 million euros secured bonds with redemption date in February 2024 and 9.7 million euros unsecured bonds with redemption date in October 2024 (Note 8).

Shares and shareholders

As at 31 March 2023 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 March 2023 there were 1 056 shareholders registered in the shareholders' register. Many of the registered shareholders are nominee companies, which represent multiple non-resident investors.

Shareholders holding over 5% of the shares as at 31 March 2023 were as follows:

Shareholders	Number of shares	Participation in %
Raiffeisen Bank International AG	30 134 778	53.16%
Clearstream Banking AG	12 714 807	22.43%
Svalbork Invest OÜ	5 590 639	9.86%
Six Sis Ltd	3 914 931	6.91%

The largest shareholders of AS Pro Kapital Grupp are Ernesto Preatoni and his affiliates. Based on the information at the possession of AS Pro Kapital Grupp as of 31 March 2023 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:

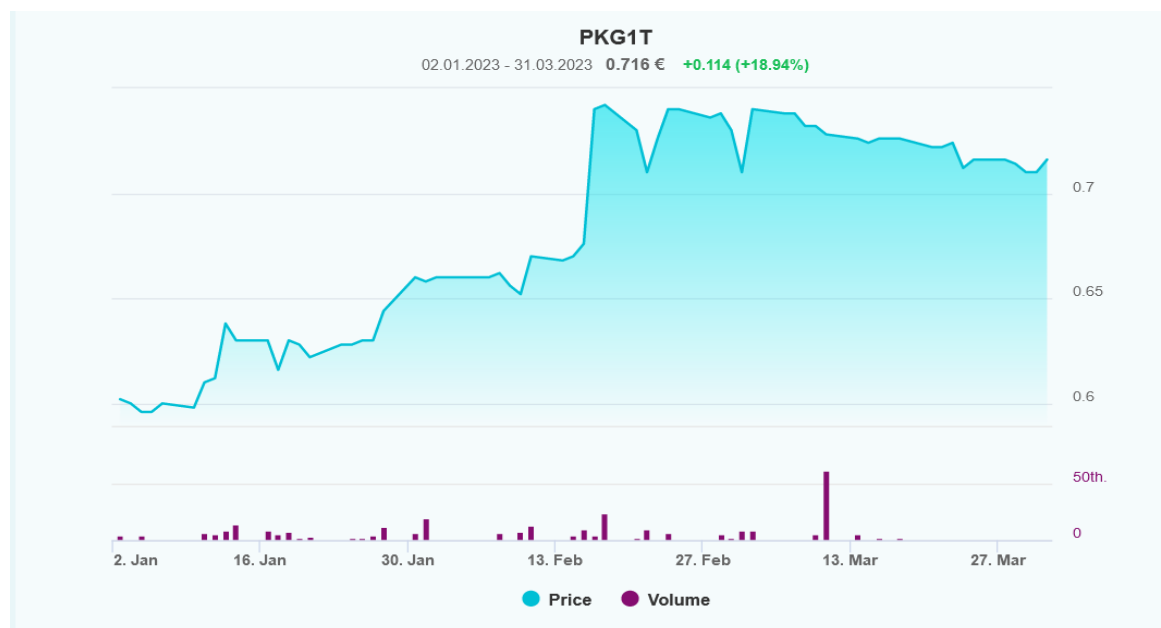
- OÜ Svalbork Invest, Estonian company controlled by Ernesto Preatoni which holds 5 590 639 shares representing 9.86% of the total shares of the Company.
- 19 803 439 shares representing 34.93% of the total shares of the Company held through a nominee account opened by Raiffeisen Bank International AG.
- 2 719 623 shares representing 4.80% of the total shares of the Company held through a nominee account opened by Clearstream Bank.
- 12 220 shares representing 0.02% 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 March 2023 is as follows:

Name	Position	Number of shares	Participation in %
Edoardo Axel Preatoni	CEO	0	0.00%
Emanuele Bozzone	Chairman of the Council	0	0.00%
Petri Olkinuora	Council Member	30 000	0.05%
Oscar Cramerì	Council Member	0	0.00%

Earnings per share during the three months of 2023 were 0.02 euros (2022 3M: 0.00 euros).

Trading price range and trading amounts of Pro Kapital Grupp shares, 1 January – 31 March 2023, 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 March 2023 the shares were traded at the price range 0.60-1.45 euros, with the closing price of 0.71 euros per share on 31 March 2023. During the period 922 thousand of the Company's shares were traded with their turnover amounting to 754 thousand euros.

Since March 2014 the Company's shares were available for trading on Frankfurt's stock exchange trading platform Quotation Board. During the reporting period trading was discontinued due to small number of transactions.

Legal overview and developments

To bring out better the events which might have material financial effect on the Company and its share price and not to burden the reporting with smaller litigation issues, the Company has set the policy to disclose in its reporting pending court litigation disputes which might have material financial effect on the Company 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 at 31 December 2020, AS Pro Kapital Eesti had two interlinked administrative court cases in progress. In the first court case, the company was 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. On 24 March 2021, the Supreme Court issued its judgment, upholding Land Board's view and denying AS Pro Kapital Eesti's claim, erroneously stating that the company did not submit a response. The Supreme Court concluded that AS Pro Kapital Eesti has never been the owner of the water cadastral unit. This case is now terminated and AS Pro Kapital Eesti can only pursue compensation from the state for illegal allocation of water land that should never have been owned by the company.

The second court case is a claim of compensation against the state in relation to the same cadastral unit – court proceedings were halted until 23 March 2021 when a final court decision took effect in the first court case. Since the Supreme Court in the preceding case has decided in favour of the Land Board, then AS Pro Kapital Eesti has unjustly paid a portion of the purchase price and land tax from this cadastral unit. Following the Supreme Court decision in the previous case, the Administrative Court ordered AS Pro Kapital Eesti to submit a revised complaint by 15 April 2021. For purposes of gathering additional evidence, AS Pro Kapital Eesti applied for and was granted the extension of the deadline until 30 April 2021 and submitted required documents on time. The company is claiming from the state compensation of 192 338 euros of land tax paid in excess during 01.01.2004-31.12.2018 as well as that the state compensate 681 816 euros of the purchase price overpaid by the company for that portion of land (including notary and state fees paid in excess = 675 546 + 2 034 +

4 236), the claim for compensation amounting to 874 152 euros in total in the principal sum plus 1 176 261.55 euros of interest in arrears. The court has ordered Land Board to reply to the company's revised complaint by 3 June 2021. The Land Board argued that since the company should have brought the complaint earlier, then as the company did not sue the state within the 10-year limitation period, the court should dismiss the case; and as the company has never been the owner of the plot, then bearing the associated cost (purchase price, notary fees, state fee and land tax) does not infringe on the company's rights. On 05 July, 2021, by order of the Tallinn Administrative Court the case was terminated due to the limitation period being exceeded and the court refused to reinstate the time limit for the appeal. On 22 July 2021, the company appealed the court order to the District Court, requesting reinstatement of the time limit since the company first found out about the infringement of its rights (and resulting damages) with the Land Board's 27 June 2018 decision whereby it refused to register one cadastral unit into the register in the process of division of the real estate into smaller plots. The Land Board responded on 10 August 2021, reinstating its claims and Tallinn District Court decided to terminate the case. On 22 September 2021 AS Pro Kapital Eesti appealed the District Court order from 7 September 2021 to the Supreme Court. In January 2022 the Supreme Court has decided to process the appeal. AS Pro Kapital Eesti submitted its additional written position to the Supreme Court on 14 February 2022.

The Supreme Court, by its decision of 11 October 2022, reinstated the time limit for the AS Pro Kapital Eesti appeal and referred the case back to Tallinn Administrative Court. The Supreme Court's decision means that the parties will no longer dispute the time limit for the AS Pro Kapital Eesti appeal and further dispute will primarily concerns the amount of the compensation and its verifiability.

On 16 January 2023, a preliminary hearing was held in Tallinn Administrative Court in Pro Kapital Eesti AS's claim for compensation against the Republic of Estonia (through the Land Board). The court gave the parties time to submit their additional submissions by 28 February 2023 at the latest. AS Pro Kapital Eesti proposed to end the dispute with a settlement, which was not accepted by the other party, so the dispute continues and the parties are currently waiting for the court's position.

People

As at 31 March 2023 the Company employed 76 people compared to 71 people on 31 March 2022. 40 of them were engaged in hotel and property maintenance services (33 on 31 March 2022). 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 circle, 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.

Edoardo Preatoni

Chief Executive Officer
and Member of the Management Board

18 May 2023

Consolidated financial statements

Consolidated interim statement of financial position

in thousands of euros	Notes	31.03.2023	31.03.2022	31.12.2022
ASSETS				
Current assets				
Cash and cash equivalents		18 773	7 650	10 589
Current receivables		2 331	1 546	955
Prepaid expenses		395	525	64
Inventories	4	26 113	59 360	34 224
Total current assets		47 612	69 081	45 832
Non-current assets				
Non-current receivables	5	15	20	2 016
Property, plant and equipment	6	7 733	6 866	7 294
Right-of-use assets	6	268	173	195
Investment property	7	45 615	40 871	45 575
Goodwill		262	262	262
Intangible assets		82	98	82
Total non-current assets		53 975	48 290	55 424
TOTAL ASSETS	3	101 587	117 371	101 256
LIABILITIES AND EQUITY				
Current liabilities				
Current debt	8	28 422	16 131	173
Customer advances	9	1 270	11 477	1 659
Current payables	10	3 156	7 961	4 626
Tax liabilities		816	116	111
Short-term provisions		19	6	5
Total current liabilities		33 683	35 691	6 574
Non-current liabilities				
Non-current debt	8	10 086	37 909	38 184
Other non-current payables		0	20	0
Deferred income tax liabilities		1 132	1 134	1 130
Long-term provisions		60	25	45
Total non-current liabilities		11 278	39 088	39 359
TOTAL LIABILITIES	3	44 961	74 779	45 933
Equity				
Share capital in nominal value		11 338	11 338	11 338
Share premium		5 661	1 748	5 661
Statutory reserve		1 134	0	1 134
Revaluation reserve		2 012	2 984	2 012
Retained earnings		36 481	26 522	35 178
Total equity		56 626	42 592	55 323
TOTAL LIABILITIES AND EQUITY		101 587	117 371	101 256

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

Consolidated interim statements of comprehensive income

in thousands of euros	Notes	2023 3M	2022 3M	2022 12M
CONTINUING OPERATIONS				
Operating income				
Revenue	11	13 415	7 916	65 654
Cost of sales	12	-9 749	-5 358	-48 689
Gross profit	13	3 666	2 558	16 965
Marketing expenses		-133	-114	-498
Administration expenses	14	-1 374	-1 449	-4 946
Other operating income	15	1	0	6 278
Other operating expenses	15	0	-6	-142
Operating profit		2 160	989	17 657
Finance income	16	20	1	3
Finance cost	16	-874	-1 226	-4 211
Profit before income tax		1 306	-236	13 449
Income tax		-3	-15	3
Net profit/loss for the period		1 303	-251	13 452
Other comprehensive income, net of income tax				
Net change in asset revaluation reserve		0	0	-972
Total comprehensive profit for the period		1 303	-251	12 480
Earnings per share (Basic) €	18	0.02	0.00	0.24

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

Consolidated interim statements of cash flows

in thousands of euros	Note	2023 3M	2022 3M	2022 12M
Cash flows from operating activities				
Profit for the period		1 303	-251	13 452
Adjustments for:				
Depreciation and amortisation of PPE, ROU and intangible assets		100	87	406
Gain from disposal of investment property		0	0	-2 329
Change in fair value of property, plant, equipment		0	0	13
Change in fair value of investment property		0	0	-3 841
Finance income and costs	16	853	1 225	4 207
Change in deferred tax assets and liabilities		2	2	-3
Other non-monetary changes (net amounts)		15	2	1
Movements in working capital:				
Change in receivables and prepayments		294	-1 268	-2 212
Change in inventories		8 111	-1 827	23 310
Change in liabilities and prepayments		-376	1 381	-12 106
Change in provisions		15	-2 538	-2 927
Net cash generated by/ used in operating activities		10 317	-3 187	17 971
Cash flows from investing activities				
Payments for property, plant, equipment	7	-500	-161	-1 777
Payments for intangible assets		-5	-12	-16
Payments for investment property	8	-40	-136	-1 000
Proceeds from disposal of PPE		0	0	8
Proceeds from disposal of investment property		0	0	2 329
Interests received		5	0	1
Net cash used in/ generated by investing activities		-540	-309	-455
Cash flows from financing activities				
Redemption of convertible bonds		0	0	-196
Repurchase of non-convertible bonds		0	-30	0
Proceeds from borrowings		0	8 304	14 427
Repayment of borrowings		-16	-4 704	-26 641
Repayment of lease liabilities		-38	-33	-147
Interests paid		-1 539	-2 017	-3 996
Net cash used in financing activities		-1 593	1 520	-16 553
Net change in cash and cash equivalents		8 184	-1 976	963
Cash and cash equivalents at the beginning of the period		10 589	9 626	9 626
Cash and cash equivalents at the end of the period		18 773	7 650	10 589

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 2021	11 338	5 661	1 134	2 984	-8 031	13 086	-3 515	9 571
Allocation of previous periods profit	0	-3 913	-1 134	0	5 047	0	0	0
Changes in non-controlling interest	0	0	0	0	0	0	3 515	3 515
Comprehensive loss for the period	0	0	0	0	29 757	29 757	0	29 757
31 December 2021	11 338	1 748	0	2 984	26 773	42 843	0	42 843
Comprehensive loss for the period	0	0	0	0	-251	-251	0	-251
31 March 2022	11 338	1 748	0	2 984	26 522	42 592	0	42 592
Net profit for the period	0	0	0	0	13 703	13 703	0	13 703
Comprehensive loss for the period	0	0	0	-972	0	-972	0	-972
Allocation of previous periods profit	0	3 913	1 134	0	-5 047	0	0	0
31 December 2022	11 338	5 661	1 134	2 012	35 178	55 323	0	55 323
Net profit for the period	0	0	0	0	1 303	1 303	0	1 303
31 March 2023	11 338	5 661	1 134	2 012	36 481	56 626	0	56 626

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

Notes to consolidated interim financial statements

Note 1. General information

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

Shareholder	Country of incorporation	Ownership 31.03.2023	Ownership 31.12.2022
Raiffeisen Bank International AG	Austria	53.16%	53.16%
Clearstream Banking AG	Germany	22.43%	22.38%
Svalbork Invest OÜ	Estonia	9.86%	9.86%
Six Sis Ltd	Switzerland	6.91%	6.91%

For the purpose of comparable financial figures of these interim financial statements as at 31 March 2023, 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 2022, 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 2022.

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 2022.

Note 3. Segment reporting

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
2023 3M							
Revenue	0	9 178	3 103	110	1 159	-135	13 415
<i>incl. sale of real estate</i>	0	9 151	3 026	6	0		12 183
<i>incl. rental income</i>	0	0	64	23	120	-120	87
<i>incl. hotel operations</i>	0	0	0	0	1 026		1 026
<i>incl. maintenance services</i>	0	27	8	72	0		107
<i>incl. other revenue</i>	0	0	5	9	13	-15	12
Other operating income and expenses (net)	-1	2	0	0	0	0	1
Segment operating profit/loss	-753	1 882	1 249	-137	-92	11	2 160
Financial income and expense (net)	-1 580	861	-48	-32	-54	-1	-854
Profit/loss before income tax	-2 333	2 743	1 201	-169	-146	10	1 306
Income tax	0	0	0	-1	-2		-3
Net profit/loss for the period	-2 333	2 743	1 201	-170	-148		1 303

31.03.2023

Assets	57 708	159 504	24 810	15 358	8 681	-164 474	101 587
Liabilities	146 425	3 226	13 859	3 558	6 533	-128 640	44 961
Acquisition of non-current assets	0	20	108	1	484		613
Decrease of non-current assets	0	0	0	0	0		0
Depreciation and amortisation	0	-10	-12	-9	-86		-99

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
2022 3M							
Revenue	0	6 716	249	365	709	-123	7 916
<i>incl. sale of real estate</i>	0	6 690	225	286	0		7 201
<i>incl. rental income</i>	0	0	22	5	109	-108	28
<i>incl. hotel operations</i>	0	0	0	0	588		588
<i>incl. maintenance services</i>	0	26	0	73	0		99
<i>incl. other revenue</i>	0	0	2	1	12	-15	0
Other operating income and expenses (net)	0	-6	0	0	0		-6
Segment operating profit/loss	-900	2 067	-121	94	-156	5	989
Financial income and expenses (net)	-1 501	407	-107	16	-38	-2	-1 225
Profit/loss before income tax	-2 401	2 474	-228	110	-194	3	-236
Income tax	0	0	0	-13	-2		-15
Net profit/loss for the period	-2 401	2 474	-228	97	-196		-251

31.03.2022

Assets	54 501	165 283	27 887	13 956	7 118	-151 374	117 371
Liabilities	135 289	32 606	20 399	1 532	4 785	-119 832	74 779
Acquisition of non-current assets	0	6	1	3	154		164
Decrease of non-current assets	0	0	-4	1	0		-3
Depreciation and amortisation	0	-6	-7	-6	-58		-77

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
2022 12M							
Revenue	805	59 819	1 873	698	3 326	-867	65 654
<i>incl. sale of real estate</i>	0	59 676	1 673	359	0		61 708
<i>incl. rental income</i>	0	1	177	39	0	0	217
<i>incl. hotel operations</i>	0	0	0	0	3 270		3 270
<i>incl. maintenance services</i>	0	120	5	295	0		420
<i>incl. other revenue</i>	805	22	18	5	56	-867	39
Other operating income and expenses (net)	-2	6 549	-523	0	112		6 136
Segment operating profit/loss	-1 818	20 771	-547	-352	-412	15	17 657
Financial income and expense (net)	-6 178	2 561	-407	-6	-172	-6	-4 208
Profit/Loss before income tax	-7 996	23 332	-954	-358	-584	9	13 449
Income tax	0	0	0	1	2		3
Net profit/loss for the period	-7 996	23 332	-954	-357	-582	9	13 452
31.12.2022							
Assets	57 567	157 409	25 954	15 537	8 420	-163 631	101 256
Liabilities	143 951	3 874	16 204	3 568	6 124	-127 788	45 933
Acquisition of non-current assets	3	20	24	129	1 744		1 920
Decrease of non-current assets	0	-10	-14	0	-30		-54
Depreciation and amortisation	-5	-45	-43	-35	-277		-405

Note 4. Inventories

in thousands of euros	31.03.2023	31.03.2022	31.12.2022
Property held for sale	8 108	21 966	9 313
<i>incl. Kristina and Kindrali Houses, Tallinn</i>	666	14	237
<i>incl. Kalaranna, Tallinn</i>	1 201	13 146	1 215
<i>incl. River Breeze, Riga</i>	4 563	7 038	6 171
<i>incl. Šaltinių Namai (Attico), Vilnius</i>	1 603	1 672	1 604
<i>incl. other properties</i>	75	96	86
Works in progress	17 886	37 276	24 854
<i>incl. Kristiine City, Tallinn</i>	0	14 934	7 182
<i>incl. Kalaranna, Tallinn</i>	5 401	16 230	5 192
<i>incl. Šaltinių Namai (Attico), Vilnius</i>	6 228	6 112	6 223
<i>Incl. Naugarduko, Vilnius</i>	6 257	0	6 257
Goods bought for resale	56	54	57
Prepayments for inventories	63	64	0
Total	26 113	59 360	34 224

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 later development stage of the Kalaranna District project being currently under construction in Tallinn. The following phase of Šaltinių Namai is waiting for the start of development. New property has been purchased in Naugarduko Street in Vilnius, with a plan to start renovation works in 2023.

Note 5. Non-current receivables

in thousands of euros	31.03.2023	31.03.2022	31.12.2022
Finance leases	14	20	16
Other non-current receivables	0	0	2 000
Total	14	20	2 016

The prepayment of 2 million euros for potential purchase of a new subsidiary PK Sicily that was recorded under non-current receivables as at 31.12.2022. Due to the decision to withdraw from purchase of the subsidiary the balance was reclassified to current receivables. Part of the prepayment has been repaid during reporting period.

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

Land and buildings held for providing services or for administrative purposes are stated at their revalued amounts being the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. On 31 March 2023 land and buildings comprised of hotel property in Bad Kreuznach, Germany and office premises in Tallinn, Estonia.

in thousands of euros	31.3.2023	31.03.2022	31.12.2022
Acquisition value of property, plant and equipment	11 538	10 456	11 038
Accumulated depreciation	-3 805	-3 590	-3 744
Residual value of property, plant and equipment	7 733	6 866	7 294

in thousands of euros	31.03.2023	31.03.2022	31.12.2022
Acquisition value of right-of-use assets	809	576	701
Accumulated depreciation	-541	-403	-506
Residual value of right-of-use assets	268	173	195

On 1 January 2019 the Group recognised leases in total amount of 674 thousand euros as right-of-use assets using modified retrospective approach (initial application of IFRS

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

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Prepay-ments	PPE total	Right-of-use assets
Acquisition value 31.12.2021	9 011	1 026	262	0	10 299	574
Acquired	145	8	8	0	161	2
Written off	0	0	-4	0	-4	0
Acquisition value 31.03.2022	9 156	1 034	266	0	10 456	576
Acquired	1 439	152	25	0	1 616	125
Change in fair value	-984	0	0	0	-984	0
Sold	0	0	-14	0	-14	0
Written off	0	-30	-6	0	-36	0
Acquisition value 31.12.2022	9 611	1 156	271	0	11 038	701
Acquired	415	69	15	1	500	108
Acquisition value 31.03.2023	10 026	1 225	286	1	11 538	809

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Prepay-ments	PPE total	Right-of-use assets
Accumulated depreciation 31.12.2021	2 385	935	225	0	3 545	372
Depreciation charge for the period	38	6	5	0	49	31
Written off	0	0	-4	0	-4	0
Accumulated depreciation 31.03.2022	2 423	941	226	0	3 590	403
Depreciation charge for the period	148	31	17	0	196	103
Sold	0	-30	-10	0	-40	0
Written off	0	0	-2	0	-2	0
Accumulated depreciation 31.12.2022	2 571	942	230	0	3 744	506
Depreciation charge for the period	40	14	7	0	61	35
Accumulated depreciation 31.03.2023	2 611	956	238	0	3 805	541

Note 7. Investment property

in thousands of euros	Property held for increase in value
Balance at 31.12.2021	40 734
Additions:	
Investments	137
Balance at 31.03.2022	40 871
Additions:	
Investments	863
Changes in fair value	6 170
Disposals	-2 329
Balance at 31.12.2022	45 575
Additions:	
Investments	40
Balance at 31.03.2023	45 615

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 2022. The valuations were performed by reference to recent market information by external valuator.

Note 8. Current and non-current debt

Current debt

in thousands of euros	31.03.2023	31.03.2022	31.12.2022
Bank loans and overdrafts	63	15 848	63
Convertible bonds	0	165	0
Secured non-convertible bonds	28 227	0	0
Lease liabilities	132	118	110
Total	28 422	16 131	173

Non-current debt

in thousands of euros	31.03.2023	31.03.2022	31.12.2022
Bank loans and overdrafts	391	500	406
Secured non-convertible bonds	0	27 952	28 157
Unsecured non-convertible bonds	9 494	9 386	9 466
Lease liabilities	202	71	155
Total	10 087	37 909	38 184

Creditors

in thousands of euros	31.03.2023	31.03.2022	31.12.2022
AS LHV Pank (EE)	0	15 848	0
Sparkasse (DE)	453	500	469
Convertible bonds, various investors (discounted value)	0	165	0
Secured bonds, various investors (discounted value)	28 227	27 952	28 157
Unsecured bonds, various investors (discounted value)	9 494	9 386	9 466
Lease agreements (related to right-of -use assets)	335	189	265
Total	38 509	54 040	38 357

All agreements and liabilities are fixed in euros. The total interest and other financial cost (Note 16) for the reporting period was 869 thousand euros (2022 3M: 1.1 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 they will mature in October 2024. The balance sheet value on the reporting date is 9.3 million euros, which consists of nominal value 9.7 million euros minus 0.4 million euros of refinancing costs.

Secured non-convertible bonds

In February 2020, the Company 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 mature in February 2024.

Remaining balance of the secured non-convertible bonds is 28.5 million euros on 31 March 2023. The balance sheet value is 27.9 million euros equalling to nominal value 28.5 million euros minus 0.6 million euros of refinancing costs which are being discounted over the effective period of the bonds (until the maturity period). According to terms and conditions, the Company has to maintain the equity ratio above 35% at all times. As at the end of the reporting period the calculated equity ratio was 55.74%. The equity ratio is positively influenced, when construction is completed and revenues are recorded on the balance sheet.

Pledged assets in balance sheet value in thousands of euros

Beneficiary	Collateral description	31.03.2023	31.03.2022	31.12.2022
Bank accounts				
Nordic Trustee & Agency AB (Sweden)	Nordea Bank AB (Sweden)	23	23	23
Inventory				
LHV Pank AS*	Kalaranna 8, 22, Tallinn	N/A	30 901	N/A
LHV Pank AS *	Rivi 6, Sammu 5, Sõjakooli 14/16, Tallinn	N/A	14 934	N/A

*Loan has been repaid.

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

		31.03.2023	31.03.2022	31.12.2022
NTA	Pro Kapital Germany Holdings OÜ	12	11	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 Ilmarise Kvartal	3	3	3
NTA	Pro Halduse OÜ	26	26	26
NTA	AS Tondi Kvartal	160	160	160
NTA	OÜ Marsi Elu	20	20	20
NTA	Kalaranna Kvartal OÜ	3	3	3
NTA	Dunte Arendus OÜ	3	3	3
NTA	Pro Kapital Latvia JSC	12 948	9 960	12 948
NTA	Kliversala SIA	14 531	14 531	14 531
NTA	Tallina Nekustamie Īpašumi SIA	10 300	10 300	10 300
NTA	Nekustamo Īpašumu sabiedrība Zvaigznes centrs SIA	6 100	6 100	6 100
NTA	Pro Kapital Vilnius Real estate UAB	1 335	1 335	1 335
NTA	In Vitam UAB	3	3	3
NTA	PK Invest UAB	823	823	823
Total		63 288	60 299	63 288

Note 9. Customer advances

in thousands of euros	31.03.2023	31.03.2022	31.12.2022
Advances for real estate	1 241	11 433	1 630
Advances for hotel services	29	44	30
Total	1 270	11 477	1 659

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 decreased significantly due to completions in Kalaranna District and Kindrali Houses.

Note 10. Current payables

in thousands of euros	31.03.2023	31.03.2022	31.12.2022
Trade payables	1 810	6 198	2 134
Accrued expenses	883	552	766
Accrued interests	447	486	1 211
Payables to employees	15	15	8
Other	1	710	507
Total	3 156	7 961	4 626

Note 11. Revenue

Segment revenue (continuing operations)

in thousands of euros	2023 3M	2022 3M	2022 12M
Revenue from contracts with customers			
Revenue from sale of real estate	12 183	7 201	61 708
Hotel operating revenue	1 026	588	3 270
Revenue from maintenance and other services	119	100	460
Total revenue from contracts with customers	13 328	7 889	65 438
Rental income	87	27	216
Total	13 415	7 916	65 654

Timing of revenue recognition

in thousands of euros	2023 3M	2022 3M	2021 12M
At a point in time			
Revenue from sale of real estate	12 183	7 201	61 708
Hotel operating revenue	1 026	588	3 270
Revenue from other services	12	3	40
Total revenue recognised at a point in time	13 221	7 792	65 018
Over time			
Rental income	87	27	216
Revenue from maintenance fees	107	97	420
Total	13 415	7 916	65 654

Revenue from sale of real estate has increased by 69% compared to reference period due to notarisation of sales in Kindrali Houses. Sales of available inventory have continued in Kliversala in Riga and in Šaltinių Namai in Vilnius. Revenue from hotel operations has increased significantly compared to the previous reference period as the renovation works that influenced the hotel revenues during 2022 have now been finalised.

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 12. Cost of sales

in thousands of euros	2023 3M	2022 3M	2022 12M
Cost of real estate sold	8 763	4 703	45 420
Cost of providing rental services	25	14	66
Cost of hotel operations	896	586	2 977
Cost of maintenance services	57	55	221
Cost of other services	8	0	5
Total	9 749	5 358	48 689

Note 13. Gross profit

in thousands of euros	2023 3M	2022 3M	2022 12M
Real estate	3 420	2 498	16 288
Rental revenue	62	13	150
Hotel operating	130	2	293
Maintenance services	50	42	199
Other services	4	3	35
Total	3 666	2 558	16 965

Note 14. Administration expenses

in thousands of euros	2023 3M	2022 3M	2022 12M
Staff costs	731	1 051	3 189
Land and real estate taxes	78	66	306
Depreciation charge	41	29	138
Other	524	303	1 313
Total	1 374	1 449	4 946

Note 15. Other income and expenses

Other income

in thousands of euros	2023 3M	2022 3M	2022 12M
Gain from fair value adjustments	0	0	6 157
Other	1	0	121
Total	1	0	6 278

Other expenses

in thousands of euros	2023 3M	2022 3M	2022 12M
Fines paid	0	0	2
Other	0	6	140
Total	0	6	142

Note 16. Finance income and cost

Finance income

in thousands of euros	2023 3M	2022 3M	2022 12M
Interest income	20	1	3
Total	20	1	3

Finance cost

in thousands of euros	2023 3M	2022 3M	2022 12M
Interest expenses	869	1 171	4 192
Foreign currency loss	0	1	0
Other financial expenses	5	54	19
Total	874	1 226	4 211

Note 17. 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	01.01.2023-31.03.2023	(56 687 954x90/90)	=56 687 954
For the period	01.01.2022-31.12.2022	(56 687 954x365/365)	=56 687 954
For the period	01.01.2022-31.03.2022	(56 687 954x90/90)	= 56 687 954

Indicative earnings per share from continuing operations:

For the period	01.01.2023-31.03.2023	1 303 thousand euros/ 56 687 954 = 0.02 euros
For the period	01.01.2022-31.12.2022	13 452 thousand euros/ 56 687 954 = 0.24 euros
For the period	01.01.2022-31.03.2022	-251 thousand euros/56 687 954 = 0.00 euros

The convertible bonds issued by the Company did not have a dilutive effect on earnings in 2022, therefore they have not been included in the calculation of the diluted net profit per share and diluted net profit per share equals the net profit per share indicator.

Note 18. Shareholders meetings

The annual shareholders meeting of AS Pro Kapital Grupp will take place in June 2023. Minutes of the annual shareholders meeting will be published on AS Pro Kapital Grupp web page www.prokapital.com.

Note 19. 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	2023 3M	2022 3M	2022 12M
Significant owners and owner related companies			
Revenues	2	3	8
Other shareholders / bondholders			
Interest expenses incurred	222	194	892
Redemption of convertible bonds	0	30	196
Interest payments	387	398	794
Members of the Management Board and Council			
Salaries and bonuses paid to management	150	162	650

Receivables from related parties

in thousands of euros	2023 3M	2022 3M	2022 12M
Significant owners and owner related companies			
Prepayments	1 514	0	2 000

In 2022 the Group investigated an opportunity to purchase shares of PK Sicily SpA from a related party for 12 million euros. To secure the transaction and reserve the shares, the Group paid a prepayment in amount of 2 million euros to the seller. The Group performed a thorough due diligence to evaluate potential gain on transaction and in 2023 decided not to buy the shares of hotel company. The seller has to return the prepayment no later than three years from prepayment. The Group has the right to set the second rank pledge on the property to secure its receivable. 0.5 million euros have been repaid during the reporting period.

Shareholding in the Company %	31.03.2023	31.03.2022	31.12.2022
Significant owner and owner related companies	49.62%	49.61%	49.63%
Members of the Council and individuals related them	0.05%	0.08%	0.05%

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 first three months and the first quarter of 2023.

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.

Edoardo Preatoni Member of the Management Board 18 May 2023