AS Pro Kapital Grupp

CONSOLIDATED ANNUAL REPORT 2024

Beginning of the financial year	1 January 2024
End of the financial year	31 December 2024
Company name	AS Pro Kapital Grupp
Registration number	10278802
Form of Entity	Joint-Stock Company
Address	Sõjakooli 11 11316 Tallinn, Estonia
Phone	+372 614 4920
E-mail	prokapital@prokapital.ee
Website	www.prokapital.com
Fields of business activity	Activities of holding companies Purchase and sales of real estate Rent and operation of real estate Management of real estate Hotel operations
Auditor	Ernst & Young Baltic AS

Table of contents

Translation of the Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is digitally signed and submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100006040/reports).

Translation of the Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is digitally signed and submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100006040/reports).

About AS Pro Kapital Grupp

AS Pro Kapital Grupp (hereafter referred to as the Group) is one of the longest-established real estate development companies in the Baltic States, actively engaged in the development and planning of long-term, large-scale projects in prime locations across Tallinn, Riga, and Vilnius.

As we develop large residential and commercial districts, we have a significant impact on the formation of the image of a city, development and welfare of local communities and surrounding environment. Strategically sustainable and forward-looking style of management puts quality and responsibility into the focus of our business activities. That is the reason why we are closely related to all the developments from start to finish – this is the only way how we can create extraordinary living environments where people feel comfortable.

AS Pro Kapital Grupp is a Public Limited Company with its domicile and principal place of business located at Sõjakooli 11, 10316 Tallinn, Republic of Estonia. AS Pro Kapital Grupp has retained its name since its establishment. The Group's main operations, primarily conducted in the Republic of Estonia, include activities such as purchase and sales of real estate, rent and operation of real estate and management of real estate. Despite holding less than 50% ownership in AS Pro Kapital Grupp, Preatoni Group, a French entity, is considered the ultimate parent for Pro Kapital Grupp.

On 23 November 2012 AS Pro Kapital Grupp shares started trading on the secondary list of Tallinn's stock exchange and since 19 November 2018 the shares of the Group are traded in the main list of Nasdaq Tallinn.

Development projects

Project name	Type	Location	Ownership	Classification
Ülemiste 5	Commercial	Tallinn	100%	Investment property
Kristiine City*	Residential	Tallinn	100%	Inventories, investment property
Kalaranna District	Residential	Tallinn	100%	Inventories
City Oasis Quarter	Residential	Riga	100%	Investment property
Kliversala District*	Residential	Riga	100%	Inventories, investment property
Brivibas Business Quarter	Commercial	Riga	100%	Investment property
Šaltinių Namai	Residential	Vilnius	100%	Inventories
Naugarduko	Residential	Vilnius	100%	Inventories

**Due to large scale of the projects, part of the property is waiting for start of development and therefore is classified as investment property (Notes 11 and 14).*

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. 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.

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 cozy heart. Kindrali Houses form a part of the Kristiine City district which is undergoing rapid development near the city centre and offering versatile opportunities for residents of all ages. The focus is on comfort, safety and living in harmony with environment. 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 as well as ground floor studio apartments with separate entrances. Four-legged friends of the residents can enjoy a special washing room in the houses.

Kindrali Houses' first stage has been completed, and all apartments have been handed over to the homeowners, except for one unit, which serves as a showroom. In March 2024, we started construction on the new phase of Kindrali Houses, called Uus-Kindrali, with the first building expected to be completed by the end of 2025.

Ülemiste 5 in Tallinn

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

Kalaranna in Tallinn

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

During the first phase of construction, eight buildings have been completed with 239 apartments, commercial premises and an underground car park. The area includes the Kalaranna Park with versatile leisure opportunities and a Square connecting the buildings. To date all buildings of the first stage are completed and handed over to customers.

The construction of the final stage, consisting of 4 buildings and 146 apartments, began in March 2023 and is scheduled for completion by the end of Q1 2025. The first units were handed over to customers at the end of 2024.

Kliversala in Riga

The district of Klīversala is located in the most picturesque and beautiful part of the centre of Riga. A land plot of almost five hectares in total is located on the peninsula on the Daugava River and Agenskalna bay, facing the towers of Old Riga and the Riga 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 it is thereby considered as a highly valuable territory.

The River Breeze Residence is the first residential building in Kliversala Quarter to be completed with all units sold. The following stage - Blue Marine, named by its close proximity to the river and yacht port area – is waiting for start of construction.

Brivibas Business Quarter in Riga

Commercial property development for modern office complex is located on the site of a former factory. The building permit has been issued.

The Group has decided to sell this property to focus more on its core activity of residential real estate development. Sales activities commenced in 2024, however, due to unfavorable market conditions in Riga for this type of investment property, the Group decided to put the sale on hold.

The property is classified as an investment property, and sales activities are planned to resume once market conditions improve.

City Oasis Quarter in Riga

City Oasis Quarter lies in Tallinas street 5/7 and is a unique residential area in the center 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 we will start with construction when market conditions will be favourable.

Šaltinių Namai in Vilnius

Šaltinių Namai Attico is an exclusive residential community nestled in the most serene part of Vilnius Old Town, within a UNESCO-protected area. Surrounded by nature, it embodies the baroque charm of the Old Town while drawing inspiration from the rich tradition of Italian architecture in Lithuania.
Šaltinių Namai Attico project with 5 residential buildings is developed and sold, only one unit is unsold as of the publication of this report.
In September, 2023 Pro Kapital Lithuania has started the last construction phase with City Villas and a Residential-commercial building, with completion expected at the end of 2025.

Naugarduko 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.

Our vision and mission

Vision

Pro Kapital develops timelessly distinctive buildings with an impeccable quality that anticipate people's needs and expectations.

Mission

We believe the real value of real estate lies in the experiences and well-being it brings to people.
We build better living environments where people feel good.

Our values

QUALITY

Savvy customers expect the highest quality from developments in the best locations and that is exactly what we aim to offer. Every aspect of our developments is well thought through down to the smallest detail.

CUSTOMER RELATIONSHIP

Quality of the product and service is of the utmost importance to us when building a relationship with our customers. We do our very best so that the customers could be certain of what they are investing into.

CHOICE

We develop for the people. People have needs, expectations, hopes and dreams. The environment where people live and spend their time should be filled with joy, excitement and satisfaction. We aspire to make people feel good and do our best so that they can live their lives to the fullest.

COHERENCE

With growing urbanisation, people expect coherence and comfort. People's time, needs and expectations are at the very centre of our developments. That is why we consider it important to create opportunities for interpersonal communication, well-being and connections to services that look further well-functioning infrastructure.

Results for 2024

Key financials

Consolidated statement of profit or loss and other comprehensive income

in thousands of euros	2024	2023
Revenue	18 158	23 021
Gross profit	5 423	7 028
EBITDA[1]	1 612	3 391
Operating result	123	2 963
EBT[1]	-4 030	-898
Net result	-3 875	-900
Net result attributable to the equity holders of the parent	-3 675	-900

Gross profit margin[1]	29,9%	30,5%
EBITDA margin[1]	8,9%	14,7%
Operating margin[1]	0,7%	12,9%
EBT margin[1]	-22,2%	-3,9%
Net margin[1]	-21,3%	-3,9%
Net margin to the equity holders of the parent[1]	-20,2%	-3,9%
Earnings per share (EPS)[1]	-0,06	-0,02
Closing share price Nasdaq Baltic	0,78	1,10
P/E ratio[1]	-12,03	-68,97

The total revenue of the Group for 2024 was 18.2 million euros, which decreased by 4.8 million euros (21%) in 2024 comparing to previous period (2023: 23.0 million euros).

After selling most of the remaining units in Kindrali Houses, Tallinn, at the beginning of 2023, we commenced construction on the final stage of the Kalaranna District. In 2024, we continued this development while also starting construction of Uus-Kindrali in Tallinn and Šaltinių Namai Attico in Vilnius. At the same time, we successfully sold all remaining units (only two parking spots left) in River Breeze Residence, Riga. In December 2024, we began handing over the first units of the final stage of the Kalaranna District.

The operating result of the Group reached 123 thousand euros, which is 2.8 million euros less than in 2023.

[1] The formulas of Alternative Performance Measures are on page 12

Consolidated statement of financial position

in thousands of euros	31.12.2024	31.12.2023
Total Assets	118 758	107 237
Current Assets	62 539	54 307
Non-Current Assets	56 219	50 595
Total Liabilities	67 537	52 814
Current Liabilities	37 968	38 881
Non-Current Liabilities	29 569	13 933
Equity	51 221	54 423

Increase of current assets and total liabilities are influenced by start of construction works in Kalaranna District, Uus-Kindrali and Šaltniu Namai.

Consolidated statement of cash flows

in thousands of euros	2024	2023
Cash flows from operating activities	-10 355	9 087
Cash flows from investing activities	-701	-2 964
Cash flows from financing activities	-1 665	353
Net change in cash	**-12 721**	**6 476**

In 2024, the Group used net cash in amount of 12.7 million euros (2023: generated 6.5 million euros). Cash flow used for operating activities was 10.4 million euros (2023: generated 9.1 million euros). Cash flow used for investing activities was 701 thousand euros (2023: 3.0 million euros). Cash used for financing activities was 1.7 million euros (2023: generated 353 thousand euros). Loans were raised in amount of 17.6 million euros, repaid in amount of 4.2 million euros and 4.5 million euros interest payments were made during the period. During the reporting period the Group redeemed secured non-convertible bonds in amount of 8.6 million euros and non-convertible bonds in amount of 1.5 million euros.

Financial Ratios

	31.12.2024	31.12.2023
Equity ratio[1]	43,1%	50,8%
Debt to equity ratio[1]	91,4%	77,9%
Net debt to capital[1]	45,3%	31,8%
Debt to EBITDA ratio[1]	29,1	12,5
Current Ratio[1]	1,6	1,4
Return to assets[1]	-3,4%	-0,9%
Return to equity[1]	-7,0%	-1,6%

[1] The formulas of Alternative Performance Measures are on page 12

Alternative Performance Measures

Indicator	Formula	Definition
EBITDA	Operating profit + Depreciation and amortization	Earnings Before Interest, Tax, Depreciation and Amortization
EBT	Operating profit + Finance income – Finance Cost	Earnings Before Tax
Gross profit margin	Gross profit/revenue *100	Profitability ratio presenting Gross Profit as a percentage of revenue
EBITDA margin	EBITDA/revenue*100	Profitability ratio presenting EBITDA as a percentage of revenue
Operating margin	Operating profit/revenue*100	Indicator for Efficiency to generate profit through its core operations
EBT margin	EBT/revenue*100	Ratio of Earnings Before Tax to sales revenue
Net margin	Net profit/revenue*100	Indicator measures how much net profit is generated as a percentage of revenue
Net margin to the equity holders of the parent	Net result attributable to the equity holders of the parent/revenue*100	Indicator measures how much net profit is generated as a percentage of revenue that is attributable to the equity holders of the parent
Earnings per share (EPS)	Net profit/average number of shares (Note 31)	Figure describing net profit per outstanding share
P/E ratio	Share Closing Price/EPS	Indicator for valuing a company
Equity ratio	Equity/total assets*100100	Leverage ratio, which shows the proportion of the total assets financed by equity
Debt to equity ratio	Interest bearing liabilities/Equity*100	Indicator to compare company's liabilities to equity
Net debt to capital	(Interest bearing liabilities-cash)/ (interest bearing liabilities-cash + equity) *100	Measurement of financial leverage
Debt to EBITDA ratio	Interest bearing liabilities/EBITDA	Ratio measuring the income generated and available to pay down debt before interest and taxes
Current Ratio	Current assets/Current liabilities	Liquidity ratio measuring ability to cover current financial obligations
Return on assets (ROA)	Net profit/average total assets*100	Indicates how profitable the company is to its total assets
Return on equity (ROE)	Net profit attributable to the owners/average equity*100	Indicates how profitable the company is to its total equity

Interest bearing liabilities equal to loan and bond balance total (Note 16, Note 18, Note 21 and Note 22)

Chairman's summary

Real Estate Development

In 2024, we achieved substantial completion of the final stage of our Kalaranna development (4 buildings, 146 units) and a slightly over 55% sellout of the inventory. On the construction budget we managed to achieve substantial savings, proving that the decision on taking on the construction management in-house was the right step. The construction market definitely stabilized during 2024 (especially the cost of materials) but the general contractors' market is still on shaky grounds.

In Kristiine City, we are actively engaged in the design and building permit application process for three different projects submitted to the Tallinn City Planning Department:

- "Dunte"- awaiting the issuance of the building permit.
- Sammu 2/4 / Sõjakooli 15- building permit application was submitted in December 2024
- Marsi 1 / Sõjakooli 13- building permit application was submitted in February 2025.

All the above listed projects will add ca 33.000 sqm of GBA with ca 320 units of predominantly residential function (95% residential/5% commercial) to our portfolio in a well-established neighbourhood in Kristiine City.

In 2024 we continued the construction of our Uus-Kindrali project (White building) in Kristiine City (91 residential units). By the end of 2024 we had reached the full height of the building. We achieved nearly a 50% sellout during the first stage of construction. The final completion is expected in November 2025.

Further to the above, the management has decided to start the construction of another 7-story residential building with 90 units, located next to the White Building in Kristiine City. We are planning to start the excavation works in April-May 2025, with presales having begun in February 2025.

In Riga, the sales in our esteemed River Breeze Residence have finished. The team successfully sold all the remaining inventory during 2024, with only two parking spots left. At the end of 2024, Group's management tasked Pro Kapital Latvia with exploring the possibility of launching another stage in our Kliversala project called Blue Marine. It is a residential development of 101 units. If suitable conditions are met, construction is planned to start in the first half of 2025. The development already has a building permit.

In Vilnius we have completed five residential buildings in Šaltinių Namai Attico project with 115 apartments in 2019. Today all the remaining inventory is sold (1 last unit is committed to but expected to close in April 2025). During 2024 we continued the construction of the final stage of Šaltinių Namai Attico with city villas and a commercial building.

Our latest investment on Naugarduko Street in Vilnius involves transforming a former school into a high-end residential complex. Located on a hill with breathtaking views of Vilnius' Old Town, the development will feature approximately 50 luxury apartments. An architectural competition was carried out for the purpose, and the winning studio has been in the process of designing and carrying out the building permit process with the city. Subject to the issuance of the permit, we plan to start renovation works in 2025.

Hotel operations

The hotel sector has regained momentum, and there is still a notable surge in demand. In 2024, just like in 2023, the hotel achieved excellent results, outperforming the budget. 2024 was the first year when the hotel had all rooms available for sale (following the major rooms renovation project we carried out in 2023).

Other operations

In 2024 the Group acquired a majority stake in Preatoni Nuda Proprietà and its subsidiary, Preatoni Intermediazioni Immobiliari, which continue to strengthen their position in the Italian real estate market, specializing in the acquisition, sale, and brokerage of bare ownership properties.

In 2024, rising interest rates led investors to shift away from real estate, causing a market slowdown from February to September. Financial instruments became the preferred choice, temporarily dampening property investments. However, by October, as interest rates began to decline, confidence in the real estate sector started to recover. A full market normalization is expected by late 2025. Despite the challenges of 2024, Preatoni Nuda Proprietà enters 2025 on solid footing.

Conclusion

The turbulent prior years, due to the pandemic and the start of the war, definitely changed the economic landscape of all the Baltic countries. The increased public spending (especially on defence) has resulted in changes to the taxation system which has forced the industries to adapt, become more efficient, find new markets. It is fair to say, however, that the resilience in weathering the difficult times has resulted in a new stable platform for growth. The real estate industry definitely saw a slight bounce-back in Q4, 2024 and it is a general belief in the market that the worst is now past us. In making our planning for 2025, we are exercising modest optimism. The developments in the lending market are also supporting our buyers and we feel their confidence is making purchase decisions is on the rise.

Edoardo Preatoni
CEO
AS Pro Kapital Grupp
29 April 2025

Management report

Management

Our operations are characterized by a long-term view and reliability which is primarily supported by a transparent management approach and the ability to understand the impact of activities in various aspects and manage it in a structured way. Honest, ethical and transparent management means that in our activities we comply with the laws and regulations in force in all operating markets, as a listed company also the requirements of Nasdaq Tallinn and Nasdaq Stockholm and the guidelines of Corporate Governance Recommendations (CGR).

Our management and operations are independent and are not involved in any political organizations. The companies and the key personnel of the Group have not supported the activities of any political organizations in 2024 nor earlier.

Our team is relevantly small therefore our operations are highly visible, both internally and externally. That is why we also emphasize the responsibility involved in the governance and we do not tolerate any abuse thereof. We work with several developments at a time in all the capital cities of the Baltic States and a number of people from different departments are involved in each project. The choice of contractors, suppliers and subcontractors is made in cooperation within the team and taking into account the best long-term practices, long-term experience, whereas the ability of any third parties to ensure a quality service, the reputation and practices thereof is given equal attention. In our opinion, such organization of work excludes any conflicts of interest in practice. The Management Board is the connecting link between the offices in different states, various entities and the Supervisory Board. We are also working in the direction which allows us to ensure comprehensive internal communications across the entire Group.

In addition to the communication with the investor community, we are consciously and systematically developing Group communication and marketing which would raise the awareness of different stakeholders. The most important for us is the two-way communication with both: the employees as well as any external stakeholders, be it our customers, subcontractors or partners. We believe that a continuous dialogue allows us to do our work in the best way and shape the living environments which would exceed the people's expectations as to their quality, timeless design and well-considered solutions.

Our impact and responsibility

Due to our strategy to develop large integrated areas, our business activity is not just about development – we create new living environments and thereby have a significant impact on people’s quality of life, social development and economic environment. This impact is not only versatile but also long-term, therefore we recognize this as a responsibility and are extremely serious about it. Therefore, we take different aspects of the impact into consideration in our operations and we do more than is expected of us or required by regulations.

We design unique quarters and living environments together with infrastructure and public spaces in the areas which were historically industrial areas or which were unused. The environments created in premium locations in all the three capital cities of the Baltic States are attractive both for our customers as well as the surrounding areas as we increase the value of the entire area with our development activities. This allows us to stay ahead of the market trends and shape them in a positive manner.

We have analyzed the expectations and vision of our stakeholders and experts as regards our broader role and responsibilities in the society. We interviewed our customers, subcontractors, partners, representatives of local communities and local governments, financiers, regulators, construction and sustainability experts and discussed these issues with them. We got the confirmation that we are expected to provide responsible real estate development and customer communication, be honest and open in our daily work and ensure a pleasant working environment. Substantial and diverse feedback is a very important input to construe and constructively analyze our role in the society in order to plan and focus our operations in more conscious manner. We spotlighted these topics for us inside the Group and would like to be more specific in the management of our social responsibility – to continue to develop important aspects, set specific targets and performance indicators which would demonstrate and confirm development besides describing the principles.

The following list gives a TOP 5 priority list of focus areas of interest groups and our own employees showing highly prioritized matters among others.

1. Quality, safe and healthy buildings
2. Fair and ethical management
3. Fair marketing and communication
4. Healthy, safe and proper workplace
5. Customer relationship and experience

We bear significant responsibility for implementation of major projects both in construction operation as well as the ideology from which we proceed. An integral part of this responsibility involves courage to make forward-looking decisions based on global trends, ability to find a balance between the high expectations and the opportunities, and ability to be involved in the development in each aspect thereof, thereby ensuring first-class quality. We are aware of the impact of our operation on these areas that we develop. We take the local customs, architecture and aesthetics into consideration in each project. Designing of integral infrastructure is equally important, taking into account the natural environment and even the trend towards ever greener and healthier lifestyle.

We meet several of the above requirements already today but we see an opportunity to achieve much more in environmental aspects, for example. Today we implement environmentally friendly and resource-efficient solutions in a reasonable manner and in fair proportions to the expectations and needs of the market. Undoubtedly, changes in the consumer behaviour, the increasing energy efficiency expectations and the rapidly changing environment create preconditions for arranging our future activities somewhat differently than today.

We have not included our German hotel and our newest acquisition, Preatoni Nuda Proprieta, into the analysis described above, as these operations are not our core business. In spite of that, the principles of social corporate responsibility are implemented also there.

Responsible real estate development

Through years, we've proven to remain ahead of the market trends and focus on long-term value we create for wider communities. Responsible real estate development means that our work has an impact on people's expectations of the environment in which they live, work and spend their time. Our intention is that positive effect is provided and stays long-lasting.

Simultaneous development of several major projects is unique at this market. We believe that our work creates long-time value and also demonstrates our strong position in the Baltic States. We develop large integrated residential quarters, thereby increasing the value of entire areas through well thought out infrastructure and landscape supporting the sense of community of people and their expectations to the quality of life.

We believe that real estate property is much more than just a physical space. Being residential or commercial real property, it should create emotions. Home is probably one of the most important investments in one's life. Home is the environment which creates a sense of warmth and security.

All commercial and residential real estate buildings completed in recent years or managed by us have convenient access by public transport (at least a distance of 500m) and there are parking spaces for bicycles near each building. All of the completed apartment buildings can be accessed by people with disabilities.

It is clear that the construction activities have an impact on the daily lives of neighbourhood residents. If possible, we plan the sequence of the development phases of residential real estate in such a way that the construction activities would not disturb the residents of existing buildings. We also expect our partners and subcontractors to comply with all the property maintenance rules and practices in order to minimize the disturbing of the neighbours.

Quality

Our vision is to develop timelessly unique buildings of impeccable construction quality which antedate the expectations, needs and desires of people. This vision reflects our long-term experience and proactive business strategy. We believe that quality is the core of creating long-term values throughout our business. In particular quality is our responsibility to the clients for whom a real estate investment is an important step and decision influencing them for years. Quality begins with understanding the market needs and the ability to move ahead of the trends and anticipate these needs. The quality is reflected in the details starting from the fact that we know our customers and their actual user experience both in the living quarters as well as in the neighbourhood. This means well-weighed space planning and services, intelligently solved communication and ventilation systems, smart and practical landscape architecture and infrastructure which in turn fits into the timeless and high-quality design and interior decoration.

Our developments are born in collaboration with reputable architects in order to associate unique exterior and interior of the buildings with practicality through their experience and vision. We also appreciate the ability of experienced and reputable architectural firms to manage the design work until the issue of the building permit within a reasonable time period. We actively cooperate with architects during the design work stage and analyze in detail the best alternative uses of each square meter.

We are very demanding in our selection of contractors in order to ensure high construction quality. We only invite reliable and ethical companies to participate in tender and besides the price, the final choice will be based on the prior experience and ability to flawlessly carry out technically complex projects.

In addition to strong partners, we also ensure our high construction quality by use of carefully selected building and interior decoration materials. The materials have to be durable, timeless and aesthetic, both inside and outside the buildings.

We analyze and wisely prepare the plans for electricity, lighting, heating and ventilation solutions and other automated technological systems which comply with actual utilization needs and ensure efficiency. By proper maintenance, we ensure a longer service life of the buildings, which we manage ourselves.

Quality means to sense the needs of the market, intelligent design work, knowledgeable construction work in compliance with requirements and even management of the buildings in a manner which allows to offer comprehensive and positive customer experience. A well-considered, wisely planned and carefully conducted development process ensures durability of our buildings over time and reduces the need for repairs and necessity to spend additional resources. Thus, the long-term service life and timeless appearance of the buildings is our biggest contribution to environmental protection.

Preservation of environment

People are more and more aware of preservation of environment and their expectations on sustainable solutions increase together with this. Both, private and business customers tend to appreciate natural materials and energy efficiency more and more. People want their living and operating environment to be green, intelligently planned allowing movement and active lifestyle. Our operations upon meeting the environmental requirements comply with the regulations but environmentally friendly solutions are not yet at the core of the activities. There is a number of reasons for that and the most important one is a price and quality ratio of home or commercial spaces to be met. Our operations are focused on customers and their needs and expectations therefore we actively try to find the best and environmentally friendly solutions in a balanced way. However, it is very important for us to know the expectations of stakeholders with regard to environmentally conscious choices as the capability to appropriately address the environmental issues may significantly contribute to our competitiveness in the near future.

The principle on which our work is based is to avoid damage to the nature or excessive burdening thereof. We comply with all statutory environmental requirements both during the design and construction work as well as during subsequent operations. We refrain from damaging the soil, wildlife and biodiversity and we avoid excessive air pollution. We avoid any unjustified use of hazardous materials and we do not use any prohibited materials. We always try to find reasonable opportunities for efficient use of energy, water and other resources during the construction works and when operating completed buildings. This also means that we consider and test renewable energy solutions. An important part of our activities also includes waste treatment for which we always create proper facilities. We ensure that completed buildings comply with the environmental standards and do not endanger the surrounding environment.

In 2024, no environmental pollution or damage to protected nature occurred in connection with the buildings constructed or commercial real estate operated by us.

Safety and health

The charm of the property does not lie only in the property itself but in urban space that is created for people. Thus, the core value of our operations is well-being of people. Just as we want people to feel good in their homes and commercial premises built by us, we also want that both, our customers as well as our employees, would get home healthy every night and that our developments would be safe for them. For this purpose, we comply with the statutory requirements and we believe that this is sufficient to ensure safety in our buildings. We do not compromise over the construction quality. Thus, the durability and fire safety of the structures is elementary for us.

Similar to the previous years, no accidents were reported to us in 2024 (due to our fault), in the apartment buildings operated or completed by us.

Both residential as well as commercial buildings are properly equipped for emergencies. We ensure timely maintenance of the technical systems in the buildings managed by us, repair of alarm systems, and we do our utmost to hedge any other elementary risks (such as slipperiness, darkness, icicles).

During the period of construction works, our internal technical team in charge of construction management sees to it that all our contractors strictly follow all safety regulations at the site.

Each contractor and their employees are given safety instructions prior to starting their work. We cooperate with respectable and known contractors and the general order at construction sites has been good.

No major accidents took place at our construction sites in 2024.

In addition to safety, healthy environment is also very important. The factors which have an impact on how people feel themselves in our buildings include the suitable temperature, ventilated air, spaciousness, balanced lighting in combination of daylight and artificial light, avoidance of hazardous materials and noise level in public areas. In apartment houses green living environment, which gives an opportunity for movement and sports activities close to home, is important for us.

Team

AS Pro Kapital Grupp is a company with 30 years of experience, thus we are one of the oldest professional real estate development companies in the Baltic States.
A big part of our team has been with the Group for almost half of its lifetime or even more. We believe that this demonstrates our ability to keep our team by offering them an environment which is in constant development, encouraging and supportive. We believe that every company has the face of its people and people shape it, therefore we highly appreciate our people.

At the end of 2024, the entire Group had 96 employees compared to 85 at the end of 2023. Among them, 48 were employed in the hotel sector (45 in 2023). In the Baltic States, 47 employees were based across Estonia (30), Latvia (8), and Lithuania (9), with one employee in Italy.
Of the workforce engaged in the Group's core activity—real estate development—38% were male and 62% were female. Among the Group's and Baltic subsidiaries' management teams, three managers are male and one is female. Employee turnover in the Baltics remained at 0%, consistent with the previous year.

Ten keywords characterize us as an employer:
Trust and independence. We appreciate and value freedom to decide, initiative, ability and we do not over-emphasize excessive hierarchy in management.
Humane management. Every employee is valuable for the Group and their well-being is important. Rested people who are enthusiastic and whose lives are balanced are people who work well. Therefore, we try to be flexible and fair in our work.
Development opportunities. Our team is small but as our business is in constant change and evolvement, which allows us to offer our employees learning and development opportunities. We highly appreciate people who have worked for a long time in our team. We listen to them and we fully support them.
Creative work. Our job is exciting and evolving. We work with projects which are all very special. A number of them are unique in the whole Baltic region, thereby we are providing development and self-fulfilment opportunities which is almost impossible to find in other companies of this market. This brings challenges, change, excitement and ambition into our work.
Devotion to goal. We have a common goal, common interests towards which we are moving and working while supporting each other. Real results are created jointly and we contribute to the creation of the value through the development and design of new environments.
Friendly colleagues. The team and each person in it are important for us. In search of a new employee, we look more for a person who fits into the team, not only a professionally competent specialist. We find that the synergy between people adds value both to employees' well-being and their work results.
Equal opportunities. In recruitment process we do treat all candidates equally for all open positions, our choices are based on considering candidate's character, skills, experience and recommendations, not their gender, nationality, race or religion. The same applies for positions which we fill internally.

We value good health. We strictly follow any safety requirements and we believe it is very important to preserve health of our people. In Estonia, when people fall ill, they can stay at home for up one week to get well without losing their pay for this time. In Latvia, we have enabled voluntary health insurance for all our employees. We consistently assess occupational safety risks and our employees undergo regular health checks.
Modern working environment. We consider it essential to feel good in work environment. Our modern and comfortable premises in Tallinn, Riga and Vilnius are located close to our development projects and easily accessible by public transport or car. Thus, we are almost in the midst of things and this allows us to constantly keep an eye on the activities and communicate with our customers.
Stable employer. We are an international publicly listed company which operates in several markets – a capable, stable and open real estate developer with transparent management. Many employees have been members of the Pro Kapital team for over 15 years.

In 2024 (the same in 2023):

- *We had no work accidents with our employees;*
- *Over 16% of our employees participated in professional training courses or seminars with an average of 8 hours per employee;*
- *We did not receive any official complaints about discrimination or unfair treatment.*

We believe it is important to preserve our humane and direct organizational culture and to avoid unnecessary bureaucracy and formalism. However, we perceive that we are growing and changing, therefore we see the need to introduce a common approach to certain issues at the Group level.

Customer experience

Buying a home is usually one of the most important and significant transactions for people. Therefore, we bear even higher responsibility to all our customers. We are closely connected to all our developments from beginning to end because this is the only way we can ensure the quality. This gives us an opportunity to be in a constant dialogue with our customers, understand their needs and expectations. We have proven ourselves as a reliable long-term partner to our buyers and our customers can be confident what they invest in.

Undoubtedly, buying a home is an emotional deed and the way how quality is brought to people plays a major role here. Transparency and clarity must go hand in hand with a convincing and aesthetically appealing visual language – people must be able to understand what they invest in. Therefore, marketing communication has big and effective role to play in our work, every detail and the overall picture of the product specifications and visual elements must address a specific target group. Our promises correspond to reality, our plans and views are true and we are open in our communication which allows people to get acquainted both with the interior decoration materials as well as with the plans.
We believe that the quality label of our development activities is formed during the first contact with the customer. Like any other relationship, it grows and develops over time and that is why we do not use an aggressive style of selling or pressurize people to decide. We value each individual and we comply with the privacy requirements by means of collecting and retaining contact details in a proper manner. When we cooperate with real estate agents, we require that they also adhere to the same principles.

In 2024, we did not violate any requirements or principles relating to marketing ethics, consumer protection, customer privacy or data leakage.

A strong customer relationship is an integral part of our business. Each customer contact, regardless of the project, shapes our reputation and credibility and will also accompany us in the future. Customer experience and assessments of the quality of our work and service turn them into our main and maybe even the most important marketers. Pro Kapital has grown into a strong and valued brand, which is confirmed by the fact that in general we sell a significant number of apartments in a variety of projects already before the beginning of the construction works or even before the beginning of the marketing activities. A number of people who have earlier bought their homes from us purchase apartments even in our subsequent development projects.

A binding principle for us is to be there for our customers even after the sales transaction. Our goal is to be in a constant dialogue with our customers which on one hand helps us to shape the living environment where people feel good, but to also solve any potential problems quickly and constructively. Therefore, we manage most of our apartment houses ourselves after they are completed. When finding maintenance partners for a house, we defend the interests of owners and help the apartment associations to make the choice. We believe that this way we help them to settle down in a smoother and more pleasant manner. Being close to users, we can identify any issues which need adjustments or changing in our future projects. Thereby we constantly improve our development sites and we ourselves grow together with them.

Our uniqueness also includes the real estate agents involved in our team. We believe that this allows us to offer better quality customer service as namely the administrative departments are the connection link in the customer relations between the builder and our development team, both upon transfer of the apartments as well as during the warranty period of two years, until the builder solves any warranty issues.

We believe that people do not buy just an apartment but make an investment in the living environment. That is why we are committed to our work as if we did it for ourselves and for our families. We analyze and consider carefully even the smallest details, we take into consideration different needs, habits and expectations in a manner which allows us to create a smart, well-considered, homely and considerate living environment. It is really important for us that people are happy in their new homes. This distinguishes us clearly and supports our growth and movement as a creator of trends towards high-quality and responsible real estate development.

Contribution to society

The biggest and the most positive contribution of AS Pro Kapital Grupp to society is the development of living environments and commercial districts based on an integrated and long-term strategy. Therefore, our business does not consist only of development – we create new districts and have a positive impact on the living environment of people. We support and participate in activities and projects which involve local community, promote youth education, improve awareness and support culture where we can add value.

Risk management

As part of the business of a responsible company is to identify and minimize any related risks.

Market risk

Focusing on the long duration of our business model allows us to mitigate potential market fluctuations. Based on our long-term strategy, we acquire a real estate property when the market is in recession, and we develop and sell it at the height of the market. This gives us an opportunity to take advantage of market opportunities and to hedge and manage the market risks.

Liquidity risk

We manage the liquidity risk on ongoing basis, taking into account the working capital developments and the needs. We monitor cash balances on weekly basis, also model short-term and long-term cash flows to spot any potential problems and to find timely solutions. Careful cash planning, monitoring of cash flows of our development projects and flexibility in everyday money matters effectively contribute to management of the liquidity risk.

Funding risk

The funding risk may extend the development process of the projects of the Group and slow down the realization of the real estate portfolio. The risk is managed by flexible ensuring of sustainable funding by means of overdrafts, loans, bonds and other debt instruments as well as expansion of the investor base and raising of additional capital in case of need.

Property risk

Property risks are covered by insurance contracts.

Safety and security risks

As we develop buildings where people live, work and which they visit on a daily basis, we must ensure their safety and security. This means strict control and compliance with these principles throughout our activities. Both in our residential as well as commercial real estate projects we comply with all the design, construction work and safety requirements, we cooperate with only competent and reliable construction companies and their subcontractors, and we use high quality building materials and construction techniques. We equip the buildings managed by us with the required safety equipment and ensure adopting of security measures in case of any emergencies, we carry our regular risk analyses and training exercises. As building managers, we monitor that the risks arising from the general order of the real property and the surroundings thereof would not endanger people.

Community risks

In general, construction works have a temporary disturbing impact on the people living and working nearby. We will make every effort to minimize any inconveniences and we expect our partners to do the same. In case of any problems, we are open to communication in order to prevent aggravation of disagreements and we aim to promptly find solutions that are suitable for all parties. We understand that involvement of the public and local community is becoming an important part of any development activities. This is evidenced by the ever-growing social interest in the suitability of major infrastructure and industrial investments in the communities and the natural environment.

Environmental risks

Our activities do not involve any high-impact risks that could occur unexpectedly. We manage the most important risks to wildlife, soil and the surrounding environment by the selection of locations, proper design and construction work and by making previous analyses. A large proportion of our real estate developments is located in areas which are not yet used, often in industrial areas where the environmental damage arising from previous use of the area may be a problem. In this case we eliminate the pollution or other environmental damage, if necessary.

Our choice of partners is inter alia based on that the partner would be able to ensure proper compliance with the requirements and aspects related to the environment. Our activities involve significant energy consumption and waste generation, so we comply with all the energy efficiency and waste management requirements related to the buildings as well as other significant environmental impacts. In the light of increasingly stringent environmental regulations and growing market expectations, we have to be able not only to respond to them but also find ways to do more than is expected and required.

We consider climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though we believe our business model will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks do not currently have a significant impact on measurement, we are closely monitoring relevant changes and developments, such as new climate-related legislation. To be aligned with requirements set out in the Corporate Sustainability Reporting Directive (CSRD), we plan to start the process of mapping and setting up detailed ESG governance principles of the group already within 2025, although the obligation to report is not applicable to the Company before year end of 2026. By agreeing upon the principles and standards in all operation areas of the group, the Company will be able to identify alternative performance measures (APMs) and start measuring and setting targets for upcoming periods.

We foresee the highest impact from climate-related risks when measuring fair value of investment properties. We believe that currently we are not exposed to these risks. However, our customers becoming more conscious, might have higher expectations related to increasing requirements on energy efficiency of buildings due to climate-related legislation and regulations.

Employee-related risks

The jobs of our employees are not related to any important risk factors as most of the time is spent in the offices. At the same time, it is extremely important that our subcontractors would ensure the use of proper work techniques during the construction works of our developments and safety of people in the construction area. Therefore, these expectations are taken into consideration already in the selection of construction companies and in our mutual agreements. We cooperate with competent and reliable building companies that properly follow the safety rules. When our employees and representatives of other partners visit the constructions sites, we ensure that they follow the safety rules.

We estimate that labour shortage is not a direct risk for the Group as we are quite a small team which stays relatively stable in time. Recruitment of new employees is based on the need.

However, we are very much aware of the significantly changed work habits and heightened expectations of the working life. Employers of different areas of activity also contribute to the well-being and satisfaction of their employees and this creates a growing need even for us to keep pace with these changes. Therefore, we need to pay more attention in the future to the overall strengthening of the reputation and image of AS Pro Kapital Grupp which would contribute to a strong employer brand. A good employer brand allows to also attract the attention of talented employees in the future. Like many other companies which have operated for a long time and whose key personnel has been with the Group for more than 10 years, we need to see to that people feel good in our team. We must pay particular attention to our long-term employees whose quitting of their jobs could have an unexpected impact on the competence and continuity of the entire Group.

In the turbulence of recent years, we have had to adapt to a rapidly changing environment. Although we have been indirectly affected by the shortage of materials and the increase in prices that have hit the construction market, we have so far managed those risks with fixed prices and flexibility in the schedule. The following years will be characterized by a new approach to construction contracts in development activities. The purchasing power of home buyers has shrunk due to rapid inflation and rising loan interest rates. Therefore, we start with the development of those projects in which we find that the risks for the Group are lower. The banks are still willing to cooperate and there have been no significant changes to the conditions. However, we have to take into account the rising interest cost.

Financial risks related to the Group are described in more details in the Note 33 of the consolidated financial statements.

Strategy and objectives for 2025

Our most important goal is to focus on developing high-quality properties and continuing the long history of Pro Kapital of providing people with excellent spaces for living, working, and leisure.

We develop new residential and commercial areas in the best locations in Tallinn, Riga and Vilnius. We take the long-term perspective into consideration and intentionally remain ahead of the market trends. In this regard, we feel like the focus on sustainability that recently caught the attention of the markets was long-due, and we intend to be frontrunners in the exciting prospect of developing communities with a strong focus on the health and well-being of the people who live in it, as well as the urban environment itself. In addition to the development of our already existing sizeable real estate portfolio, we constantly also assess our opportunities to extend and strengthen it.

Our long-term experience as one of the oldest professional real estate development companies in the region supports our conservative borrowing principles and we are going to continue this in the future, too. We ensure optimal financing solutions for the development of our new projects, combining loans from financial institutions, extension of the investor base or by attracting private capital.

In Kalaranna District, we have achieved substantial completion of the last 4 buildings and have started to deliver the units to our buyers. The final completion (landscaping for the most part) will be in the first quarter of 2025. As we have reached over 55% sellout during the construction phase, our goal for 2025 is to continue the sales of the remaining inventory.
In 2025 we are also continuing the construction of our Kristiine City development – a 91 unit residential 7-story building (Uus-Kindrali). The completion will be achieved at the end of 2025 when we are supposed to start the deliveries of the units to our clients.

As the Tallinn market showed signs of a rebound in the last quarter of 2024, we believe the residential development sector is at the beginning of a recovery. With the completion of the Kalaranna project approaching, we have decided to launch another seven-story residential building with 90 units, located next to the White Building in Kristiine City. Excavation work is planned to begin in April–May 2025, with presales having begun in February 2025.

In Vilnius we are continuing the construction of the final stage of Šaltiniu Namai Attico project, the substantial completion of which is foreseen at the end of 2025. During 2025, our key focus is on the sales and construction schedule. It is imperative to be in the position to start delivering the units and signing final notary agreements with our buyers.
Our Naugarduko project in Vilnius is now in the final stage of getting a building permit.

In Riga, Latvia, we sold out all available inventory in 2024, leaving only two parking spots remaining. As Riga has been showing signs of recovery in the high-end segment of the residential market, the Group's management has tasked Pro Kapital Latvia with exploring the possibility of launching another stage of our Kliversala project, called Blue Marine. If suitable conditions are met, construction is planned to start in the first half of 2025.

Our hotel property in Bad Kreutznach, Germany has been performing well above budget which can definitely be attributed to the rooms renovation program we carried out in 2023. In 2025 we have pushed the budget even further with main focus on MICE (Meetings, Incentives, Conferences, and Exhibitions) and increasing sales activities towards corporate clients. The hotel management has also been tasked to start planning for the renovation of the famous Kurhaus (loan, investment, etc), the final decision of which is subject to the analyses of the hotel management.

Preatoni Nuda Proprieta has a strong and stable position in the Italian real estate market. While the market recovery continues and full normalization is expected by the end of 2025, the company is well prepared for the future growth.

Overall, we weathered the turbulent 2024 well, achieving our planned sales targets while also making significant savings on the construction budget.

We believe that 2025 will be a year of recovery. While we do not anticipate a significant increase in sales or prices, our planning approach is guided by cautious optimism. At the Group level, we have set a goal to optimize and harmonize IT solutions across all Baltic countries, enabling more comprehensive market analysis and providing deeper insights into the Group's operations. Additionally, with ESG reporting becoming mandatory in 2026, we have already launched ESG-related initiatives in early 2025. These efforts include training programs, the development of a governance framework, and the integration of ESG principles across the Group.

Segments

The Group's operations are spread across five geographical segments: Estonia, Latvia, Lithuania, Germany and Italy.

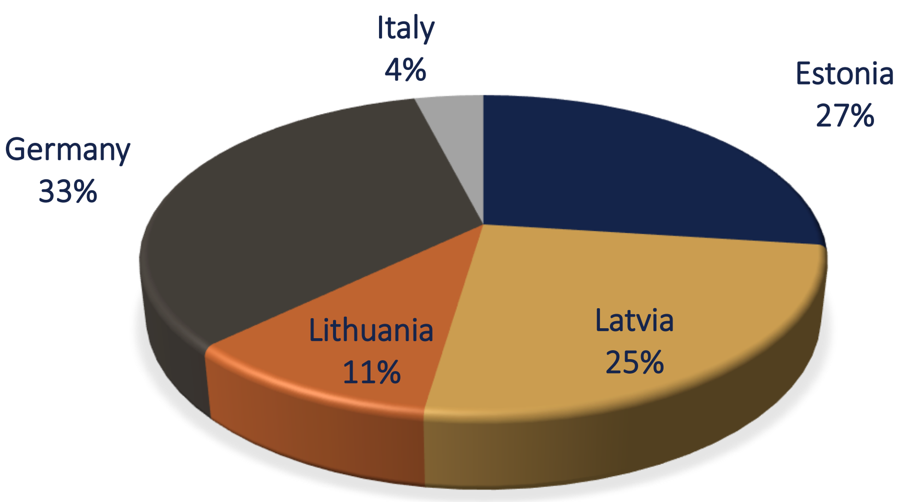
Key financial data of the segments, in thousands of euros

	Revenue			Gross result			Profit before tax		
	2024	2023	Change	2024	2023	Change	2024	2023	Change
Estonia	4 919	10 322	-52%	1 525	2 332	-35%	-5 025	-3 092	-63%
Latvia	4 588	6 336	-28%	1 513	2 773	-45%	956	2 060	54%
Lithuania	1 901	911	109%	1 184	448	164%	364	-500	173%
Germany	6 046	5 452	11%	1 693	1475	15%	679	634	-7%
Italy	704	0	100%	-492	0	100%	-1 004	0	100%
Total	**18 158**	**23 021**	**-21%**	**5 423**	**7 028**	**-23%**	**-4 030**	**-898**	**-349%**

	Gross margin[1]		Net margin[1]	
	2024	2023	2024	2023
Estonia	31,0%	22,6%	-102,2%	-30,0%
Latvia	33,0%	43,8%	20,8%	32,5%
Lithuania	62,3%	49,2%	16,5%	-54,6%
Germany	28,0%	27,0%	10,8%	11,5%
Italy	-69.9%	0%	-81%	0%

Internal transactions are eliminated in key financial data provided above. Estonian segment also includes financial data of the parent company.

2024 revenue by geographical segments, %



[1] The formulas of Alternative Performance Measures are on page 12

The real estate market in 2024 demonstrated a slowdown in the first half of the year. This was mainly due to ongoing war, still high interest rates, unknown situation of changes in taxation. The consumer confidence at that time was at all time lowest and it reflected in sales absorption.
During the second half of 2024, some positive trends in the market started to show – the dropping of interest rates by Central Bank was perhaps the biggest contributor to slowly increasing the consumer confidence. Also, the unfounded expectations of buyers at the beginning of the year for a major price decrease in real estate were not materializing and consumers started to more actively close on the properties they were interested in. Q3 and especially Q4 saw record sales. The transactions on secondary real estate had reached the pre-war level giving hope for the rise also in the primary market. We believe that with Q4 we saw an end to an all-time lowest consumer confidence and that the market will slowly start to rise. It is also evidenced by the announcement of many new real estate development projects.

Estonia

The Group's operations in Estonia mainly consist of the development and sales of apartments in middle and premium class residential real estate properties and the management of properties in Kalaranna District and Kristiine City in Tondi.

The share of the Estonian segment as a percentage of total revenues of the Group during the reporting period amounted to 27% compared to 45% of the comparable period last year.

Revenue from Estonia

in thousands of euros	2024	2023	Change
Real Estate	4 780	10 199	-53%
Other	139	123	13%
Total	**4 919**	**10 322**	**-52%**

Sales revenues are recorded upon signing final notarized sales agreement and handing over the premises to the buyers. Therefore, the revenues from sales of real estate depend on the completion of the residential developments. In December 2024 we started handing over the first apartments from the final stage of Kalaranna District, while the majority will be ready for the customers in the first quarter of 2025. During 2024 the total of 14 apartments, 15 parking lots and 10 storage rooms (2023: 68 apartments, 90 parking lots and 82 storage rooms) were sold in Estonia. At the end of the reporting period, the available stock in Kalaranna District and Kristiine City in Tondi included 1 apartment, 14 storage rooms, and 65 parking spaces.

Other revenues, primarily from maintenance services, increased by 13%.

Latvia

The Group's operations in Latvia mainly consist of the development and sales of apartments in premium residential real estate properties and development of commercial properties.
The last apartments in the River Breeze Residence, the first building in Kliversala Quarter with 47 exclusive apartments, were sold in 2024. The following stage – Blue Marine, is awaiting the start of construction.

The share of the Latvian segment as a percentage of total revenues of the Group during the reporting period was 25% compared to 27% in the comparable period last year.

Revenue from Latvia

in thousands of euros	2024	2023	Change
Real Estate	4 467	6 099	-27%
Rent	106	210	-50%
Other	15	27	-44%
Total	**4 588**	**6 336**	**-28%**

During 2024 the total of 8 apartments, 25 parking lots and 8 storage rooms (2023: 10 apartments, 19 parking lots and 15 storage rooms) were sold. At the end of the reporting period 2 parking lots were available for sale in Latvia.

The Group temporarily rented out some of the premises available for sale. In 2024 rental revenues decreased by 50%.

Other revenue makes a minor contribution to overall segment's revenue. The Group provides maintenance services mainly to its tenants and therefor maintenance revenue is correlated to the rental area.

Lithuania

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

The share of the Lithuanian segment as a percentage of total revenues of the Group during the reporting period amounted to 11% compared to 4% last year.

Revenue from Lithuania

in thousands of euros	2024	2023	Change
Real Estate	1 432	424	238%
Rent	109	111	-2%
Other	360	376	-4%
Total	**1 901**	**911**	**109%**

During the reporting period 2 apartments and 3 parking lots were sold in Lithuania (2023: 1 apartment, 5 storage rooms and 1 parking lot). There was 1 apartment, 1 business premise, several storage rooms and parking lots in stock in Vilnius at the end of the reporting period.

The Group temporarily rents out some of the premises available for sale and development. In 2024 rental revenues decreased by 2%.

The Group provides maintenance and other services to its sold and rented out premises. In 2024 the revenue from maintenance activities decreased by 4%.

Germany

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

The share of the German segment as a percentage of total revenues of the Group during the reporting period amounted 33% compared to 24% of the comparable period last year.

Revenue from Germany

in thousands of euros	2024	2023	Change
Hotels	6 046	5 452	11%

The occupancy rate of PK Parkhotel Kurhaus hotel was 67% for the year. Net result for 2024 was 486 thousand euros profit (2023: 356 thousand euros).

Occupancy rates, %

	2024	2023	Change
PK Parkhotel Kurhaus, Bad Kreuznach	67%	69%	0%

Italy

The Group's operations in Italy consist of commissions and fees from real estate sales. The share of the Italian segment as a percentage of total revenues of the Group during the reporting period amounted 4%. Since the Group entered this segment at the end of the first quarter of 2024, no comparative information is available.

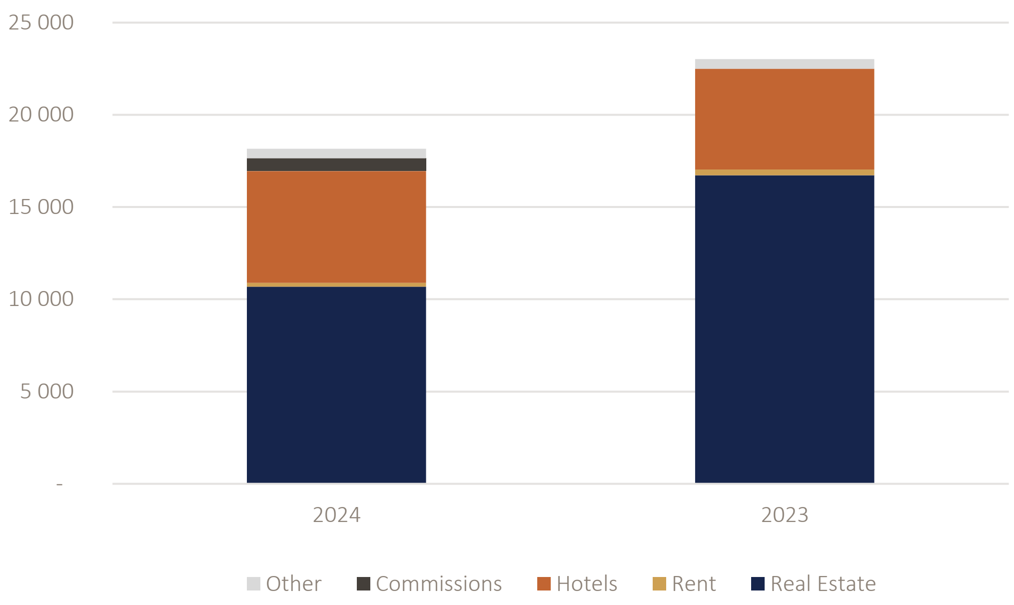
Revenue from Italy

In thousands of euros	2024	2023	Change
Commissions	704	0	100%
Total	**704**	**0**	**100%**

Business lines

In addition to geographical segments, the Group also monitors its operations by business lines.

Revenue by business lines, in thousands of euros



Revenue by business lines

in thousands of euros	2024	2023	Change
Real Estate	10 679	16 722	-36%
Rent	215	321	-33%
Hotels	6 046	5 452	11%
Commissions	704	0	100%
Other	514	526	-1%
Total	**18 158**	**23 021**	**-21%**

Revenue from sale of real estate has decreased as most of the inventories had been sold by the end of 2023 and due to the construction cycle the first units in Kalaranna District development were completed in December 2024. Average price per m^2 sold in 2024 was 4 212 euros/m^2 (2023: 2 616 euros/m^2), prices are given without VAT. The average price in our projects in Estonia increased 144% and in Lithuania by 40% respectively. Higher price in Estonia is related to sales of high-class premises in 2024 while compared to mid-class premises sold in 2023. The total of 2 276 m^2 of residential premises were sold in 2024 (2023: 5 857 m^2) altogether in all three countries.

The Group is focusing on development of existing land plots, which will expand its sellable asset base. In 2025 the Group will start the construction of the next house in Uus-Kindrali in Tallinn and next phase in Kliversala in Riga, called Blue Marine, next to continuing with sales of Kalaranna District, Uus-Kindrali and Šaltinių Namai Attico residential complex in Vilnius. Simultaneously preparations to start the following projects are ongoing.

The Group is operating the hotel PK Parkhotel Kurhaus in Bad Kreuznach, in Germany. In 2024 the hotel has performed above forecasts. Due to renovation works that were finalised in 2023 the average room rate has increased and the hotel is focusing more on MICE activities and targeting sales to corporate clients.

Maintenance business line is dependent on the rental spaces maintained by the Group. Space under maintenance in 2024 has been stable and was 75 182 m^2 as at 31 December 2024 (31 December 2023: 75 044 m^2). Gross profit of the business line and overall profitability has remained the same compared to the last year.

Financing sources and policies

Pro Kapital Grupp pursues conservative financing policy. The Group's goal is to use external financing in the way, which allows to avoid interest and loan covenant related risk during low economic periods and to have sufficient additional external financing capacity in case attractive business opportunities occur. In general, the Group seeks to maintain such long-term debt levels that are in reasonable proportion to growth in operations and which preserve the Group's credit standing. The Group's subsidiaries use local bank financing for specific development projects. To manage possible risks, projects are kept in separate subsidiaries and usually no guarantees are provided for liabilities of another group company. Loans for specific projects are predominantly of middle-term duration, maturing within one to three years. Loans' repayment schedule is of mixed nature, consisting mainly of floating payments in dependence on sales volumes and to some extent fixed payments.

During 2024 the Group has repaid 4.2 million euros of its loans and has raised 17.6 million euros of loans.
The Group has fixed payment of 62.5 thousand euros of loans to be repaid in 2025. Due to ongoing construction in Kalaranna District, Šaltniu Namai and Uus-Kindrali, the loan will be raised to finance their associated costs. The repayments of the construction loan will start upon the signing of real right contracts with the customers. In Kalaranna District, we plan to sign real right contracts with the customers and repay the construction loan during 2025.

As at 31 December 2024 the Group had issued 19.95 million euros of secured bonds with redemption date in February 2028 and 8.2 million euros of unsecured bonds with redemption date in October 2026. The secured bonds carry an effective annual interest rate of 11% and unsecured bonds carry an effective annual interest rate of 9% (Note 22).

Shares and shareholders

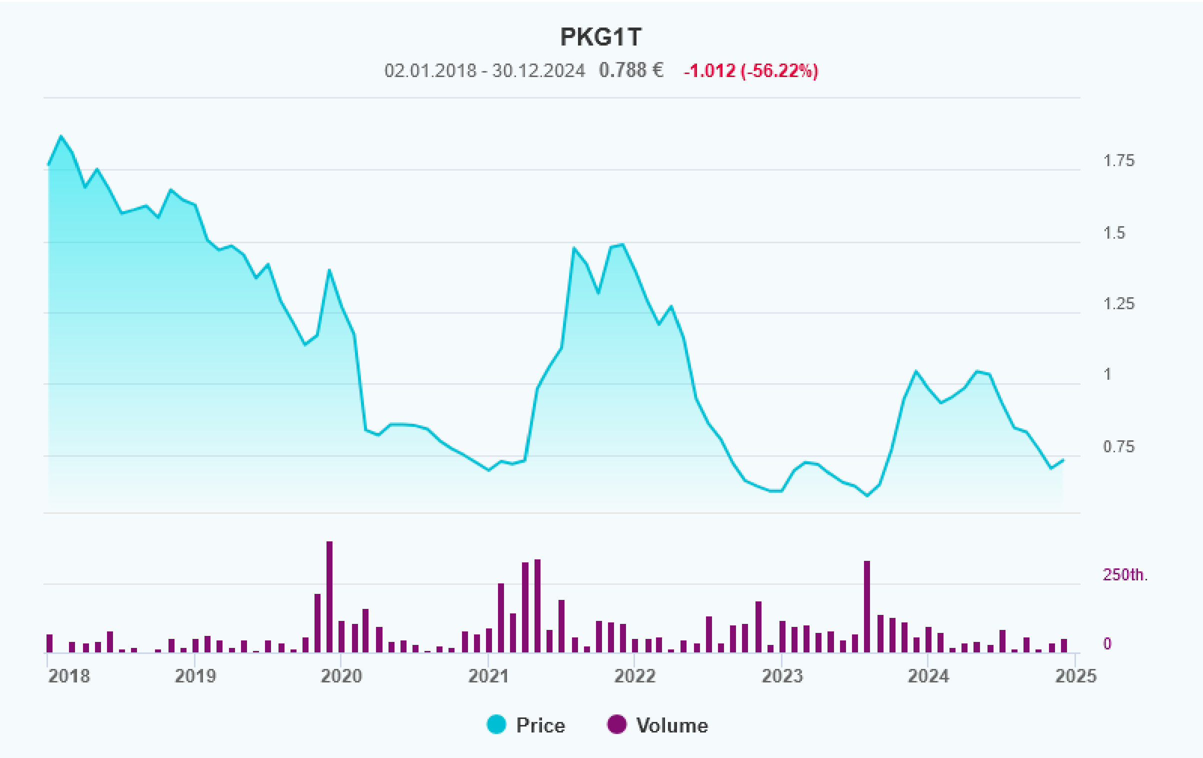
As at 31 December 2024 AS Pro Kapital Grupp had 56 687 954 shares with the nominal value 0.20 euros. The registered share capital of the Company is 11 337 590.80 euros.

Composition of share capital

	31.12.2024	31.12.2023
Number of shares (pcs)	56 687 954	56 687 954
Nominal value (euros)	0.20	0.20
Share capital (euros)	11 337 590.80	11 337 590.80

On 23 November 2012 the Company's shares started trading on the secondary list of Tallinn's stock exchange with an ISIN EE3100006040. On 19 November 2018 Company's shares were listed on the Main List of Tallinn's stock exchange. During the period 1 January – 31 December 2024 the shares were trading at the price range 0.65 – 1.11 euros, with the closing price of 0.78 euros per share on 31 December 2024. During the year 2024 579 thousand of the Company's shares were traded with their turnover amounting to 516 thousand euros.

Trading price range and trading amounts of Pro Kapital Grupp shares, 1 January 2018- 31 December 2024, NASDAQ Baltic Main List*



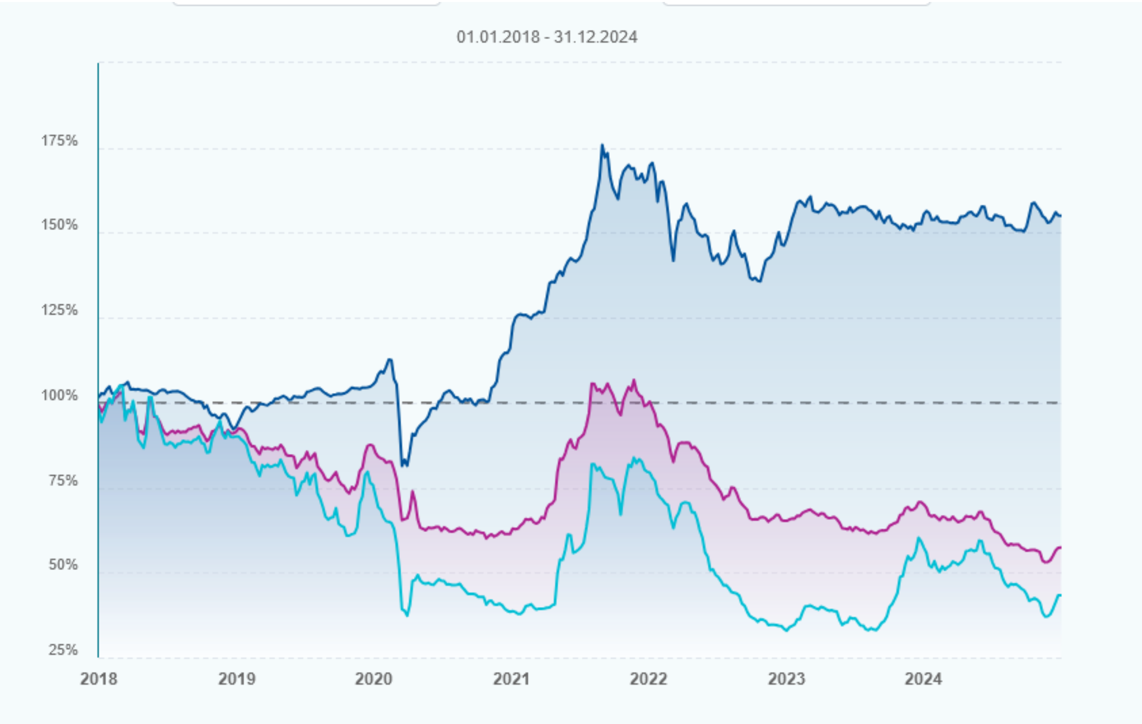
**Source:* www.nasdaqbaltic.com

Translation of the Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is digitally signed and submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100006040/reports).

Trade statistics in euros*	31.12.2024	31.12.2023	31.12.2022
High price	1.11	1.12	1.45
Low price	0.65	0.60	0.61
Last price	0.78	1.10	1.61
Average price	0.90	0.72	0.96
Traded volume (pcs)	578 588	1 381 110	876 547
Turnover (million)	0.52	0.96	0.76
Capitalization (million)	44.22	62.07	34.58

**Source: www.nasdaqbaltic.com*

Baltic market indexes 1 January 2018- 31 December 2024*



**Source: www.nasdaqbaltic.com*

Index/ Equity	31.12.2024	31.12.2023	Change
OMX Baltic Benchmark GI	1 463.42	1 442.41	1.46%
B35PI Real Estate / B8600PI Real Estate	242.84	298.01	-18.51%
PKG1T (euros)	0.78	1.05	-25.71%

**Source: www.nasdaqbaltic.com*

Shareholders

As at 31 December 2024 there were 971 shareholders registered in the shareholders register. Many of the shareholders registered in the shareholders register are nominee companies, which represent many bigger and smaller non-resident investors.

Shareholders holding over 5% of the shares:

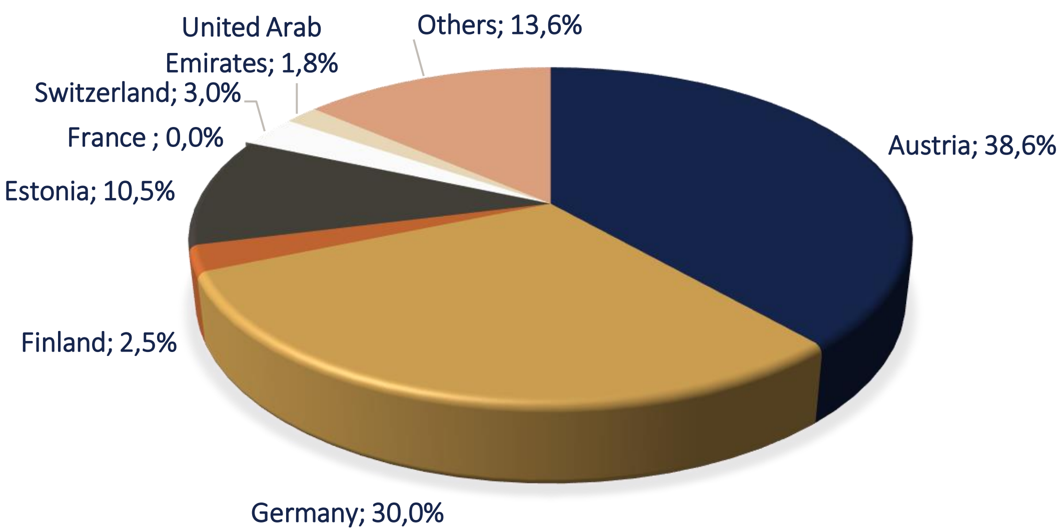
	31.12.2024		31.12.2023	
Shareholders/nominee companies	Number of shares	Participation in %	Number of shares	Participation in %
Raiffeisen Bank International AG	21 870 780	38.58%	30 985 780	54.66%
Clearstream Banking AG	17 006 274	30.00%	6 228 435	10.99%
Caceis Bank SA	7 143 268	12.60%	7 247 155	12.78%
Svalbork Invest OÜ	5 590 639	9.86%	5 590 639	9.86%
Six Sis Ltd	1 706 129	3.01%	3 112 129	5.49%

Shareholders split by holders:

	31.12.2024		31.12.2023	
Shareholders/nominee companies	Number of shares	Participation in %	Number of shares	Participation in %
Financial institutions	50 501 550	89.09%	50 462 011	89.02%
Companies	5 791 025	10.22%	5 795 267	10.22%
Private persons	395 379	0.69%	430 676	0.76%

Shareholders geographical split by residence as at 31 December 2024:

Shareholders/nominee companies	Number of shares	Participation in %
Austria	21 870 780	38.58%
Germany	17 007 412	30.00%
France	7 143 268	12.60%
Estonia	5 969 228	10.53%
Switzerland	1 706 129	3.01%
Finland	1 400 449	2.47%
United Arab Emirates	1 032 348	1.82%
Others	558 340	0.99%



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 2024 Ernesto Preatoni and his affiliates hold 49.62% (31 December 2023: 49.31%) of the shares of AS Pro Kapital Grupp. The following shares are considered as being held 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.
- 11 322 099 shares representing 19.97% of the total shares of the Group held through a nominee account opened by Raiffeisen Bank International AG.
- 10 700 000 shares representing 18.88% of the total shares of the Group held through the nominee account opened at Clearstrem Bank.
- 513 183 shares representing 0.91% of the total shares of the Group held though a nominee account opened by Nordea Bank.

The major shareholder has informed the Company that the shares of the Company controlled by him and his affiliates have been transferred to SA Preatoni Group as of 30 December 2023. Being a major shareholder in that French entity, Ernesto Preatoni remains still as a final beneficiary of the shares. Following the transfer the shares will continue to be held on the same nominee accounts. Although the holding in AS Pro Kapital Grupp is less than 50%, the French company – Preatoni Group – consolidates the reporting group and is to be considered an ultimate parent for AS Pro Kapital Grupp. As of publishing this report SA PREATONI Group, which owns 49,62% of Pro Kapital shares, has announced the listing of its shares on the Euronext Access+ Paris segment through a technical admission. The first trading day for PREATONI Group shares (ISIN: FR001400WXE7) was 12 February 2025.

The members of the Management Board and The Supervisory Council do not own any shares of AS Pro Kapital Grupp as of 31 December 2024.

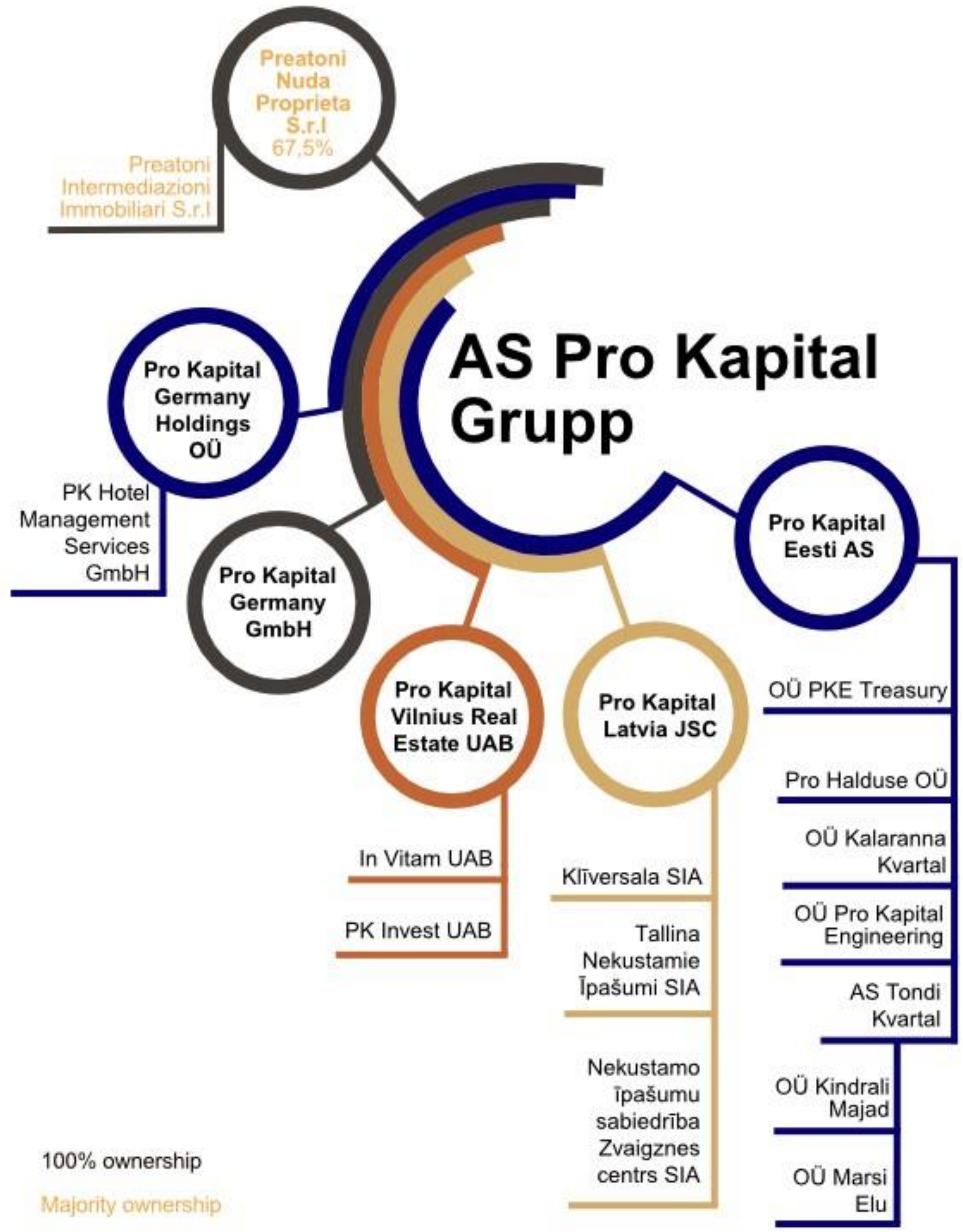
Earnings per share (EPS), P/E ratio

Earnings per share for year 2024 were-0.06 euro/share (2023:-0.02 euro per share). P/E ratio[1]for year 2024 was -12.03 (2023:-68.97). The calculation of EPS is described in Note 31.

[1] The formulas of Alternative Performance Measures are on page 12

Group structure

As at 31 December 2024



Corporate governance report

Overview

The system of principles for the management of the Company are regulated by law, the Articles of Association, the internal rules of the Company and since 1 January 2006, the companies listed on the NASDAQ OMX Tallinn Stock Exchange are recommended to follow the "Corporate Governance Recommendations" (CGR) issued by the Financial Supervision Authority.

The Company complies for the most part with the CGR guidelines, despite the indicative nature of the CGR, except to the extent of non-compliance as described and explained below.

The Group's decision- making and governance structure as at 31 December 2024 was as follows:

1. GENERAL MEETING OF SHAREHOLDERS

The Company is a public limited company and has regular General Meetings of Shareholders, a Supervisory Council and a Management Board as the management bodies. The General Meeting of Shareholders is the highest directing body.

1.1. Exercise of shareholders rights

1.1.1. Every shareholder has the right to participate in the general meeting. An ordinary General Meeting is held once a year, Extraordinary General Meetings may be convened by the Management Board in the cases prescribed by law. The General Meeting is competent to amend the articles of association and the share capital, to elect the members of the supervisory board and decide on their remuneration, to appoint the auditor, to approve the annual reports and the distribution of profits and to decide on other matters provided for in the articles of association and by law.

In the AGM notice it is clearly stated where the shareholders or their representatives can direct their questions before the meeting (email and phone number) and that should there be such questions, there will be answered and disclosed on the Company website. At the start of the

Translation of the Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is digitally signed and submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100006040/reports).

general meetings, the Chairman of the meeting always makes it clear that questions can be asked throughout and before the meeting is adjourned, once more participants are given the opportunity to voice their questions.

1.1.2. Company's Articles of Association do not allow granting different types of shares with rights which would result in unequal treatment of shareholders in voting. Only one type of shares has been issued, giving all shareholders exactly the same rights related to the shares.

1.1.3. Company facilitates the personal participation of shareholders at the General Meeting. When calling the shareholders' meeting a notice period of at least 3 weeks is given for both general and extraordinary shareholders' meetings. In the notice the exact place, date and time of the meeting are stated. Representatives of the Company always participate at the General Meeting and are accessible to the shareholders during the holding of the General Meeting.

1.2. Calling of a General Meeting and information to be published

1.2.1. The Company published the notice of the convening of the General Meeting via the NASDAQ OMX Tallinn Stock Exchange system and on its website on 29 April 2024 and on 30 April 2024 in the daily national newspaper, page 6. The Company allowed the shareholders to submit questions on the topics mentioned in the agenda both at the e-mail address given in the notice and by telephone and to examine the annual report, the auditor's opinion, the principles of remuneration of the Management Board on its website and at the Company's location Sõjakooli 11, Tallinn.

1.2.2. The General Meeting was held on 28 May 2024 at 11.00 in Tallinn at the Company's location Sõjakooli 11, Tallinn.

The resolutions adopted at the General Meeting are publicly available on the NASDAQ OMX Tallinn Stock Exchange system and on the Company's website.

1.3. Procedure of the General Meeting

1.3.1. During 2024 the Company held 1 (one) shareholders' meeting. The Annual General Meeting of the shareholders took place on 28 May 2024. At the 2024 Annual General Meeting of the shareholders Ilona Nurmela was elected as the Chairman of the Meeting.

1.3.2. The Annual General Meeting of the shareholders took place on 28 May 2024. Present was Chairman of the Supervisory Council Patrick Werner. Other participant was the Member of the Management Board Edoardo Axel Preatoni.

1.3.3. Issuers should make participation in the General Meeting possible by means of communication equipment (Internet), if the technical equipment is available and doing so is not cost prohibitive for the Issuer.

Company has not followed this recommendation and does not plan to follow the recommendation and making participation in the General Meeting possible by means of communication equipment (Internet). The reason for not following the recommendation is that there is no good and cost-efficient technical solution to verify the identities of foreign shareholders, who form the majority of the Company's shareholders. Therefore, allowing the participation of the shareholders by means of communication equipment poses legal risks to the Company, in verifying the list of participants of the shareholders' meeting. In the notice of calling the general meeting, the Company clearly indicates that shareholder or their representatives are expected to participate in person. Thus, while proxy voting or voting in absentia is not prohibited, it is not enabled. Since international shareholders can and do engage local representation, which is the common practice in Estonia, the Company has not made it unduly difficult or expensive to cast votes at general meetings and, thus, has followed the OECD 2015 CGR.

1.3.4. As per the recommendation the profit distribution (or covering the loss) has been considered in General Meeting as a separate agenda topic and a separate resolution has been passed regarding it.

In the light of the above descriptions of the General Meeting held in 2024, the Company Has complied in 2024 with the recommendations of the CGR in exercising shareholders' rights, informing, convening and conducting the General Meeting.

2. MANAGEMENT BOARD

2.1. Duties

2.1.1. The Management Board is the governing body of the Company, making independent day-to-day decisions without favouring personal and/or controlling shareholders' interests. Pursuant to articles of association of AS Pro Kapital Grupp the Management Board consists of at least 1 (one) to maximum 5 (five) members. In accordance with the Commercial Code, the member(s) of the Management Board shall be elected by the Supervisory Board. According to the Articles of Association, a member of the Management Board is elected for a term of up to three years.

2.2. Composition and charge

2.2.1. As at 31 December 2024, the Management Board of the Company had two Management Board members: Edoardo Axel Preatoni and Neringa Rasimavičienė. Management Board Members are selected by the Supervisory Council of the Company based on their expertise in the sector the Company is operating in, in addition candidates' leadership and management experience is taken into account as well as their integrity and their commitment to the Company

Name	Citizen-ship	Year of birth	Member since	Position	Current term expires/ expired	Number of shares of the Company
Edoardo Axel Preatoni	Italian	1987	01.03.2016	Chairman	31.12.2029	0
Neringa Rasimavičienė	Lithuanian	1973	01.06.2024	Member	31.05.2027	0

Mr. Edoardo Axel Preatoni holds a diploma in classical studies from Instituto De Amicis, Milano Italy. Mr. Preatoni has experience in hotel and real estate development business and he is the founder & CEO of Preatoni Real Estate Development LLC in Dubai, UAE. Since 1 January 2025 Edoardo Axel Preatoni has a Management Board contract with AS Pro Kapital Grupp. Mr. Preatoni does not own any Company shares or bonds.

Mrs Neringa Rasimavičienė holds a Bachelor's degree in International Trade from Vilnius University and graduated from the Management School at Johnson & Wales University in the USA. She has worked in the Company's Lithuanian subsidiaries since 2001 and has been a member of the Board and a member of the Board of the Company's Lithuanian subsidiary PK Invest since 2008 and a member of the Board and CEO of Pro Kapital Vilnius Real Estate since 2007. She does not own any Company shares or bonds.

Following the recommendation contained in section 2.2.1. of the CGR, the Management Board consist of two members since 1 June 2024. In addition to the member of the Management Board, the management of the Company also includes the CFO and the CEO´s of the Company's subsidiaries. All important decisions are taken by the Management Board and the management of the Company in cooperation with the Supervisory Board. The management of the Company is also closely coordinated with the CEO´s of the Company's subsidiaries and the persons responsible for the respective areas. This governance structure best protects the interests of shareholders and ensures the sustainability of the Company.

2.2.3. As per the recommendation the basis for Management Board remuneration should be clear and transparent. The Supervisory Council should discuss and review regularly the bases for Management Board remuneration. Upon determination of the Management Board remuneration, the Supervisory Council is guided by evaluation of the work of the Management Board members. Upon evaluation of the work of the Management Board members, the Supervisory Council is taking into consideration the duties of each member of the Management Board, their activities, the activities of the entire Management Board, the economic condition of the Issuer, the actual state and future prediction and direction of the business in comparison with the same indicators of companies in the same economic sector. Remuneration of members of the Management Board, including bonus schemes, should be such that they motivate the member to act in the best interest of the Issuer and refrain from acting in their own or another person's interest.

Monthly remuneration of the Management Board Members are agreed in the service contract concluded with the Company and any additional remuneration was determined by the Supervisory Council of the Company as per the assessment of having achieved set annual targets.

2.2.5. As per the recommendation, the bonus scheme of a Management Board member that is connected with the securities of the Issuer, as well as changes in such bonus schemes should be approved at the General Meeting of the Issuer. The exercise date for share option should be determined at the General Meeting of the Issuer. When granting share options, the Issuer should comply with the rules and regulations of the Tallinn Stock Exchange.

2.2.6. As per the recommendation severance packages of a Management Board member are connected with their prior work performance and should not be payable if doing so would harm the interests of the Issuer.

All Members of the Management Board have severance packages agreed in their service contracts. Severance compensation is not payable in case the Management Board member is recalled due to the breach of his obligations.

2.2.7. As per the recommendation basic wages, performance pay, severance packages, other payable benefits and bonus schemes of a Management Board member as well as their essential features (incl. features based on comparison, incentives and risk) should be published in clear and unambiguous form on website of the Issuer and in the Corporate Governance Recommendations Report.

2.3. Conflict of interests

2.3.1. Members of the Management Board avoid conflicts of interests in their activity. Member of the Management Board do not make decisions on the basis of their own interests or use business offers addressed to the Company in their own interests. No conflict of interest had occurred during the financial year of 2024.

2.3.2. As per the Commercial Code the Supervisory Council has to approve the transactions between the Company and a member of its Management Board.

As per the OECD 2015 Corporate Governance recommendations, the Supervisory Council of the Company as well as Supervisory Councils of subsidiaries approve and conduct related-party transactions in a manner that ensures proper management of conflict of interest and protects the interests of the Company. The Company is following this recommendation.

During 2024 there were no new transactions with members of the Management Board.

2.3.3. Interest of members of the Management Board does not have any interests in companies who are Company's business partners, suppliers, clients and other related companies.

3. SUPERVISORY COUNCIL

3.1. Duties

3.1.1 The duty of the Supervisory Council is to manage internal control of the Management Board activities. The Supervisory Council participates in making important decisions relating to the activities of the Company. The Supervisory Council acts independently and in the best interests of the Company and all shareholders. The Supervisory Council determines and regularly reviews the Company's strategy, general plan of action, principles of risk management and annual budget. The Supervisory Council together with the Management Board ensures the long-term planning of the Company's activity.

3.1.2. The Company's Supervisory Council meets at least once per quarter, before publication of the Company's quarterly reports and reviews the quarterly report and the Management Board's report of its activities performed during the quarter.

The Company publishes important information, including publications of quarterly interim reports and annual reports, to the public and its shareholders via the Tallinn Stock Exchange system. The Company made 21 announcements in 2024, all available on the website: https://www.prokapital.com/info-from-nasdaq/.

The Supervisory Council has established an Audit committee composed of Patrick Werner and Oscar Crameri. The Company has published on its website the existence, duties, membership and position in the organisation of the audit committee members. The Audit committee is an advisory body of the Supervisory Council in matters involving accounting, auditing, risk management, internal control and audit, exercising of oversight and budget preparation and legality of the activities of the Company.

In 2024, the Audit Committee met one time:

- to discuss the auditor's report and main findings and the approve the audited 2023 annual report of the Company.

The Company does not have an internal auditor as this function is carried out by the CFO, who acts as the Financial Controller, in cooperation with the management. The Company would like to assure that its external auditors have never performed internal audit duties for the Company.

The Supervisory Council has established a Remuneration Committee from 8 July 2020 onwards comprised of Emanuele Bozzone and Oscar Crameri, both were Supervisory Council Members. As of 17 November 2023, the Remuneration Committee onwards comprising of Giovanni Bozzetti and Oscar Crameri, both Supervisory Council Members. The Remuneration Committee is an advisory body of the Supervisory Council in matters involving remuneration of the Management Board of the Company. The committee has been established to safeguard that the Management Board's remuneration and company performance are linked when they annually assess the results of management of the Company.

In 2024, the Remuneration Committee met twice to discuss the election of a new Board member and the renewal of an existing Board member.

3.2. Composition and charge

3.2.1. Pursuant to articles of association of AS Pro Kapital Grupp the Supervisory Council consists of at least 3 (three) to maximum 7 (seven) members. There are currently three Supervisory Council members. Mr. Patrick Werner is the Chairman of the Supervisory Council of the Company and Giovanni Bozzetti and Oscar Crameri, both Supervisory Council Members.

Information about the members of the Supervisory Council:

Name	Citizen-ship	Year of birth	Member since	Position	Term expired	Current term expires	Number of shares
Oscar Crameri	Swiss	1961	27.05.2020	Member		05.07.2026	0
Patrick Werner	France	1950	06.07.2023	Chairman		05.07.2026	0
Giovanni Bozzetti	Italy	1967	06.07.2023	Member		05.07.2026	0

Mr. Oscar Crameri has law and banking background, specialising in compliance, corporate and tax law. In the last 10 years he has worked as an executive for a tax and legal consulting firms. Previously he has worked as an executive member and Head of Legal and Compliance for an investment bank (for 4 years); before he held a position as Head of Tax and Legal departments for major audit firms (for 6 years first in Arthur Andersen and then in Deloitte). Mr. Crameri has also been a Board member of the Federation of the Ticino Raiffeisen Banks and a Chairman of a local Raiffeisen Bank as well as a member and Chairman of the Board of the notary Public Association of Canton Ticino. He is also an attorney-at-law in the Canton of Ticino (Switzerland).

Mr Patrick Werner has extensive financial and banking background. From 2017-2022, Mr Werner was Co-owner and Chairman of the Management Board of the VERGENT S.A (Renewable Energies); from 2014-2017 he was Chairman and Chief Executive Officer of the ARUM Gestion Privée; from 2011-2012 he was Chief Executive Officer of the Gras Savoye (Insurance broker, No 1 in France with subsidiaries in 40 countries); from 2006-2011 Founder and CEO of the La Banque Postale; from 1999-2006 he was Managing Director of La Poste, Director of the Financial Services Department. Besides, he was Chairman of the French Banking Federation´s Compliance Committee (2006-2011).

Mr Giovanni Bozzetti is an Italian entrepreneur, degree in Economics and Commerce, university professor and author. He is one of the leading Italian experts on territorial marketing, FDI and internationalization. Founder, president and C.E.O. of EFG Consulting, a consulting company focused on FDI attraction and internationalization processes, marketing, public and institutional relations. Since 1 December 2022 he is First Advisor to the President of the Italian Senate.

The nature of the Supervisory Council's and the Company's activities, the risks of conflict of interests and the age of Supervisory Council members have been taken into account when proposing to elect them to the Supervisory Council.

3.2.2. Mr Patrick Werner will serve as Chairman of the Council as of 6 July 2023. According to the NASDAQ OMX Corporate Governance recommendations, he will be able to serve as an independent member of the Council for 10 years, i.e. until 5 July 2032. Mr Patrick Werner is not considered to be a fully independent member of the Council due to him serving on the boards of the following group subsidiaries: Pro Kapital Latvia JSC, AS Tondi Kvartal and AS Pro Kapital Eesti.
Mr Oscar Crameri is not considered an independent member of the Council due to him serving on the boards of the following group subsidiaries: Pro Kapital Latvia JSC, AS Pro Kapital Eesti and AS Tondi Kvartal.
Mr Giovanni Bozzetti will serve as Council member as of 6 July 2023. According to the NASDAQ OMX Corporate Governance recommendations, he will be able to serve as an independent member of the Council for 10 years, i.e. until 5 July 2032. Mr Giovanni Bozzetti is not considered to be a fully independent member of the Council due to him serving on the boards of the following group subsidiaries: AS Tondi Kvartal and AS Pro Kapital Eesti.

The above-mentioned persons do not fully meet the criteria for independence set out in the CGR of the Financial Supervision Authority, but the Company values the contribution of the Council members and their knowledge of the field. Nor they do not have any commercial, family or other links with the Company, the company controlled by it, the controlling shareholder of the Company, the company belonging to its Company or the members of the management bodies of those companies which could influence their decisions due to a conflict of interest. In the opinion of the Company, the long-term membership of the Council (e.g. in relation to Oscar Crameri) does not affect his independence, but rather enhances his competence.

While minority shareholders are not given a seat on the Supervisory Council with the Articles of Association of the Company, the function of independent Supervisory Council members is to safeguard the rights of minority shareholders and minority shareholders always have the right to propose new Supervisory Council members to be elected at a general meeting.

3.2.3. The amount and procedure of payment of remuneration of a member of the Supervisory Council was decided by the Annual General Meeting of the shareholders which took place on 17 June 2016.

Council members are paid 25 000 euros per year (gross). Chairman of the Council is paid 27 500 euros per year (gross). In addition, a fee of 600 euros (gross) is paid to the Council member for each attended meeting. Council members are reimbursed their travel, accommodation and postal expenses relating to participation in the Council meetings and in the meetings of the committees. Supervisory Council members are not entitled to any compensation for termination.

No other remuneration or bonuses are paid to members of the Supervisory Council.

3.2.4. During 2024, 5 meetings of the Supervisory Council were held (of which 5 meetings were attended by all members of the Supervisory Council a) and 9 written decisions were taken without convening a meeting.

3.3. Conflict of interests

3.3.1. Members of the Supervisory Council should prevent conflict of interests from arising through their activities. Members of the Supervisory Council should give preference to interests of the Company over their own or those of a third party upon his word as a member of the Supervisory Council. Members of the Supervisory Council should not use business offers addressed to the Issuer for their personal interests. The Supervisory Council should operate in the best interests of the Issuer and all shareholders. No conflict of interest had occurred during the financial year of 2024.

3.3.2. Interest of members of the Supervisory Council in other companies which are Company's business partners, suppliers, clients and other related companies.

Mr Patrick Werner does not hold any shares in the Company as of 31 December 2024.
Mr Oscar Crameri does not hold any shares in the Company as of 31 December 2024.
Mr Giovanni Bozzetti does not hold any shares in the Company as of 31 December 2024.

4. CO-OPERATION OF MANAGEMENT BOARD AND SUPERVISORY COUNCIL

4.1. Management Board and Supervisory Council co-operate closely for the purpose of better protection of Company's interests. The basis of this co-operation is first of all the open exchange of ideas between and within the Management Board and Supervisory Board. The Management Board and Supervisory Council jointly develop plans and principles of activities and strategy of the Company. The Management Board operates under strategic guidelines provided by the Supervisory Council and discusses its strategic management questions with the Supervisory Council regularly. The Company follows this recommendation.

The Management Board and Supervisory Council division of tasks are regulated in the Articles of Association of the Company. The Supervisory Council is a directing body of the Company which plans the activities of the Company, organizes the management of the Company and supervises the activities of the Management Board.

4.2. The Management Board and the Supervisory Council ensure that the mutual exchange of data should be adequate and efficient. The Management Board informs the Supervisory Council regularly of all material circumstances, which pertain to planning of the Company's activities, business activities, risks connected with its activities and management of those risks. The Management Board should separately call attention to such changes in the business activities of the Company deviating from plans and purposes set formerly and indicate the reasons of such changes. The information should be delivered promptly and should cover all material circumstances. The Supervisory Council has specified the conditions for the delivery of information by the Management Board and its content. The Management Board sends data necessary for the Supervisory Council decision making, including the annual accounts, the annual accounts of the consolidation group and the auditor's report to the Supervisory Council in sufficient time before the Supervisory Council meeting. The Company follows this recommendation.

4.3. The Members of the Management Board and Supervisory Council observe the rules of confidentiality upon organization of the mutual exchange of data ensuring above all the control over the transfer of price sensitive information. The Company follows this recommendation. The Management Board has ensured the observance of the rules of confidentiality by employees of the Company, who access such information. Management Board has established rules on handling insider information, established the circle of permanent insiders as well as temporary insiders and persons discharging managerial responsibilities along with persons closely associated with them and rules for submitting insider declarations to the Company and appointed a responsible person to handle the insiders register on an ongoing basis. As of the end of 2018 the company also notifies its persons discharging managerial responsibilities after the 30-day prohibition (to trade in Company shares and other securities) period ends and before another prohibition period begins to make sure the prohibition to trade is observed and exceptions to trade are acknowledged.

5. PUBLICATION OF INFORMATION

5.1. The Company treats all shareholders equally and notifies all shareholders equally of material circumstances. Upon notification of shareholders and investors the Issuer shall use proper information channels, including its own web site. The equal treatment of shareholders principle shall not affect the Issuer's right to delay publication of inside information and to deliver the unpublished inside information to persons entitled to receive it.

As of listing of the Company's shares on the NASDAQ OMX Tallinn Stock Exchange the Company uses NASDAQ OMX Tallinn Stock Exchange to communicate with the shareholders in Estonian and English and uploads the information to the Company's website upon notification of shareholders and investors through the stock exchange.

On its website (About the Company, Contacts) the Company has clearly stated that the General Manager, Andrus Laurits, is the Investor Relations contact and indicated his contact information (phone number and email) so that investors would be able to directly communicate with a relevant responsible Company representative.

As per the OECD 2015 CGR, the Company's process to ensure ad hoc disclosure of important matters is as follows: (i) the concept of 'material information' and 'insider information' is understood by managers and Management Board as well as Supervisory Council members; (ii) whenever there is a resolution of governing bodies or business decisions that fulfil the material information criteria, the persons responsible for Investor Relations and Insider information are consulted as to whether and if, then when a disclosure to the public needs to be made; (iii) if a disclosure needs to be made, it is made immediately, but not later than 3 business days from the time the need for disclosure became known.

Also, as per the OECD 2015 CGR, the Company encourages direct contact and dialogue with its Management Board and the Managing Directors of its key subsidiaries and has stated the relevant contacts (phone numbers and emails) under the subheading 'Management' in the section 'About the Company'.

5.2. The web site of the Issuer shall be clear in structure and published information shall be easy to find. Published information shall also be available in English. The Issuer shall publish the disclosure dates of information subject to disclosure throughout a year (including the annual report, interim reports and notice calling a general meeting) at the beginning of the fiscal year in a separate notice, called financial calendar. The Issuer shall also publish this notice on its web site.

The web-site of the Company has an 'About the Company' section with an overview of its management, Supervisory Council and its committees and news. In addition, the Company has a separate Investors' section with subheadings of 'Shareholders', 'Info from Nasdaq', 'Structure', 'Financial reports' and 'Presentation'.

Information on the website is published in Estonian, English, Latvian, Lithuanian and Russian, with important documents being in Estonian and English only.

5.3. As per the recommendation on the Issuers web-site the following should be accessible to the shareholders:

-report on Corporate Governance Recommendations;
-date, place, and agenda of the General Meeting and other information related to the General Meeting;
-articles of association;
-general strategy directions of the Issuer as approved by Supervisory Council;
-membership of the Management Board and Supervisory Council;
-information regarding the auditor;
-annual report;
-interim reports;
-agreements between shareholders concerning concerted exercise of shareholders rights (if those are concluded and known to the Issuer);
-other information, published on the basis of these Corporate Governance Recommendations.

5.4. As per the recommendation, the Management Board and the Supervisory Council should describe the management practices of the Issuer including their compliance with these CGR in the annual report presented to the General Meeting. If the management of the Issuer deviates from the management structure described in these CGR the Management Board and Supervisory Council should justify the deviation. The Management Board and the Supervisory Council should also describe in the report presented at the General Meeting any circumstances required under these CGR. CGR shall be presented as separate chapter of management report.

The Company is following this recommendation and is including in the annual report the overview of compliance with the CGR as a separate chapter.

5.5. As per the recommendation, if the Issuer notifies financial analysts or other persons of facts or estimates related to the Issuer, it should also publish this information to shareholders on the

Issuer's web-site. Inside information disclosed at the General Meeting in response to questions presented by shareholders or other means and which has not been formerly disclosed should be published by the Issuer immediately after holding of the General Meeting.
The Company has not notified financial analysts of any estimates which have not been made public during the listing of the Company's shares or thereafter. The Company also publishes a respective Stock Exchange notice as well as the detailed minutes of its General Meetings either on the day of the date when the meeting was held or on the following day, thus disclosing any information discussed at such General Meetings.
From time to time the Company discloses sensitive information to persons with whom the Company is holding business negotiations. As per the Requirements for Issuers of NASDAQ OMX Tallinn Stock Exchange an Issuer does not need to disclose information about the progress of business negotiations. An Issuer may give undisclosed information confidentially to persons with whom it is holding or intends to hold business negotiations. In such cases the Company always signs a non-disclosure confidentiality agreement and notifies the party to the negotiations of the fact that any inside information can't be used for insider trading. The Company registers such persons as temporary insiders in the insiders' register.

5.6. As per the recommendation the Issuer should organize the exchange of information with journalists and analyst after a careful consideration. The Issuer should refrain from compromising the independence of the analyst or the Issuer's independence from analyst when communicating with analysts. The Issuer should disclose the dates and places of meetings with analysts and presentations and press conferences organized for analysts, investors or institutional investors on its website. The Issuer should not arrange meetings with analysts and presentations organized for investors directly before dates of publishing a financial report (interim reports, annual report).
According to the belief of the Management Board of the Company this recommendation is followed. In 2024, when organising investor conference webinars, the Company has always timed them after publishing the interim and annual reports.

6. FINANCIAL REPORTING AND AUDIT

6.1. Reporting

6.1.1. As per the recommendation, Issuers should publish annually its annual report and within a fiscal year its interim reports. The Management Board should draw up annual accounts, which should be audited by the auditor and the Supervisory Council. On meeting of the Supervisory Council, where the annual account is reviewed, the auditor of the Issuer should participate upon invitation of the Supervisory Council. Members of the Management Board of the Issuer and other persons belonging to management should leave the meeting during the auditor reports the most material conclusions of audit. The shareholders should be presented with the annual report signed by members of the Management Board and the Supervisory Council for examination. Together with annual report, the Supervisory Council should make available to shareholders the written report concerning the annual report specified in § 333 subsection 1 of Commercial Code.

6.1.2. As per the recommendation, the Issuer should publish an annex of the annual accounts including a list of companies not belonging to the Issuer's group, in which the holding of Issuer has significant importance to the Issuer. The Issuer should disclose the business name, location, and size of the holding, area of activity, amount of share capital, and net profit or loss during the previous financial year of this Company.
There are no companies in which the Company has participation, which do not belong to the group.

6.1.3. As per the recommendation, the annexes to the annual accounts should contain information regarding the connections of the Issuer with shareholders which are deemed to be connected

persons pursuant to standards of international financial reporting provided for in sub section 17 (2) of the Accounting Act.
The Company is following this recommendation.

6.2. Election of the Auditor and Auditing of the Annual Accounts.

6.2.1. Upon the recommendation of the Audit Committee and the Supervisory Council Ernst & Young Baltic AS was elected as the auditor of the Company for the financial years of 2024, which was confirmed at the Company's AGM of 19 June 2023. The fee payable to the auditor for the audit of the Company and its subsidiaries for the financial year of 2024 in the offer was 182 500 euros (net of VAT). In 2024, besides provision of audit services Ernst & Young Baltic AS has not rendered any advisory or other services to the Company. The agreement with the auditor complies with the requirements of the CGR.

7. HUMAN RESOURCE POLICY

7.1. The aim of the Company's human resource policy is to ensure the implementation of the strategic goals of the Company by all employees and ensuring the reputation of valued employer. Company uses both internal and external hiring processes, and persons already working for the Company are preferred for filling the vacant positions. Human resource policy regulates the management techniques and practices, group communication and fundamental work principles. Training and remuneration policy support the learning organization with the aim to remain competitive as an employer. The Company has a well-established induction policy, including regarding health and safety matters, for all new employees, new appointments to the Supervisory Council and the Management Board. Company's human resource policy is constantly evolving.

8. DIVIDEND POLICY

8.1. The declaration and payment by the Company of dividends and their amount depend on the Company's results of operations, financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed by the Management to be relevant at the time of making a dividend payment proposal. The Supervisory Board has the right to amend such proposal by the Management Board and the proposal is ultimately to be approved by the General Meeting of Shareholders.

In 2024, the Company did not distribute any dividends as profit to the shareholders.

Management remuneration report

According to Estonian Securities Market Act the Group has to publish remuneration paid to the management. The remuneration principles of the Group will be presented to the shareholders on the next General meeting and after approval will be published and available on Company's website.

In the context of the Estonian Securities Market Act the management of the Group during the reporting year included Management Board Members Edoardo Axel Preatoni and Neringa Rasimavičienė.

Management Board Members are selected by the Supervisory Council of the Group based on their expertise in the sector the Group is operating, in addition to candidate's leadership and management experience is taken into account as well as their integrity and their commitment to the Group.

Management Board members are paid monthly remuneration set in their contracts, which are approved by Supervisory Council. Performance fees if applicable are related to achieving targets and strategic objectives set by Supervisory Council and paid annually according to approval of the Supervisory Council. No share options are offered to the management. Management Board members can use general benefits available for all employees of the Company (free parking, coffee/tea in the office etc.).

Remuneration information in tables below is stated **in thousands of euros**. All variances have been calculated as follows: (reporting year's records – previous year's records)/previous year's records.

Mr. Edoardo Axel Preatoni has been the Member of the Management Board of the Company since 1 March 2016 and from the end of 2019 he was holding a position of Head of Development. From 1 January 2022 the Supervisory Board appointed Mr. Preatoni as CEO of the Company. Mr. Preatoni has been paid monthly remuneration based on his agreements with group companies. Performance fees have been related to turnover of Estonian group real estate sales and have been paid on quarterly basis.

Edoardo Axel Preatoni	2020	2021	2022	2023	2024
Annual remuneration*	95.49	154.13	350.62	349.99	349.99
Basic annual remuneration to additional allowances	98%	72%	100%	100%	100%
Change in Annual remuneration	175%	61%	127%	0%	0%
Change in the average remuneration of employees	4%	32%	-22%	4%	-3%
Gross profit margin change	2%	-5%	0%	5%	-1%

**Annual remuneration includes gross total remuneration from all group companies.*

Mrs. Neringa Rasimavičienė has been a member of the management board of the Group's Lithuanian subsidiary since 2001 and was elected as the Member of the Management Board of the Company since 1 June 2024. Mrs. Rasimavičienė has been paid monthly employee remuneration from Lithuanian entities and quarterly board member remuneration from the parent company.

Mrs. Neringa Rasimavičienė	2020	2021	2022	2023	2024
Annual remuneration*	121.82	125.45	96.91	105.99	146.02
Basic annual remuneration to additional allowances	61%	71%	90%	87%	78%
Change in Annual remuneration	16%	3%	-23%	9%	47%
Change in the average remuneration of full-time employees	4%	32%	-22%	4%	-3%
Gross profit margin change	2%	-5%	0%	5%	-1%

**Annual remuneration includes gross total remuneration from all group companies.*

Management declaration

The Management Board declares and confirms that according to their best knowledge, the year 2024 consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by European Union, present a true and fair view of the consolidated assets, liabilities, financial situation and loss or profit of AS Pro Kapital Grupp and the undertakings involved in the consolidation as a whole, and the management report gives a true and fair view of the development and results of the business activities and financial status of AS Pro Kapital Grupp and the undertakings involved in the consolidation as a whole and contains a description of the main risks and estimates.

Edoardo Preatoni *(/digitally signed/)*
Chief Executive Officer
Member of the Management Board

Consolidated financial statements

Consolidated statement of financial position

in thousands of euros	Notes	31.12.2024	31.12.2023
ASSETS			
Current assets			
Cash	9	4 344	17 065
Current receivables	10	822	1 411
Prepayments		422	268
Inventories	11	56 951	35 563
Total current assets		**62 539**	**54 307**
Non-current assets			
Non-current receivables	12	317	2 010
Property, plant and equipment	13	7 595	7 763
Right-of-Use assets	13	513	365
Investment property	14	44 210	40 361
Goodwill	6	863	0
Intangible assets	15	2 721	96
Total non-current assets		**56 219**	**50 595**
Assets held for sale	14	0	2 335
Total assets held for sale		**0**	**2 335**
TOTAL ASSETS		**118 758**	**107 237**
LIABILITIES AND EQUITY			
Current liabilities			
Current debt	16	21 893	31 352
Customer advances	19	9 618	3 657
Trade and other payables	17	5 600	3 700
Tax liabilities	20	833	161
Short-term provisions		24	11
Total current liabilities		**37 968**	**38 881**
Non-current liabilities			
Non-current debt	18	27 350	12 695
Other non-current payables		6	0
Deferred income tax liabilities	30	2 031	1 130
Long-term provisions		182	108
Total non-current liabilities		**29 569**	**13 933**
TOTAL LIABILITIES		**67 537**	**52 814**
Equity attributable to the equity holders of the parent			
Share capital in nominal value	24	11 338	11 338
Share premium		5 661	5 661
Statutory reserve	24	1 134	1 134
Revaluation surplus	24	1 977	2 092
Retained earnings		30 523	34 198
Total equity attributable to the equity holders of the parent		**50 633**	**54 423**
Non-controlling interest	6,7	**588**	**0**
TOTAL EQUITY		**51 221**	**54 423**
TOTAL LIABILITIES AND EQUITY		**118 758**	**107 237**

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

Consolidated statement of profit or loss and other comprehensive income

in thousands of euros	Notes	2024	2023
CONTINUING OPERATIONS			
Operating income			
Revenue	25	18 158	23 021
Cost of sales	26	-12 735	-15 993
Gross profit		**5 423**	**7 028**
Marketing expenses	27	-1 136	-705
Administration expenses	27	-5 293	-5 440
Other operating income	28	1 164	2 099
incl. net result from fair value adjustments of investment properties	*14*	*1 130*	*1 972*
Other operating expenses	28	-35	-19
Operating profit		**123**	**2 963**
Finance income	29	123	254
Finance cost	29	-4 276	-4 115
Loss before income tax		**-4 030**	**-898**
Income tax	30	155	-2
Loss for the period		**-3 875**	**-900**
Attributable to:			
Equity holders of the parent		-3 675	-900
Non-controlling interest	6	-200	0
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net change in asset revaluation reserve		-115	0
Other comprehensive loss for the period		**-115**	**0**
Total comprehensive loss for the period		**-3 990**	**-900**
Attributable to:			
Equity holders of the parent		-3 790	-900
Non-controlling interest	6	-200	0
Earnings per share			
From continuing operations			
Basic (euros per share)	31	-0,06	-0,02
Diluted (euros per share)	31	-0,06	-0,02

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

Consolidated statement of cash flows

in thousands of euros	Note	2024	2023
Cash flows from operating activities			
Loss before income tax		-4 030	-898
Adjustments for:			
Depreciation and amortisation of PPE, ROU and intangible assets		1 494	441
Gain from disposal of investment property	14	0	-111
Change in fair value of investment property	14	-1 130	-1 972
Loss from write-off of PPE and intangible assets		16	0
Finance income and costs	29	4 153	3 861
Change in deferred assets and liabilities	30	-189	0
Other non-monetary changes (net amounts)		-111	6
Movements in working capital:			
Change in receivables and prepayments		948	1 414
Change in inventories	11	-19 805	3 984
Change in liabilities		8 208	2 300
Change in provisions		92	64
Income tax paid		-1	-2
Net cash flows generated by /used in operating activities		**-10 355**	**9 087**
Cash flows from investing activities			
Payments for property, plant and equipment		-139	-746
Payments for intangible assets		-44	-38
Proceeds from disposal of property, plant and equipment		1	0
Payments for investment property	14	-384	-473
Proceeds from disposal of investment property	14	0	111
Payments for subsidiaries, net of cash acquired	6	-253	-2 000
Interests received		118	182
Net cash flows generated / used in investing activities		**-701**	**-2 964**
Cash flows from financing activities			
Redemption of bonds	16, 18	-10 003	0
Proceeds from borrowings	16, 18	17 614	3 974
Repayments of borrowings	16, 18	-4 223	-63
Deposits paid	12	-300	0
Repayments of lease liabilities		-222	-152
Interests paid		-4 531	-3 406
Net cash flows used in / generated by financing activities		**-1 665**	**353**
Net change in cash		**-12 721**	**6 476**
Cash at the beginning of the period	9	17 065	10 589
Cash at the end of the period	9	4 344	17 065

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

Consolidated statement of changes in equity

in thousands of euros	Share capital	Share premium	Statu-tory reserve	Properties revalu-ation reserve	Retained earnings	Attributable to equity owners of the parent	Non-controlling interests	Total equity
01.01.2023	11 338	5 661	1 134	2 012	35 178	55 323	0	55 323
Net profit/loss for the period	0	0	0	0	-900	-900	0	-900
Other comprehensive income of the period	0	0	0	0	0	0	0	0
Total comprehensive income/loss of the period	**0**	**0**	**0**	**0**	**-900**	**-900**	**0**	**-900**
Other changes	0	0	0	80	-80	0	0	0
31.12.2023	11 338	5 661	1 134	2 092	34 198	54 423	0	54 423
Net profit/loss for the period	0	0	0	0	-3 675	-3 675	-200	-3 875
Other comprehensive loss of the period	0	0	0	-115	0	-115	0	-115
Total comprehensive income/loss of the period	**0**	**0**	**0**	**-115**	**-3 675**	**-3 790**	**-200**	**-3 990**
Non-controlling interests arising on a business combination	0	0	0	0	0	0	788	788
31.12.2024	11 338	5 661	1 134	1 977	30 523	50 633	588	51 221

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

Changes in revaluation reserve are described in Note 24.

Notes to the consolidated financial statements

Note 1. Corporate information

Pursuant to the Commercial Code of the Republic of Estonia, the annual report prepared by the Management Board and approved by the Supervisory Board and which also includes the consolidated financial statements shall be approved at the General Meeting of Shareholders. Shareholders have the right not to approve the annual report prepared and presented by the Management Board and require preparation of a new annual report.

AS Pro Kapital Grupp is a public limited company incorporated in the Republic of Estonia and it operates in Estonia, Latvia, Lithuania, Germany and Italy in the fields of holding companies, purchase and sales of real estate, rent and operation of real estate, management of real estate and hotel operations.

Since 23 November 2012, the shares of AS Pro Kapital Grupp have been listed on NASDAQ OMX Tallinn (Nasdaq Baltic) Stock Exchange secondary list, since 19 November 2018 in the main list. On 9 July 2020 the secured non-convertible bonds were listed on Nasdaq Stockholm Stock Exchange.

Many of the shareholders registered in the shareholders register are nominee companies, which represent many bigger and smaller non-resident investors.

At the end of reporting period the main shareholders/nominee companies of the Company are the following:

Shareholder/nominee company	Country of incorporation	Ownership 31.12.2024	Ownership 31.12.2023
Raiffeisen Bank International AG	Austria	38.58%	54.66%
Clearstream Banking AG	Germany	30.00%	10.99%
Caceis Bank	France	12.60%	12.78%
OÜ Svalbork Invest	Estonia	9.86%	9.86%
Six Sis Ltd	Switzerland	3.01%	5.46%

The principal place of business of the Company is at its registered address Sõjakooli 11, Tallinn, 11316 Estonia. The principal activities and the structure of the Group are described in Note 5.

Note 2. Application of new and revised International Financial Reporting Standards

<u>The standards and amendments that are effective and have been endorsed by the European Union</u>

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS and amendments to IFRS which have been adopted by the Group as of 1 January 2024:

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments).
- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments).
- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure- Supplier Finance Arrangements (Amendments).

The newly adopted amendments to IFRS did not have a material impact on the Group's consolidated financial statements.

<u>The standards and amendments that are not yet effective, but have been endorsed by the European Union</u>

IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments). The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted.

The standards issued but not yet effective are expected to have no material impact on the Group's consolidated financial statements.

<u>The standards and amendments that are not yet effective and they have not been endorsed by the European Union.</u>

- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures- Classification and Measurement of Financial Instruments (Amendments). In May 2024, the IASB issued amendments to the classification and measurement of financial instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.
- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments). In December 2024, the IASB issued targeted amendments for a better reflection of Contracts Referencing Nature-dependent Electricity, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.
- IFRS 18 Presentation and Disclosure in Financial Statements. In April 2024, the IASB issued the IFRS 18- Presentation and Disclosure in Financial Statements which replaces IAS 1- Presentation of Financial Statements and it becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures. In May 2024, the IASB issued the IFRS 19- Subsidiaries without Public Accountability: Disclosures, and it becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.
- Annual Improvements to IFRS Accounting Standards – Volume 11. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall apply those

amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.** In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Group anticipates that the adoption of these new standards, amendments to the existing standards and new interpretations will have no material impact on the consolidated financial statements of the Group in the period of initial application.

Note 3. Material accounting policy information

3.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted in European Union.

The consolidated financial statements have been prepared on the historical cost basis except for property, plant and equipment, and investment properties, as explained in the accounting policies below. Cost is usually the fair value of the consideration paid for the asset.

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand, except where otherwise indicated.

3.2. Going concern

The Management Board has, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from issuance date. Thus, we continue to adopt the going concern basis of accounting in preparing the financial statements.

3.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the parent:
- has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee;
- has the ability to use its power to affect its return.

The parent re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of subsidiary begins when the parent obtains control over the subsidiary and ceases when the parent loses control of the subsidiary. The financial statements of the parent and its subsidiaries are consolidated line-by-line basis and all transactions, balances and unrealized profits/losses which have arisen as a result of transactions between the parent and its subsidiaries are eliminated. Specifically, income and expenses of subsidiaries acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of

subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

3.4. Held for sale classification

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.
The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.
These assets classified as held for sale are presented separately from other assets in the statement of financial position and are measured at lower of its carrying amount and fair value less costs to sell.
As at 31 December 2024 there are no assets classified as held for sale. Upon cessation of the plan to sell, the non-current asset previously classified as held for sale is reclassified as held for use and is measured at the lower of its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and its recoverable amount at the date of the subsequent decision not to sell. Any adjustments to the carrying amount of a non-current asset that ceases to be classified as held for sale is recognised in the statement of profit or loss and other comprehensive income.

3.5. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.
Goodwill is measured as the excess of the sum of the consideration transferred, the amount recognized for any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

3.6. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 3.5 above) less accumulated impairment losses, if any. Goodwill is not amortised but a cash-generating unit to which goodwill has been allocated is tested for impairment. For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergy of the combination.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.
On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit of loss on disposal, being measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.7. Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period;
Or
- Cash unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period;
Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.8. Fair Value measurement

The Group measures non-financial assets such as investment properties, at fair value at each balance sheet date.
External valuers are involved for valuation of real estate properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.9. Cash

Cash on the statement of financial position and statement of cash flows comprises cash on hand, bank accounts, and short-term bank deposits (with an original maturity of three months or less).

3.10. Inventories

In Group's consolidated financial statements, the projects that are under development are recognized as inventories.

Inventories are initially recognized at cost which includes direct purchase costs and other costs directly attributable to the acquisition of the inventories incurred in bringing the inventories to their present location and condition. The principles of recognition of borrowing cost are described in 3.22 "Expenses" (*Borrowing cost*).

Inventories are subsequently measured at the lower of cost and net realizable value. For Inventory items that are individually distinguishable an individual measurement of cost value and cost of sales is applied.

Inventories regarding real estate developments are recognized in two categories: completed property ready to be sold and work in progress. Transfers to inventory from investment property is made when there is evidence of a change in use. The principles are described in 3.13 „Investment Property".

Inventories regarding real estate developments are derecognized when the property is sold and ownership has been transferred to the customer (i.e. notarial real right agreement is signed).

The carrying amount of the property is recognized as an expense in the period in which the related revenue is recognized. The carrying amount of inventory property recognized in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

3.11. Property, plant and equipment

The Group has following property, plant and equipment groups:

- Land and buildings;
- Machinery and equipment;
- Other fixtures and fittings;
- Right of use assets.

Land and buildings held for supply of services, or for administrative purposes, are measured in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed after every five years or more often when there are significant indications on possible change in value.

Any revaluation gain arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity under revaluation reserve.

When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

Depreciation on revalued buildings is recognized in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties' revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of lease term and estimated useful life of the assets.

The annual depreciation rates for classes of property, plant and equipment are as follows:
- Buildings 2 to 5% per annum;
- Machinery and equipment 8 to 20% per annum;
- Other fixtures 20 to 50% per annum.
- Right-of-use-assets 2% to 5% per annum.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.12. Intangible assets (excluding goodwill)

The Group has the following categories of intangible assets:
- Client database;
- Trademarks;
- Websites and software.

Intangible assets in the consolidated financial statements are stated at cost less accumulated depreciation. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no further economic benefits are expected from the use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as a difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The annual depreciation rates for classes of intangible assets are:
- Client database 33% per annum;
- Trademarks up to 10% per annum;
- Websites and software 10-33% per annum.

3.13. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including land plots and properties for future developments). Land and buildings, which are planned to be held for a longer period of time and which have different possibilities to be used are reported also as investment property.

In case of change in the usage purpose of the investment property, the asset is reclassified and since the reclassification date the accounting principles of the new class of asset are applied. When development of a part or entire investment property starts with the aim to sell developed product, this part or entire investment property is reclassified as inventory when the developed product enters active development phase.

The Group considers the start of active development phase when a construction permit has been obtained and remains valid and one or several of the following events occur:
- signing reservation agreements with customers;
- signing of development loan agreement;
- signing construction agreement.

Investment properties are initially recognized at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, mainly based on the market price determined annually by independent appraisers, based on the prices of recent transactions involving similar items (adjusting the estimate for the differences) or using the discounted cash flow method. Changes in fair value are recorded under the income statement items "Other operating income/other operating expenses". No depreciation is calculated on investment property recognized at fair value.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

3.14. Impairment of non-current assets

At the end of each reporting period, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

3.15. Investments in subsidiaries (in parent company´s unconsolidated financial statements)

Investments in subsidiaries are recognized in the financial statements of the parent company at cost. At the end of each reporting period, the parent company assesses whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

3.16. Financial instruments and their initial measurement

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets of financial liabilities, as appropriate, on initial recognition. Trade receivables are measured at transaction price since they do not contain a significant financing component.

3.17. Financial assets

All recognized financial assets for the purposes of subsequent measurement, are classified as amortized cost.

Measurement of financial assets at amortized cost

Financial assets that are measured at amortized cost: cash and trade receivables. Income is recognized on an effective interest basis for debt instruments.

Impairment of financial assets

The Group uses simplified model for determining impairment allowances.

The Group recognizes a loss allowance for expected credit losses in debt instruments that are measured at amortized cost, lease receivables and trade receivables, as well as on financial guarantee contracts.

The Group always recognizes lifetime expected credit losses (ECL) for trade receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(i) *Definition of default*
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:
- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) *Write-off policy*
The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.
Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

3.18. Financial liabilities

Financial liabilities

Financial liabilities (including current and non-current debt and trade and other current and non-current payables) are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as the modification gain or loss within financial income or financial expenses.

3.19. Contingent liabilities

Pledges and other commitments, which at certain conditions may turn into liabilities in the future, are disclosed in the Notes of the consolidated financial statements as contingent liabilities.

3.20. Statutory reserve

Statutory reserve is recorded based on the requirements of the Estonian Commercial Code and is comprised of the provisions made from the net profit. The annual provision must be at least 1/20 of the approved net profit of the financial year until the statutory reserve equals at least 1/10 of share capital amount.

3.21. Revenue recognition

The Group recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

Revenue from contracts with customers

Revenues from the sale of real estate

The Group develops and sells residential and commercial properties. The Group enters into preliminary contracts with customers to sell property that are either completed or under development. Property is sold when the final agreement is confirmed by the notary and the control over the property has been transferred to the customer. The revenue is measured at the transaction price under the contract and the consideration is due when legal title has been transferred. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer and the premises have been handed over.

(i) Completed inventory property
The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied. Payments are received when legal title transfers which is usually within six months from the date when contracts are signed.

(ii) Inventory property under development
The Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. For contracts relating to the sale of property under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures (e.g., windows, doors, cabinetry, etc.) and finishing work. The Group accounts for these items as a single performance obligation because it provides a significant service of integrating the goods and services (the inputs) into the completed property (the combined output) which the customer has contracted to buy. For the sale of property under development, the Group has

determined that it generally does not meet the criteria to recognise revenue over time. In these cases, control is transferred and hence revenue is recognized at a point in time. This is either property sold to one customer encompassing either all of the land and building or multi-unit property.

(iii) *Other consideration related to the sale of inventory property*
In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

If the consideration in a contract for the sale of property under development includes a variable amount in the form of delay penalties and, in limited cases, early completion bonuses, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur. At the end of each reporting period, an entity updates the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

For some contracts involving the sale of property, the Group is entitled to receive an initial deposit. This is not considered a significant financing component because it is for reasons other than the provision of financing to the Group. The initial deposits are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments.

In addition, for certain contracts involving the sale of property under development, the Group may require customers to make advance payments of 10-20% of the selling price, as work goes on, that give rise to a significant financing component. For contracts where revenue is recognized over time, the Group uses the practical expedient for the significant financing component, as it generally expects, at contract inception, that the length of time between when the customers pay for the asset and when the Group transfers the asset to the customer will be one year or less. For contracts where revenue is recognized at a point in time (i.e., upon completion of the development) and the practical expedient cannot be applied, the Group adjusts the transaction price for the effects of the significant financing component by discounting it using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception. However, the Group has concluded that the impact from this adjustment is immaterial to the financial statements of both the current and prior years.

The Group has determined that contracts involving the sale of completed property do not contain significant financing components. In addition, there is no non-cash consideration or consideration payable to customers.

Revenue from hotel operations

The Group operates a hotel in Bad Kreuznach, Germany. The hotel derives revenue from providing accommodation, renting of banquet halls and related facilities, providing catering, offering access to the thermal bath etc.
The hotel services provided are recognized as over time revenue because accommodation, along with related services and goods, is provided for a specific duration. Whether it's for a single night, a weekend, or an extended stay, the client simultaneously receives and utilizes the benefits provided to them.
Payment of the transaction price is usually due immediately when the customer purchases a product or the service is provided.

Revenue from maintenance services

The Group provides maintenance services, which includes only one performance obligation to apartment associations in the residential buildings that the Group has developed. These services are regularly provided to the customers for a fixed fee based on long-term contracts and the Group records revenues monthly on accrual basis and received payments accordingly. Revenue is recognized over time.

Revenue from real estate brokerage services

The Group provides real estate brokerage services in Italy and recognizes revenue at the point in time when a purchase offer submitted by the buyer is accepted by the seller, in accordance with applicable legal requirements.

Revenue from other services

Revenue from other services is irregular and is recognized depending on the provided service over time or at point in time when the promised goods or service is transferred to the customer.

Revenue from rent

The Group's policy for recognition of revenue from operating leases is described in paragraph 3.23 below.

Other income

Other operating income

Income, which is not related to the core operations of the Group entities, is recorded as other income.

Interest income

Interest income from a financial asset is recognized using the effective interest rate method. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

3.22. Expenses

Cost of sales

Cost of sales includes the costs of bringing real estate objects that are realized during the reporting period and recorded in the net sales to a marketable condition. Real estate rental, development and management expenses, and costs related to hotel management services are also recorded in the consolidated statement of profit or loss under "Cost of sales".

Marketing expenses

Marketing expenses include selling expenses, i.e. advertising, agency fees, marketing personnel expenses and other marketing expenses.

Administration expenses

Administration expenses include personnel and office management expenses, depreciation expenses of plant, property and equipment.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time (more than one year) to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred. Interest and financing costs are recorded using effective interest rate method on the accrual basis as financial expenses of the reporting period.

3.23. Leases

The Group as a Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the cost of the right-of-use assets an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group as a Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as the lease income.

For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. These agreements include certain services offered to tenants (i.e., customers) including common area maintenance services (such as cleaning, security, landscaping and snow removal of common areas), as well as other support services. The consideration charged to tenants for these services includes fees charged based on proportion of rented spaces and reimbursement of certain expenses incurred. These services are specified in the lease agreements and separately invoiced.

The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The Group allocates the consideration in the contract to the separate lease and revenue (non-lease) components on a relative stand-alone selling price basis.

3.24. Taxation

Estonia

According to the Estonian Income Tax Act the accrued profit of a resident legal entity is not subject to corporate income tax, instead the tax is due on the distribution of dividends. Income tax should be calculated also on other payments made from equity that are exceeding the monetary or non-monetary contributions made to the equity. Until 31. December 2024 the tax rate applicable was 20/80 of the taxable amount. From 01 January 2025 the tax rate applicable is 22/78 from the taxable amount. Income tax expense to be incurred at the payment of dividends is recognized in the income statement as expense at announcement of dividends or any other distribution of equity.
The Group recognizes a deferred tax liability for all taxable temporary differences associated with subsidiaries, except if the timing of reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Other subsidiaries

Profit earned by subsidiaries of the Group is imposed to income tax according to the tax rate stipulated by the legislation of domicile countries.
In Latvia the accrued profit of a resident legal entity is not subject to corporate income tax, instead the tax is due on the distribution of dividends similarly as in Estonia. The tax rate applicable is 20/80 from taxable amount. The Corporate Income Tax Rate in Lithuania and Germany is 15% and in Italy 24%. Deferred income tax liability is accounted from all relevant temporary differences between the tax bases of assets and liabilities and their book value. Deferred income tax assets, which are mainly caused by the tax losses carried to future periods, are recognized in the statement of financial position only, when it is likely that it will be realized through the taxable profit earned in the future. Deferred tax assets and liabilities are offset when there is a legally enforceable right in the Group subsidiaries' countries of incorporation to set off current tax assets against current tax liabilities. For calculation of the deferred income tax assets and liabilities, generally the income tax rate enacted or substantially enacted at the balance sheet date is used.

Pillar II Global Minimum Tax

On 23 May 2023, the International Accounting Standards Board (the Board) issued International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 which clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements Qualified Domestic Minimum Top-up Taxes. The Group has adopted these amendments. However, they are not yet applicable for the current reporting year as the Group's consolidated revenue is currently below the threshold of €750 million.

3.25. Segment reporting

According to IFRS 8 Operating Segments, segment reporting is applicable to operating segments whose results are regularly reviewed by the chief operating decision makers of the Group to make business-related decisions. The primary decisions are made on a country basis (Estonia, Latvia, Lithuania, Germany and Italy). Operating segments are components of the entity for which it is possible to obtain discrete financial information to make decisions about resources to be allocated to the segment and assess its performance. Primary criteria for monitoring of operating segments are the following: Revenue from third parties, profit before tax, net profit earned and total assets.

3.26. Subsequent events

Consolidated financial statements include impact of significant events that are related with the events of previous periods that affect the recognition and measurement of assets and liabilities and occurred between the end of the reporting period and the date that the financial statements are finalized by the management board of the Group. Events after the reporting period that do not affect the recognition and measurement of assets and liabilities but have a significant effect on the result of the following financial year, are disclosed in the Notes to the consolidated financial statement.

Note 4. Significant accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, which are described in Note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1. Significant judgements in applying accounting policies

The following are the critical judgements, that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Income tax applicable to possible distribution on dividends and tax rates applicable to undistributed profits are described in 3.24 „Taxation“ and Note 30 „Income tax“.

Classification of real estate

Real estate classification to inventory, investment property or property, plant and equipment is done based on management's intention over the future use of the object (see Note 11; 13 and 14). Property is recognized as inventory, if the objective of purchase is connected with its development, sale or resale during ordinary course of business. Items are recognized as investment property if purchase objective is gaining profit from rent or capital appreciation. Also, items are recognized as investment property if it is intended to keep them for long time and which have unclear purposes of use.

The Group takes into account the following considerations when reviewing the strategy and which are decisive for classification of the real estate assets as investment properties:
- there has been no development of such properties over the past 10 years;
- during the upcoming 5+ years perspective the Group has no intention to start developing these properties;
- there are no current plans to sell these properties in the near future;
- the essence of these properties is to be held for capital appreciation;
- an average operating cycle of the Group is usually about 2 years, very complex projects can take up to 4 years, which is less than 5+ years perspective.

Property used for rendering services or for administrative purposes and with useful life of over one year is considered to be property, plant and equipment.

Accounting treatment of acquired subsidiary

As part of its accounting policy for business combinations, the Group has elected to apply the fair value measurement approach upon acquisition, in accordance with IFRS 3. (Notes 6).

Group exercised judgment in determining whether certain contracts contain a lease component. Management assessed the substance of the contractual terms, including the right to control the identified asset and the economic benefits derived.

The Group determined that lease agreements related to office premises qualify as leases under IFRS 16, as they provide the right to direct the use of the asset during the contract term. This judgment affects the recognition of right-of-use assets and lease liabilities in the financial statements.

4.2. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets Notes 11, 12, 13,14 and 15 include details of their nature and their carrying amount through the end of the reporting period.

Estimation of net realizable value of inventories

According to the Group principles, inventories are stated on the statement of financial position at the lower of cost or net realizable value. The management should decide upon net realizable value if indication occurs that inventory value might be fallen below cost price. If this is the case inventories are written down to their net realizable value.

Fair value of investment property

As of the balance sheet date the investment properties are measured at their fair value. In determination of the fair value valuation of independent certified real estate appraisers is used. In determination of the fair value two methods are used: discounted cash flow method and comparative transaction price method, whichever is more appropriate considering the circumstances. The significant methods and assumptions used by valuers in estimating the fair value of the investment properties are set out in Note 14.

Recoverable value of property, plant and equipment

At the end of each reporting period, the management reviews the carrying amounts of its assets to determine whether there are any indications that the assets may be impaired. If the indication is detected, recoverable value is calculated. In determining the recoverable value of an asset, the impairment test is carried out and the recoverable value is identified. The recoverable value of the asset is the higher of the present value of the future cash flows from the asset or the fair value of the asset less costs to sell. For assets carried at revalued amount the management is assessing yearly whether carrying amount approximates fair value. The information about property, plant and equipment is included in Note 13.

Estimation of the fair value of identifiable intangible assets on acquisition of Italian subsidiary

Upon the acquisition of a subsidiary in 2024, the Group used management judgement in determining the fair value of intangible assets, consisting of AI software and client databases.
The fair value of AI software was determined using the cost saving approach, which required management to apply judgement in estimating the operational efficiencies and cost reductions expected from automation.

The fair value of customer database was determined using the income approach, which required management to apply judgement in forecasting future revenue potential, customer conversion rates and the expected useful life of the data. Additional information about the acquisition is provided in Note 6.

Determination of acquisition cost of Italian subsidiary

In connection with the same acquisition, the Group determined the purchase consideration of 2.5 million euros based on the estimated fair value of the acquired business at the acquisition date. The fair value assessment was derived using a discounted cash flow (DCF) model, which was adjusted for two scenarios with 25% and 50% contingency assumptions. Key inputs included a WACC of 10.97% and a capital structure of 65% equity and 35% debt. The resulting weighted average equity value of the Group's 67.5% stake was 2.54 million euros .These assumptions, while considered reasonable, involve inherent estimation uncertainty. Further details are provided in Note 6.

Useful life of property, plant and equipment and intangible assets

In determining useful life of property, plant and equipment and intangible assets, the Group takes into account business conditions and volumes, previous experience in relevant field and future plans.

Note 5. Entities belonging to the Group

Name of the Entity	Country of incorpo-ration and operation	Proportion of ownership interest and voting power held by the Group 31.12.2024	31.12.2023	Principal activity
AS Pro Kapital Grupp	Estonia			Holding activities, parent
Held directly by AS Pro Kapital Grupp:				
AS Pro Kapital Eesti	Estonia	100,00%	100,00%	Real estate development
Pro Kapital Vilnius Real Estate UAB	Lithuania	100,00%	100,00%	Real estate development
Pro Kapital Latvia PJSC	Latvia	100,00%	100,00%	Real estate development
OÜ Pro Kapital Germany Holdings	Estonia	100,00%	100,00%	Holding activities
Pro Kapital Germany GmbH	Germany	100,00%	100,00%	Real estate development
Preatoni Nuda Proprieta S.r.l	Italy	67,50%	N/A	Real estate sale
Held directly by AS Pro Kapital Eesti:				
OÜ PKE Treasury	Estonia	100,00%	100,00%	Treasury
OÜ Pro Kapital Engineering	Estonia	100,00%	100,00%	Construction management
AS Tondi Kvartal	Estonia	100,00%	100,00%	Real estate development
OÜ Pro Halduse	Estonia	100,00%	100,00%	Real estate management
OÜ Kalaranna Kvartal	Estonia	100,00%	100,00%	Real estate development
Held directly by AS Tondi Kvartal:				
OÜ Marsi Elu	Estonia	100,00%	100,00%	Real estate development
OÜ Kindrali Majad	Estonia	100,00%	100,00%	Real estate development
Held directly by Pro Kapital Vilnius Real Estate UAB:				
PK Invest UAB	Lithuania	100,00%	100,00%	Real estate development
In Vitam UAB	Lithuania	100,00%	100,00%	Real estate management
Held directly by Pro Kapital Latvia PJSC:				
Klīversala SIA	Latvia	100,00%	100,00%	Real estate development
Tallina Nekustamie Īpašumi SIA	Latvia	100,00%	100,00%	Real estate development
NeNekustamo īpašumu sabiedrība Zvaigznes centrs SIA	Latvia	100,00%	100,00%	Real estate sale
Held directly by OÜ Pro Kapital Germany Holdings:				
PK Hotel Management Services GMBH	Germany	100,00%	100,00%	Hotel management
Held directly by Preatoni Nuda Proprieta S.r.l:				
Preatoni Intermediazioni Immobiliari S.r.l	Italy	100,00%	N/A	Real estate agency

Note 6. Business combination

Acquisition of Preatoni Nuda Proprieta S.R.L

On 22 March 2024, the Group acquired 67.5% of Preatoni Nuda Proprieta S.R.L ("PNP S.R.L"), a company based in Milan, Italy, for a total consideration of 2.5 million euros.

The acquisition allows the Group to enter the bare ownership market, which is well developed in southern European countries, particularly Italy. AS Pro Kapital Grupp aims to provide structural support to PNP S.R.L. while leveraging its experience and potentially replicating the model in the Baltic region. With an aging population and shifting generational attitudes toward real estate ownership, this approach presents an alternative perspective on real estate sales.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The fair value of the identifiable assets and liabilities of Preatoni Nuda Proprieta S.R.L as at the date of acquisition were:

in thousands of euros	Fair value recognised on acquisition
Cash	247
Current receivables	350
Prepayments	17
Inventories	161
Non-current receivables	13
Property, plant and equipment (Note 13)	15
Intangible assets (Note 15)	3 547
Total assets	**4 350**
Current payables	-170
Tax liabilities	-32
Deferred tax liability	-976
Non-current debt	-747
Total liabilities	-1 925
Total identifiable net assets at fair value	**2 425**
Non-controlling interest (32,5% of net assets)	-788
Goodwill arising on acquisition	863
Purchase consideration transferred	**2 500**

in thousands of euros	Cash flow on acquisition
Net cash acquired with the subsidiary	247
Cash prepaid in 2023	-2 000
Cash paid at acquisition in 2024	-500
Net cash flow on acquisition	**-2 253**

At the acquisition date, the net assets of the acquired company amounted to -96 thousand euros.

As a result of the business combination intangible assets not previously recognised by Preatoni Nuda Proprieta S.R.L were identified and recognised in the amount of 3 497 thousand euros (with a resulting deferred tax liability in amount of 976 thousand euros). These intangible assets are:

- AI Software (180 thousand euros) – Enhancing automation and operational efficiency.
- Client Databases (3,317 thousand euros) – Comprising Investor, PNP Club, and Seller databases, valued based on revenue potential.

These intangible assets are amortized over their useful life of three years, starting from the acquisition date.
The fair value of receivables amounts to 350 thousand euros. The gross amount of receivables is 350 thousand euros and it is expected that the full contractual amounts can be collected.

The fair value of the consideration transferred comprising only of cash, amounted to 2 500 thousand euros. The Group's 67.5% ownership stake in the identifiable net assets of Preatoni Nuda Proprieta S.R.L amounted to 1 637 thousand euros, resulting a goodwill of 863 thousand euros arising from the business combination. The goodwill comprises the value of expected synergies arising fom the acquisition. Since the strategic importance of the client base and the company's market position is directly linked to the Group's operations and overall growth strategy, the goodwill has been allocated to the parent company in Estonia. None of the goodwill recognised is expected to be deductible for income tax purposes.

At the end of 2024, an impairment test was performed for goodwill. No impairment was identified. The test was based on the discounted cash flow (DCF) method. Two scenarios were considered, applying 25% and 50% contingency adjustments to cash flows. Based on these, the weighted average value of the Group's 67.5% stake was EUR 3.59 million, exceeding the carrying amount. Key assumptions included a five-year forecast period, a discount rate of 9.63%, and a capital structure of 50% debt and 50% equity. No perpetual growth rate was applied. A sensitivity analysis was not required.

From the acquisition date to 31 December 2024, PNP S.R.L contributed revenue of 856 thousand euros and net loss of 617 thousand euros to the Group. Had the acquisition occurred on 1 January 2024, consolidated revenue of AS Pro Kapital Grupp would have been 18 426 thousand euros and net loss 4 089 thousand euros.

Acquisition-related costs were immaterial and were expensed during 2024 within administrative expenses.

No contingent liabilities or separate transactions were recognized in connection with the business combination

Note 7. Partly-owned subsidiaries

in thousands of euros	Preatoni Nuda Proprieta S.r.l
Minority (%) as at 31 December 2023	N/A
Minority (%) as at 31 December 2024	32,50%

The summarized financial information of Preatoni Nuda Proprieta S.r.l is provided below. This information is based on amounts before inter-company eliminations.

Statement of profit and loss and other comprehensive income

in thousands of euros	2024 9 months
Revenue	856
Cost of sales	-1 196
Marketing expenses	-208
Administration expenses	-270
Other operating income (+) and expenses (-)	9
Finance income (+) and cost (-)	-43
Loss before income tax	-852
Income tax	235
Loss for the period	-617
Non-controlling interest (32,5% of net assets)	-200
Equity holders of the parent	-417

Statement of financial position

in thousands of euros	**31.12.2024**
Cash	349
Current receivables and inventories	527
Non-current receivables	13
Property, plant and equipment	196
Intangible assets	2 626
Total assets	**3 711**
Total current liabilities	287
Deferred tax liability	732
Total non-current liabilities	884
Total liabilities	1 903
Total equity	1 808
Non-controlling interest (32,5% of net assets)	588
Equity holders of the parent	1 220

Statement of cash flows

in thousands of euros	2024 9 months
Loss of the year	-617
Adjustments for:	
Depreciation and amortisation of non-current assets	965
Finance income and costs	43
Change in deferred assets and -liabilities	-244
Movements in working capital:	
Change in receivables and prepayments	-1
Change in inventories	138
Change in liabilities	-102
Change in provisions	1
Net cash flows from operating activities	**184**
Cash flows from financing activities	
Repayment of lease obligations	-39
Interest paid	-43
Net cash flows used in financing activities	**-82**
Net change in cash	**-102**
Cash at the beginning of the period	247
Cash at the end of the period	349

Note 8. Segment reporting

Group companies consolidated segment information derived from geographical intercompany segment reporting is presented below. Segment result, assets and liabilities are presented in line with items associated directly with particular segment. Internal transactions are not eliminated in separate segment reporting provided below. The business activity of the Group is exercised in Estonia (sale of real estate, rent revenues and real estate maintenance), Latvia (sale of real estate, rent and real estate maintenance), Lithuania (sale of real estate, rent and real estate maintenance), Germany (hotel operating) and Italy (brokerage of real estate and bare ownership properties).

in thousands of euros	PKG Holding	Estonia	Latvia	Lithuania	Germany	Italy	Elimina-tions	Total
2024								
Revenue (Note 25)	1 109	4 919	4 596	1 901	6 595	856	*-1 818*	**18 158**
Incl sales of real estate	*0*	*4 780*	*4 467*	*1 432*	*0*	*0*	*0*	***10 679***
Incl rental income	*0*	*0*	*106*	*109*	*480*	*0*	*-480*	***215***
Incl hotel operating	*0*	*0*	*0*	*0*	*6 046*	*0*	*0*	***6 046***
Incl maintenance services	*0*	*137*	*1*	*354*	*0*	*0*	*0*	***492***
Incl brokerage commissions on sale of real estate	*0*	*0*	*0*	*0*	*0*	*856*	*-152*	***704***
Incl other services	*1 109*	*2*	*22*	*6*	*69*	*0*	*-1 186*	***22***
Other operating income & expenses (net)	-1	1 128	-10	1	1	9	*0*	**1 128**
Incl fair value adjustments	*0*	*0*	*0*	*0*	*0*	*0*	*0*	***0***
Segment operating profit/ loss	-1 315	930	810	112	511	65	*-990*	**123**
Finance income and cost (net)	-10 028	6 312	14	-174	-226	-43	*-8*	**-4 153**
Profit/ loss before income tax	**-11 343**	**7 242**	**824**	**-62**	**285**	**22**	***-998***	**-4 030**
Income tax	0	0	0	-51	0	235	*-29*	**155**
Non-controlling interest	0	0	0	0	0	-200	*0*	**-200**
Net profit/ loss for the financial year attributable to the equity holders of the parent	**-11 343**	**7 242**	**824**	**-113**	**285**	**457**	***-1 027***	**-3 675**
31.12.2024								
Assets	53 630	195 176	20 084	21 844	6 304	1 761	-180 041	**118 758**
Liabilities	159 892	27 893	7 726	10 860	5 954	1 903	-146 691	**67 537**
Acquisition of non-current assets (excluding investment properties)	0	57	2	157	112	290	3 497	**4 115**
Disposal of non-current assets	0	-88	-138	-2	0	0	0	**-228**
Depreciation and amortisation	0	-58	-45	-49	-372	-970	0	**-1 494**

in thousands of euros	PKG Holding	Estonia	Latvia	Lithuania	Germany	Elimina-tions	Total
2023							
Revenue (Note 25)	1 322	10 322	6 344	910	6 003	*-1 880*	23 021
Incl. sales of real estate	*0*	*10 199*	*6 099*	*424*	*0*		***16 722***
Incl. rental income	*0*	*0*	*210*	*110*	*480*	*-480*	***320***
Incl. hotel operating	*0*	*0*	*0*	*0*	*5 452*		***5 452***
Incl. maintenance services	*0*	*117*	*14*	*362*	*0*		***493***
Incl. other services	*1 322*	*6*	*21*	*14*	*71*	*-1400*	***34***
Other operating income & expenses (net)	-1	2 169	-89	1	0	*-1*	2 080
Incl. fair value adjustments	*0*	*2 058*	*-86*	*0*	*0*		***1 972***
Segment operating profit/ loss	-1 740	2 847	1 885	-485	431	*25*	2 963
Finance income and cost (net)	-6 792	3 658	-101	-393	-232	*-1*	-3 861
Profit/ loss before income tax	**-8 532**	**6 505**	**1 784**	**-878**	**199**	*24*	**-898**
Income tax	0	0	0	5	-7		-2
Net profit/ loss for the financial year attributable to the equity holders of the parent	**-8 532**	**6 505**	**1 784**	**-873**	**192**	*24*	**-900**

31.12.2023							
Assets	57 634	169 305	23 507	16 168	9 149	*-168 526*	107 237
Liabilities	152 550	9 264	11 973	5 071	6 661	*-132 705*	52 814
Acquisition of non-current assets (excluding investment properties)	0	86	108	7	894		1 095
Write-off of non-current assets	0	-22	0	-6	-358		-386
Depreciation and amortization	-1	-49	-46	-38	-307		-441

Eliminations stated in the segment report above include transactions between group companies.

Note 9. Cash

in thousands of euros	31.12.2024	31.12.2023
Cash at hand	14	20
Bank accounts	4 330	17 045
Total	4 344	17 065

Cash recorded in the statement of financial position and statement of cash flows comprise cash at hand and bank accounts as at the end of each reporting period. Foreign currency accounts in SEK (Swedish krona) have been translated into euros at the European Central Bank currency exchange rates prevailing on the reporting date.

Note 10. Current receivables

in thousands of euros	31.12.2024	31.12.2023
Trade receivables from contracts with customers	797	1 319
Allowance for doubtful debts	-2	-1
Other receivables	22	92
Accrued income	5	1
Total	822	1 411

Note 11. Inventories

in thousands of euros	31.12.2024	31.12.2023
Property held for resale	2 198	5 474
incl. Kindrali Houses, Tallinn	*193*	*165*
incl Kalaranna District	*899*	*958*
incl. River Breeze, Riga	*42*	*2 897*
incl. Šaltinių Namai (Attico), Vilnius	*1 064*	*1 454*
Works in progress	53 724	29 885
incl. Uus-Kindrali, Tallinn	*8 948*	*5 324*
incl. Kalaranna District Tallinn	*24 908*	*11 048*
incl. Šaltinių Namai (Attico), Vilnius	*13 406*	*7 211*
inc. Naugarduko, Vilnius	*6 462*	*6 302*
Goods bought for resale	95	126
Prepayments for inventories	934	78
Total	56 951	35 563

Property held for sale includes completed real estate stock, consisting of 2 apartments, 1 business premise, and several storage rooms and parking spaces 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.
In Tallinn, this covers ongoing projects in Kalaranna and Uus-Kindrali, while in Vilnius, it includes the final phase with city villas and a residential-commercial building. Meanwhile with Naugarduko we are in the process of obtaining the building permit subject to which we plan to embark on reconstruction works at the beginning of Q2,2025.

Properties are transferred from “works in progress” to “property held for sale” upon completion.

Movements in inventory are described in the table below:

in thousands of euros	Inventories total
Balance at 01.01.2023	**34 224**
Increase in value (development)	12 710
Disposal (recognized in cost of sales)	-11 371
Balance at 31.12.2023	**35 563**
Increase in value (development)	28 026
Disposal (recognized in cost of sales)	-6 638
Balance at 31.12.2024	**56 951**

Capitalised development costs the reporting period include capitalised interest in amount of 1 784 thousand euros (2023: 0).

Note 12. Non-current receivables

in thousands of euros	31.12.2024	31.12.2023
Finance leases	4	10
Deposited amounts related to loan obligations	300	0
Other non-current receivables	13	2 000
Total	**317**	**2 010**

On 21 July 2023 the Group signed a preliminary agreement with an intention to buy 67,5% of the shares of Preatoni Nuda Proprieta S.R.L (registered office in Milan, Italy) and made a prepayment in amount of 2 million euros for potential purchase of a new subsidiary. On March 22, 2024 the Group acquired 67,5% of the shares of Preatoni Nuda Proprieta S.R.L (registered office in Milan, Italy) at a price of 2,5 million euros (Notes 6,7 and 32).
To guarantee a loan from Šiauliu Bankas AB, a deposit in amount of 300 thousand euros is made in Šiauliu Bank.

Note 13. Property, plant and equipment

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Prepay-ments	PPE total	Right-of-use assets
Acquisition value 31.12.2022	7 040	1 156	271	0	8 467	701
Acquired	578	113	48	6	746	311
Written off	0	0	-28	0	-28	-358
Acquisition value 31.12.2023	7 618	1 269	291	6	9 185	654
Acquired	16	97	32	-6	139	145
Acquisition of a subsidiary (Note 6)	0	15	0	0	15	225
Sold	0	0	-1	0	-1	0
Written off	0	0	-3	0	-3	-137
Acquisition value 31.12.2024	7 634	1 381	319	0	9 335	887

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	PPE total	Right-of-use assets
Accumulated depreciation 31.12.2022	0	942	231	1 173	506
Depreciation charge for the period	189	63	23	275	132
Written off	0	0	-26	-26	-349
Accumulated depreciation 31.12.2023	189	1 005	227	1 422	289
Depreciation charge for the period	216	74	29	319	222
Sold	0	0	-1	-1	0
Written off	0	0	0	0	-137
Accumulated depreciation 31.12.2024	405	1 079	255	1 740	374

Balance sheet value in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Prepay-ments	Total	Right- of - use assets
31.12.2023	7 429	264	64	6	7 763	365
31.12.2024	7 229	302	64	0	7 595	513

The carrying amount of land and buildings as at 31 December 2024 was 7,2 million euros under the revaluation model. Had the Group applied the cost model, the carrying amount would have been 5.2 million euros (31 December 2023: 5.4 million euros).

Valuation of properties

In accordance with the classification of IFRS 13, land and buildings measured at revalued amounts are categorized under Level 3 of the fair value hierarchy. The valuation of these properties relies on significant inputs that are not directly observable but are critical in determining fair value.

The land and buildings include the office at Sõjakooli 11, Tallinn and the Parkhotel Kurhaus in Bad Kreuznach, close to Frankfurt.

The office at Sõjakooli 11, located in the Tondi Quarter of Tallinn, is valued annually by Colliers along with other investment properties in the Tondi Quarter. In 2024, its market value is assessed using the Income Approach, specifically the Discounted Cash Flow (DCF) method, incorporating rent income, with a Weighted Average Cost of Capital (WACC) of 8,20% and an exit yield of 7,2%

Based on the Colliers valuation, the property's value was estimated at 710 thousand euros which is 0,5% lower than it carrying amount. The management concluded that a revaluation was not necessary.

For the hotel in Bad Kreuznach, Germany, the valuation emphasizes the property's cash flow generation and operational efficiency, rather than on the owner's rental income, given that the Group operates the hotel directly on a property owned by its real estate subsidiary. The valuation incorporates historical data and expected performance indicators, as provided by the hotel management. This information is reviewed by the CFO and Group Management, with valuation reports subsequently approved by the Group's Management.

The most recent independent valuation of the hotel was conducted in 2022. At the end of 2024, the management updated the valuation using the income capitalization method. This method focuses on the property's income potential, accounting for historical performance and future projections. The updated valuation applied a WACC of 7,03% and incorporated adjustments for leasehold constraints, including land value limitations, lease terms, and long-term fees.

The valuation determined the hotel's value to be 6.7 million euros, which exceeds it carrying amount by 2,6%. Based on these findings, the management decided that a revaluation was not necessary.

Note 14. Investment property

in thousands of euros	Property held for increase in value	Total
lance at 01.01.2023	**45 575**	**45 575**
Capital expenditure	473	473
Gain from change in fair value (Note 28)	1 972	1 972
Reclassification to inventories	- 5 324	-5 324
Reclassification to assets held for sale	-2 335	-2 335
Balance at 31.12.2023	**40 361**	**40 361**
Capital expenditure	384	384
Gain from change in fair value (Note 28)	1 130	1 130
Reclassification from assets held for sale	2 335	2 335
Balance at 31.12.2024	**44 210**	**44 210**

The fair value (FV) of the Group's investment property at 31 December 2024 and 31 December 2023 has been derived on the basis of valuations carried out by Colliers International

independent valuators not related to the Group. Valuation company has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuations were performed by reference to recent market information.
The Market Value of the properties is primarily calculated through the Sales Comparison Approach, benefiting from sufficient market evidence from comparable development properties currently available. However, an exception is made for the property in Kliversala, Latvia. In this case, the valuation of the Subject property is conditionally divided into two parts and the Market Value is calculated by considering both the Sales Comparison method and the Income Approach, while also taking into account the current highest and best use of the subject property and prevailing conditions in the real estate market.

In 2024 the valuation resulted in an increase of 1.1 million euros (2023: 2 million euros) which has been presented as other operating income in consolidated statement of profit and loss and other comprehensive income. During 2024 the Group has paid for investments 384 thousand euros (2023: 0.5 million euros).

Valuation of properties

According to IFRS 13 classification, investment properties owned by the Group are classified as belonging to Level 3 value hierarchy. A majority of investment properties are valued using market comparision method. Under market comparable method valuations performed are based on prices of transactions involving properties of a similar nature, location and condition. Where necessary, the price information from other transactions is adjusted to reflect any differences in the terms of the actual transaction. The valuation of properties is based on inputs that are not observable and are significant to the overall fair value measurement.
The most significant unobservable inputs used in the valuations are the price per building right (€/GBA/m2 above ground), as significant increases (decreases) in estimated price per building would result in a significantly higher (lower) fair value on a linear basis.
Valuation reports prepared by the experts are reviewed and approved by the Management of the Group.

Ülemiste 5, Tallinn

Ülemiste property is situated next to the railway and the future Rail Baltica Ülemiste joint terminal. It is planned to develop office and retail spaces with total leasable area of 14 410 square meters. The market value was calculated by using Sales Comparison Approach. Four comparable objects were selected and comparable transactions were adjusted with different factor weights. As a result, the value of 227 €/m² (2023: 212 €/m²) was reached per building right (Gross Building Area- GBA) square meter above ground, which is 18 500 square meters in this project.

Kristiine City, Tallinn

Kristiine City is one of the largest residential blocks in the Baltics, located close to the city centre in the former Dunte summer manor and latter territory of the military school. The area still to be developed has been divided into 6 different cadastral units so as to allow the phased-out development subject to market trends and conditions. The market value of the property was estimated using Sales Comparison Approach as there is currently enough market evidence with comparable development properties on the market. As a result, the value of 367 €/m² (2023: 347 €/m² as a mathematical calculation total value 20.1 million euros divided by GBA) was reached per building right (Gross Buildable Area- GBA) square meter above ground, which is 54 966 square meters in this project.

Kliversala residential complex, Riga

Kliversala is a residential and commercial development project located on the left bank of river Daugava. The land is located between two main bridges, next to one of the biggest parks in Riga and has a long coastline. The property is situated on the waterfront and provides views of the Old Town on the opposite bank. The project for the residential area foresees a series of exclusive apartment buildings coupled with commercial premises. It has been planned to develop the property in phases. The first phase, River Breeze Residence, was completed in spring 2018, and the remaining inventory was sold in 2024, leaving only two parking spots available.
Remaining phases are classified as investment property. The valuator has divided the valuation of the Subject property conditionally into two parts, taking into account the status and readiness for the start of construction. The Market Value is calculated by considering both the Sales Comparison and the Income Approach method.
Blue Marine is the following phase ready for construction. To calculate the value of this stage, the Valuator has used Income Approach method (DCF) with 5-year period, applying a discount rate of 11.25%. The valuation was based on a gross building area (GBA) of 9 394 m². In addition, a sales comparison was used as a cross-check calculation. As a result, the value of 224.6 €/m² (2023: 227.8 €/m²) was reached per GBA square meter above ground.

Sensitivity Analysis of DCF Model

As of 31 December 2024, the fair value of the Blue Marine phase was determined using the Discounted Cash Flow (DCF) method applying a discount rate of 11.25%. A reasonably possible change in the discount rate of ±0.5 percentage points could result in a change in the fair value estimate of approximately –3% to +10%, with the derived gross €/m² value decreasing to approximately 218.1 €/m² or increasing to approximately 247.4 €/m², compared to the current derived value 224.6 €/m². The valuation is particularly sensitive to changes in the discount rate due to the structure of the cash flows, where substantial positive cash flows are expected in later periods following negative cash flows in the earlier stages.

The market value of the remaining 73 234 square meters of gross building area (GBA) was determined using the Sales Comparison Approach. Six comparable objects were found and comparable transactions were adjusted with different factor weights. As a result, the value of 158.8 €/m² (2023: 158.0 €/m²) was reached per GBA square meter above ground.

City Oasis residential complex, Riga

City Oasis is a residential development project located in Tallinas street, Riga at the right bank of river Daugava, right next to the border of Riga's historical City Centre. The project for the residential area foresees a series of apartment buildings with commercial functions on the first floor with net sellable area of 20 814 square meters and 357 square meters respectively. It has been planned to develop the property in one phase. The valuator has used the Sales Comparison approach for valuation. Five comparable objects were found and comparable transactions were adjusted with different factor weights. As a result, the value of 120.8 €/m² (2023: 115.5 €/m²) was reached per GBA square meter above ground. 31 631 square meters have been considered as GBA for the project.

Brivibas Business Quarter, Riga

Brivibas is a mixed development project located at one of the main transport arteries heading through the city, next to the railways within a former industrial area. The project foresees renovation of the existing industrial building into mostly office buildings with total net rentable area of 18 080 square meters. The project is expected to be developed in two phases as the initial phase includes the renovation. The valuator has used the Sales Comparison Approach for valuation. Four comparable objects were found and comparable transactions were adjusted with different factor weights. As a result, the value of 75.2 €/m² (2023: 74.8 €/m²) was reached per GBA square meter above ground. 31 212 square meters have been considered as GBA for the project. The Group considered to sell this property in 2024, however due to unfavorable market conditions the management decided to keep the property as investment property.

Summary of movements and valuation inputs:

Property	Valuation method	FV 2024 th euros	FV 2023 th euros	Capex	Change in FV	GBA m²	Average €/m² 2024	Average €/m² 2023
Kristiine City*	*SCA*	20 100	19 076	174	850	54 966	366 €/m²	343 €/m²
Ülemiste 5	SCA	4 200	3 920	0	280	18 500	227 €/m²	212 €/m²
Kliversala	DCF, SCA	13 743	13 711	3	29	82 628	166 €/m²	166 €/m²
City Oasis	SCA	3 820	3 654	163	3	31 631	121 €/m²	116 €/m²
Brivibas	*SCA*	2 347	0	44	-32	31 212	75 €/m²	75 €/m²
Total		**44 210**	**40 361**	**384**	**1 130**	**218 937**	**202 €/m²**	**194 €/m²**
Property held for sale								
Brivibas		N/A	2 335			31 212		75 €/m²
Total incl property held for sale		**44 210**	**42 696**	**384**	**1 130**	**218 937**	**202 €/m²**	**194 €/m²**

SCA - sales comparison approach
DCF – discounted cash flow method

Investment properties of the Group are evaluated based on the assumed highest and best use according to the management judgement.

Note 15. Intangible assets

Intangible assets stated in these consolidated financial statements comprise of client database, trademarks, websites, software and visual materials.

As part of the acquisition of the new subsidiary Preatoni Nuda Proprietà, intangible assets in the amount of 3.6 million euros were recognised. In addition, the business combination resulted in the recognition of goodwill totalling 863 thousand euros. (Notes 6 and 7).

Acquisition value in thousands of euros	Client database	Trade-marks	Websites and software	Other	Prepay-ments	Total
Acquisition value 31.12.2022	**0**	**43**	**180**	**1**	**20**	**244**
Acquired	0	0	36	0	6	**42**
Reclassification	0	0	0	0	-5	**-5**
Acquisition value 31.12.2023	**0**	**43**	**216**	**1**	**21**	**281**
Acquired	0	26	18	0	0	**44**
Acquisition of subsidiaries (Note 6)	3 317	0	230	0	0	**3 547**
Reclassification	0	0	0	0	-1	**-1**
Written off	0	0	-87	-1	0	**-88**
Acquisition value 31.12.2024	**3 317**	**69**	**377**	**0**	**20**	**3 783**

Accumulated amortization in thousands of euros	Client database	Trade-marks	Websites and software	Other	Total
Accumulated amortization 31.12.2022	**0**	**36**	**126**	**1**	**163**
Amortization charge for the period	0	1	21	0	**22**
Accumulated amortization 31.12.2023	**0**	**37**	**147**	**1**	**185**
Amortization charge for the period	829	2	122	0	**953**
Written off	0	0	-75	-1	**-76**
Accumulated amortization 31.12.2024	**829**	**39**	**194**	**0**	**1 062**

Balance sheet value in thousands of euros	Client database	Trade-marks	Websites and software	Other	Prepay-ments	Total
31.12.2023	0	6	69	0	21	96
31.12.2024	2 488	30	183	0	20	2 721

Note 16. Current debt

in thousands of euros	Bank loans and overdrafts (Note 21)	Non-convertible bonds (Note 22)	Current portion of finance lease	Total
01.01.2023	**63**	**0**	**110**	**173**
Changes from financing cash flows	-63	0	-152	-215
Other changes	63	31 113	217	31 393
31.12.2023	**63**	**31 113**	**175**	**31 351**
Changes from financing cash flows	-63	-10 003	-175	-10 241
Other changes	15 166	-14 643	260	783
31.12.2024	**15 166**	**6 467**	**260**	**21 893**

In 2024 15.2 million euros of bank loans was reclassified from non-current debt to current debt.
In 2023 28.5 million euros of secured and 1.4 million euros of unsecured non-convertible bonds were reclassified as current debt, as their contractual maturity dates were within 12 months.
In January 2024, the Terms and Conditions of the secured non-convertible bonds were amended, including an extension of their maturity date.
Under the amended terms, the Group partially redeemed 8.6 million euros of the bonds at the beginning of 2024 and is contractually required to redeem 5 million euros by 31 December 2025. The 5 million euros is presented within current debt as at 31 December 2024 and the remaining amount was reclassified as non-current debt. Additional information is included in the Note 22.

Note 17. Current payables

in thousands of euros	31.12.2024	31.12.2023
Trade payables	4 405	2 731
Accrued expenses	1 173	961
Accrued interest	17	3
Other	5	5
Total	5 600	3 700

Trade payables consist mostly of construction invoices issued at the end of the year in relation to ongoing constructions in Kalaranna, Uus-Kindrali and Šaltiniu Namai.

Note 18. Non-current debt

in thousands of euros	Loans and overdrafts (Note 21)	Non-convertible bonds (Note 22)	Non-current portion of finance lease	Total
01.01.2023	**406**	**37 623**	**155**	**38 184**
Changes from financing cash flows	3 974	0	310	4 284
Other changes	-63	-29 493	-217	-29 773
31.12.2023	**4 317**	**8 130**	**248**	**12 695**
Changes from financing cash flows	13 454	0	-47	13 407
Changes from acquired subsidiaries	745	0	0	745
Other changes	-15 166	15 560	110	503
31.12.2024	**3 350**	**23 690**	**310**	**27 350**

The Group received loans for 17.6 million euros and repaid loans for 4.2 million euros.
In January 2024, the Terms and Conditions of the secured non-convertible bonds were amended, including an extension of their maturity date. As a result of the reclassification from current to non-current liabilities, the carrying amount of non-current debt increased by 15.560 thousand euros. Additional information is included in the Note 22.

Note 19. Customer advances

in thousands of euros	31.12.2024	31.12.2023
Advances for real estate	9 594	3 623
Advances for hotel services	24	34
Total	**9 618**	**3 657**

Customer advances represent "contract liabilities" under IFRS 15. Customer advances are recorded in the financial statements from receiving deposit and instalment payments until properties are handed over to customers. 9.6 million euros of customer advances are related to developments in Kalaranna District, Uus-Kindrali and Vilnius (2023: 3.6 million euros).
During the year 2024 the Group recognised revenue of 670 thousand euros, which was included in contract liabilities balance as at 31 December 2023. No revenue was recognised in 2024 from performance obligations satisfied in previous periods, as there were no changes to transaction prices or contract modifications impacting prior period obligations.

The key movements in customer advances during the reporting period were as follows: increase due to new advance payments 6 706 thousand euros, a decrease of 670 thousand due to revenue recognition as performance obligations were satisfied and a decrease of 75 thousand euros due to refunds of advance payments to the customers.

Note 20. Tax liabilities

in thousands of euros	31.12.2024	31.12.2023
Value Added Tax	676	12
Employers taxes	123	135
CIT	24	0
Other taxes	10	14
Total	**833**	**161**

Note 21. Loans and overdrafts

		Loan balance in thousands of euros		
Borrower	**Creditor**	**31.12.2024**	**31.12.2023**	**Maturity**
OÜ Kindrali Majad	AS LHV Pank	1 824	0	01.01.2026
OÜ Kalaranna Kvartal	AS LHV Pank	15 104	3 974	28.04.2026
PK Hotel Management Services GmbH	Sparkasse	343	406	30.06.2030
PK Invest UAB	Šiauliu Bankas UAB	500	0	31.08.2027
Preatoni Nuda Proprieta S.r.l	Other creditors	745	0	2026-2030
Total		**18 516**	**4 380**	

Bank loans are related to development activities with an exception of loan from Sparkasse to our German hotel as part of the subsidy related to Covid-19 support.

The total interest cost on loans for the reporting period was 0.3 million euros (2023: 0.4 million euros). Current loans are described in Note 16, non-current loans in Note 18, collaterals of the loans in Note 23 and finance costs in Note 29.

Note 22. Secured and unsecured non-convertible bonds

in thousands of euros	31.12.2024	31.12.2023
Current secured non-convertible debt	6 112	30 726
Current unsecured non-convertible debt	354	387
Non-current secured non-convertible debt	15 560	0
Non-current unsecured non-convertible debt	8 130	8 130
Total	**30 156**	**39 243**

Unsecured and secured non-convertible bonds

Registration date of bonds issued	February 2020 (secured)	August 2020 – January 2021 (unsecured)
Number of bonds	285	3 459 081
Issue price per bond	100 000 EUR	2.80 EUR
Total nominal value, in euros	28 500 000	9 685 427
Annual return (%) from issue price	8%	8%
Interest payment	Twice a year	Twice a year
Redemption date	20 February 2024	31 October 2024
New terms		
Number of bonds	285	3 459 081
Nominal price per bond	70 000 EUR	2.38 EUR
Total nominal value, in euros	19 950 000	8 232 613
Annual return (%) from issue price	11%	9%
Interest payment	Twice a year	Twice a year
Redemption date	20 February 2028	31 October 2026

2 925 641 unsecured and non-convertible bonds with the total face value of 8 191 795 euros were issued in August 2020. During the second subscription period, 187 502 bonds with the total issue value of 525 006 euros were issued in November 2020. During the third subscription period, 345 938 bonds with the total issue value of 968 626 euros were issued in January 2021. New unsecured non-convertible bonds have been listed on Nasdaq Tallinn bond list since 27 January 2021 The Group redeemed 15% of the denomination value of all the Bonds and paid each investor 0.42 euros per each bond on 31 October 2024 (i.e. 1.5 million euros). As from 1 November 2024 the new denomination value of the Bonds is 2.38 euros per bond and the maturity date is 31. October 2026. The balance sheet value on the reporting date was 8.5 million euros which includes nominal value, refinancing costs and accrued interests (2023:8.5 million euros).

Number of unsecured bonds	2024	2023
Number of unsecured non-convertible bonds at the beginning of the period	3 459 081	3 459 081
Number of unsecured non-convertible bonds at the end of the period	3 459 081	3 459 081

in thousands of euros	2024	2023
Value of unsecured bonds at the beginning of the period	9 685	9 685
Value of unsecured bonds at the end of the period	8 233	9 685
Current portion of liabilities at the end of the reporting period in nominal value	0	1453
Non-current portion of liabilities at the end of the reporting period in nominal value	8 233	8232

In February 2020 the Group secured refinancing of 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 current Pro Kapital subsidiaries were pledged. 285 bonds (value of 100 000 euros each) carry a fixed rate coupon 8% and matured in February 2024. The New Bonds were approved for trading on Nasdaq Stockholm bonds list on 9 July 2020.

In 2023 the Company initiated a written procedure for extending the maturity of the senior secured bonds, which was approved by bondholders in January 2024. According to Terms and Conditions of the bonds, the Group partially redeemed 8.6 million euros of the bonds on 05 February 2024 by way of reducing the outstanding amount of each bond pro rata at a price equal to 100 per cent of the nominal amount together with accrued but unpaid interest on the prepaid amount. From 21 February 2024 the senior secured bonds will carry an interest rate of 11% and will be due on 20 February 2028. In accordance with IFRS 9, the change of the interest rate and maturity date of the bonds was accounted for as a modification of the financial liability. As a result, a modification loss of 1.4 million euros was recognised in profit or loss as a finance cost.

According to terms and conditions of the bonds, the Group has to meet maintenance test, which requires equity to assets ratio to be higher than 35%. The equity ratio was 43.13% as at the end of the reporting period. The balance sheet value of the secured non-convertible bonds is 21.7 million euros on 31 December 2024, including the nominal amount, accrued interest, and the modification loss recognised in accordance with IFRS 9 (2023:30.7 million euros)

Number of secured bonds	2024	2023
Number of secured bonds at the beginning of the period	285	285
Number of secured bonds at the end of the period	285	285

in thousands of euros	2024	2023
Value of secured bonds at the beginning of the period	28 500	28 500
Value of secured bonds at the end of the period	19 950	28 500
Current portion of liabilities at the end of the reporting period in nominal value	**5 000**	**8550**
Non-current portion of liabilities at the end of the reporting period in nominal value	**14 950**	**19 950**

Note 23. Collaterals and pledged assets

AS Pro Kapital Grupp has pledged in favor of Nordic Trustee & Agency AB the shares of all its subsidiaries. The pledges have been set to guarantee the secured non-convertible bonds issued in February 2020 in total amount of 28.5 million euros. The total value of pledged shares is 63.3 million euros (total nominal value of share capital of subsidiaries). In addition to share pledges, the Group bank account held with LHV Bank is pledged. The cash balance in LHV bank pledged accounts was 14 thousand euros on 31 December 2024 (18 thousand at the end of 2023 in Nordea Bank Sweden AB). As of reporting date the development loans related to Kalaranna District, Uus-Kindrali and Saltniu Namai are secured by pledged inventory with total value of 45.7 million euros.

Note 24. Share capital and reserves

Share capital

Owners of AS Pro Kapital Grupp ordinary shares have the right to receive dividends, in case these are announced, and to participate in voting at general shareholders' meetings of the entity with one vote per share. The Company has not issued any preference shares.

On 31 December 2024 and on 31 December 2023 the share capital in the amount of 11.3 million euros consisted of 56 687 954 ordinary shares at a nominal value of 0.20 euros per share. All shares have been paid for in full.

According to the articles of association effective on 31 December 2024, the minimum share capital amounts to 6 million euros, whereas maximum share capital amounts to 24 million euros.

The share premium reserve 6 million euros represents the amount received by the Group from the issuance of shares above their nominal value, net of any transaction costs directly attributable to the issue of new shares. In accordance with Estonian legislation and the Company's Articles of Association, the share premium reserve is not available for distribution as dividends and may be used only in circumstances permitted by law, such as for increasing share capital or covering losses.

Reserves

As decided on 28 May 2024 on the Annual General Meeting of shareholders, the loss of 2023 was decided to be distributed into retained earnings of previous period.

Statutory legal reserve of the Company is recorded based on the requirements of the Estonian Commercial Code § 336 and was comprised of the provisions made from the net profit. The statutory legal reserve as at 31 December 2024 amounted to 1.1 million euros (2023: 1.1 million euros).

Revaluation surplus results from application of revaluation model to property, plant and equipment (specifically land and buildings) under IAS 16 "Property, Plant and Equipment". Revaluation surplus as at 31 December 2024 is 2 million euros (2023: 2.1 million euros).

Note 25. Revenue

Segment revenue (Note 8) *in thousands of euros*	2024	2023
Revenue from contracts with customers		
Revenue from sale of real estate	10 679	16 722
Hotel operating revenue	6 046	5 452
Revenue from other services	514	526
Revenue from brokerage commissions on real estate sales	704	0
Total revenue from contracts with customers	**17 943**	**22 700**
Rental income	215	321
Total	**18 158**	**23 021**

Timing of revenue recognition *in thousands of euros*	2024	2023
At a point in time		
Revenue from sale of real estate	10 679	16 722
Revenue from other services	22	34
Revenue from brokerage commissions on real estate sales	704	0
Total revenue recognised at a point in time	**11 405**	**16 756**
Over time		
Hotel operating revenue	6 046	5 452
Revenue from maintenance fees	492	492
Total revenue recognised over time	**6 538**	**5 944**
Rental income	215	321
Total	**18 158**	**23 021**

Revenue from sale of real estate has decreased by 36% compared to reference period as most of the apartments in our completed real estate developments had been sold by the end of 2023. Sales of available inventory continued in Kliversala in Riga and in Šaltinių Namai in Vilnius. In December 2024 we started handing over the first apartments from the final stage of Kalaranna District, Tallinn, while the majority will be ready for the customers in the first quarter of 2025.

Customer advances decrease when developments are completed, 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 recognized. Revenue from hotel operations has increased significantly compared to the previous period as the renovation works that were finalised in spring 2023 have given possibility to increase room rates and focus more on MICE activities.

Note 26. Cost of sales

Split by activities *in thousands of euros*	2024	2023
Cost of real estate sold	7 879	11 703
Cost of providing rental services	14	86
Cost of hotel operations	4 252	3 906
Cost of maintenance and other services	590	298
Total	**12 735**	**15 993**

Split by type

in thousands of euros	2024	2023
Personnel expenses	1 904	1 274
Depreciation charge	1 224	244
Inventory write-off	20	73
Other	9 587	14 402
Incl cost of real estate sold	*6 274*	*11 297*
Incl maintenance services purchased	*264*	*1 007*
Incl supplies costs	*2 547*	*1 825*
Incl commissions and service fees	*497*	*261*
Incl other	*5*	*12*
Total	12 735	15 993

Note 27. Marketing and administration expenses

Marketing expenses

in thousands of euros	2024	2023
Personnel expenses	399	327
Advertising	420	236
Other	317	142
Total	1 136	705

Administration expenses

in thousands of euros	2024	2023
Personnel expenses	2 919	2 994
Consulting fees	1 038	1 275
Depreciation charge	221	165
Land and real estate taxes	285	279
Bank and CSD fees	109	87
Maintenance of own properties	172	217
Office and software	215	180
Other	334	243
Total	5 293	5 440

Consulting fees include fee payable to Ernst & Young Baltic AS for the audit of the Group in total amount 183 thousand euros (net of VAT).
As at the end of 2024 the number of employees in the Group was 96 (2023: 85) and total personnel cost (included in cost of sales, marketing and administrative costs) in 2024 were 5.2 million euros comparing to 4.6 million euros in 2023.

Note 28. Other operating income and expenses

in thousands of euros	2024	2023
Fines collected	0	1
Profit from sale of investment property	0	111
Net gain from fair value adjustments	1 130	1 972
from investment property (Note 14)	*1 130*	*1972*
Other	34	15
Total	**1 164**	**2 099**

Other expenses

in thousands of euros	2024	2023
Fines and penalties paid	10	5
Loss from write off of non-current assets	16	0
Other	9	14
Total	**35**	**19**

Note 29. Finance income and cost

Finance income

in thousands of euros	2024	2023
Interest income	123	254
Total	**123**	**254**

Finance cost

in thousands of euros	2024	2023
Interest expenses:	2 816	3 829
Interest expenses of the bonds	*2 742*	*3 464*
Interest expenses of loans and overdrafts	*52*	*357*
Interest expenses on leases	*22*	*8*
Loss from modification of financial liability	1 413	0
Other financial expenses	47	286
Total	**4 276**	**4 115**

Note 30. Income tax

Rates of statutory corporate income tax	2024	2023
Estonia	22.0%	20.0%
Latvia	20.0%	20.0%
Lithuania	15.0%	15.0%
Germany	30.0%	30%
Italy	27,9%	N/A

According to Income Tax Acts in Estonia and Latvia net profit is not taxed until distribution.

Income tax expense in unconsolidated reports

2023 in thousands of euros	Estonia	Latvia	Lithuania	Germany	Total
Profit/ loss before taxation (unconsolidated)	-1 802	1 373	-462	199	-691
Income tax, statutory rate	0	0	-69	0	-69
Non-deductible expenses	0	0	0	0	0
Non-taxable income and tax incentive	0	0	-6	0	-6
Tax loss utilized	0	0	11	0	11
Reversals	0	0	66	0	66
Total income tax expense	**0**	**0**	**2**	**0**	**2**
Effective income tax rate	**0%**	**0%**	**0%**	**0%**	**0%**

2024 in thousands of euros	Estonia	Latvia	Lithuania	Germany	Italy	Total
Profit/ loss before taxation (unconsolidated)	-3 097	458	221	284	25	-2 109
Income tax, statutory rate	0	0	33	85	9	127
Non-deductible expenses	0	0	8	0	0	8
Non-taxable income and tax incentive	0	0	-4	0	0	-4
Tax loss utilized	0	0	-57	-85	0	-142
Reversals	0	0	45	0	0	45
Total income tax expense	**0**	**0**	**25**	**0**	**9**	**34**
Effective income tax rate	**0%**	**0%**	**11%**	**0%**	**36%**	**0%**

Income tax expense in consolidated report

in thousands of euros	2024	2023
Profit/loss before income tax	-4 030	-898
Estimated income tax respective to the tax rates	0	0
Adjustments to estimated income tax:		
Income tax, statutory rate	42	-69
Non-deductible expenses (+)	8	0
Non-taxable income and tax incentive	-4	-6
Tax loss utilized	-57	11
Reversal loss carry forward	45	66
Income tax expense	**34**	**2**
Effective tax rate	N/A	N/A
Income tax expense	34	2
Deferred income tax expense	-189	0
Total effect on income statement	**-155**	**2**
Income tax paid	1	3

Deferred income tax liability (net) movements

in thousands of euros	Accelerated tax depreciation	Deferred development cost	Revaluation of assets	Deferred tax losses	Total
01.01.2023	**0**	**700**	**430**	**0**	**1 130**
Effect on income statement:					
Income tax expenses and reclaims of the reporting period	0	0	0	0	0
31.12.2023	**0**	**700**	**430**	**0**	**1 130**
Effect on income statement:					
Income tax expenses and reclaims of the reporting period	0	26	28	0	54
Income tax expenses from business combinations during reporting period	0	0	732	0	732
Impact on equity	0	0	115	0	115
31.12.2024	**0**	**726**	**1 305**	**0**	**2 031**

In accordance with IAS 12 (Income Taxes), a deferred tax liability has been recognized on the revalued intangible assets due to temporary differences arising from the fair value adjustment (revaluation amount subject to deferred tax: 3 497 thousand euros; applicable tax rate: 27,9% (IRES-24%, IRAP-3,9%); deferred tax liability recognized: 976 thousand euros.)(Notes 6 and 7)

Deferred income tax balances

in thousands of euros	31.12.2024	31.12.2023
Deferred income tax liability	2 031	1 130
Total, net	**2 031**	**1 130**

The Group's retained earnings and maximum possible amount of corporate income tax (CIT) obligation were as follows:

in thousands of euros	31.12.2024	31.12.2023
Group's retained earnings	30 523	34 198
Estonian tax rate applicable	22%	20%
Contingent CIT obligation	**6 715**	**6 840**
Maximum net dividend	**23 808**	**27 358**

The calculation of maximum possible income tax liability is based on the assumption that the sum of distributable net dividends and the income tax expense which occurs on distribution of dividends cannot exceed total retained earnings as at 31 December 2024 and 31 December 2023.

The Group has received dividends from its subsidiary Pro Kapital Latvia PJSC, which is the resident and taxable person in the Republic of Latvia. As at 31 December 2024 the Company has potential opportunity (in case of retained earnings) to pay dividends that are not taxable with income tax in amount of 44.2 million euros (31 December 2023: 44.2 million euros). The Company has also the potential opportunity to distribute paid in capital in the total amount of 78.4 million euros without income tax applied. The total maximum possible income tax amount that could be considered as contingent asset is 30.7 million euros.

Note 31. Earnings per share

Earnings per share are calculated by dividing the net profit/ loss for the period with the weighted average number of shares in the period:

Average number of shares:

For the period	01.01.2024-31.12.2024	(56 687 954 x 366/366)	=56 687 954
For the period	01.01.2023-31.12.2023	(56 687 954 x 365/365)	=56 687 954

Indicative earnings per share from continuing operations:

2024	-3 675 thousand euros/ 56 687 954=-0.06 euros
2023	-900 thousand euros/ 56 687 954 =-0.02 euros

Note 32. Transactions and balances with related parties

Balances and transactions between the parent and its subsidiaries have been eliminated within consolidation and are not disclosed in this Note. Details of transactions between the Group and other related parties are disclosed below.

Transactions with related parties are considered to be transactions with shareholders, members of the Supervisory Council and the Management Board (defined as "key management personnel"), their immediate families and the companies in which they hold control or have significant influence.

Transactions with related parties

in thousands of euros	**2024**	**2023**
Significant owners and owner related companies		
Sales of goods/ services	9	9
Administrative expenses	456	513
Payments for subsidiaries	500	2 000
Members of the Management Board and Council		
Salaries and bonuses paid to management*	615	579

**Including remuneration paid to supervisory council and management board members of all subsidiaries, not only Group management remuneration as stated in the Management Remuneration Report.*

Receivables and payables from/to related parties

in thousands of euros	**31.12.2024**	**31.12.2023**
Short-term receivables		
To significant owner related companies	0	68
Long-term receivables		
To significant owner related companies	0	2 000
Total	**0**	**2 068**
Short term payables		
To significant owner related company	0	105
Long term payables		
Loans	745	0
Total	**745**	**105**

The Group has signed on July 21, 2023 a preliminary agreement with an intention to buy 67.5% of the shares of Preatoni Nuda Proprieta S.R.L (registered office in Milan, Italy). On 22 March 2024 the Group has decided to acquire 67.5% of the shares of Preatoni Nuda Proprieta S.R.L (registered office in Milan, Italy) at a price of 2.5 million euros of which 2 million euros has already been paid earlier (Notes 6 and 7) The purchase price was determined using due diligence analysis performed by external consultants before acquisition.

The Group has provided loans to related parties within consolidation group at rates comparable to the average commercial rate of interest. The loans to related parties have no collaterals.

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

Holdings in the Company	31.12.2024	31.12.2023
Significant owner and owner related companies	49.62%	49.31%
Members of the Council and individuals related them	0%	0%
Members of the Board and individuals related them	0%	0%

Mr. Emmanuele Bozzone, member of the Supervisory Council until July 2023, with his affiliates holds 357 000 unsecured, fixed rate non-convertible bonds of the Company with the nominal value of 2.38 euros each, i.e. 849 660 euros in total.

The major shareholder has informed the Company that the shares of the Company controlled by him and his affiliates have been transferred to SA Preatoni Group as of 30 December 2023. Being a major shareholder in that French entity, Ernesto Preatoni remains still as a final beneficiary of the shares. Following the transfer the shares will continue to be held on the same nominee accounts. Although the holding in AS Pro Kapital Grupp is less than 50%, the French company – Preatoni Group – consolidates the reporting group and is to be considered an ultimate parent for AS Pro Kapital Grupp. As of publishing this report SA PREATONI Group, which owns 49,62% of Pro Kapital shares, has announced the listing of its shares on the Euronext Access+ Paris segment through a technical admission. The first trading day for PREATONI Group shares (ISIN: FR001400WXE7) was 12 February 2025.

Note 33. Risk management

The business of the Group involves business risk and several financial risks: market risk (interest and currency risk), credit risk and liquidity risk. It is aimed to minimize the negative impact of these risks to the Group's financial results with the risk management. The main purpose of the risk management is to assure the retention of Group's equity and to carry Group activities as a going concern.

Financial risks

Financial assets

in thousands of euros	31.12.2024	31.12.2023
Cash and bank balances	4 344	17 065
Current receivables	822	1 411
Non-current receivables	317	10
Total	5 483	18 486

Financial assets include cash and bank balances and short-term and long-term receivables.

Financial liabilities

in thousands of euros	31.12.2024	31.12.2023
Current debt	21 893	31 352
Current payables	5 600	3 700
Non-current debt	27 350	12 695
Non-current payables	6	0
Total	54 849	47 747

Financial liabilities include loans non-convertible bonds, payables to suppliers. Financial liabilities of the Group belong to category 'other financial liabilities at amortized cost.

Interest risk

Interest risk is referring to potentially higher financing costs due to possible change of interest rate. The Group is exposed to interest rate risk when entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. In general, the interest rates of loans raised by the entities belonging to the Group are fixed through Euribor plus a risk margin. Interest risk appears from Euribor and the volatility of the average market interest rates which affect the Group's interest expenses.

The breakdown of interest-bearing financial debt is as follows:

in thousands of euros	**31.12.2024**	**31.12.2023**
Fixed rate liabilities	30 730	38 861
Variable rate liabilities (12+ months)	17 428	3 974

As of the end of 2024, the Group has an interest rate risk related to Euribor, but since Euribor is in a downward trend, the actual risk is already lower. On new developments the Group evaluates interest risk according to loan obligations and market situation and adopts interest rate risk mitigation measures as needed.

Sensitivity Analysis of Interest Rate Risk

As of 31 December 2024, the Group had 17 428 thousand euros in interest-bearing borrowings with floating interest rates. A reasonably possible change in the Euribor rate is considered to be +/-0.5 percentage point, reflecting current market expectations of moderate short-term movements. Such a change would impact the Group's profit before tax by approximately ±87 thousand euros (2023: ±20 thousand euros).

This sensitivity analysis is based on the floating rate debt outstanding at 31 December 2024. As the Group's financing is project-based, interest rate exposure may fluctuate throughout the year due to construction loan drawdowns and repayments. The analysis assumes no changes in loan balances or structure and no use of hedging instruments. The impact is presented before tax and includes only changes in interest expense. The methods and assumptions applied are consistent with those used in the previous reporting period.

Cash in banks also bear interest risk, especially due to negative rates and possible flooring. As at 31 December 2024 the Group had 4.3 million euros on bank accounts (31 December 2023: 17 million euros). Due to higher Euribor rates, the Group do not foresee any risks coming from negative interest rates in 2025 despite of the falling trend of Euribor rates.

Currency risk

Currency risk is a form of risk that arises from the change in price of one currency against another. Entities belonging to the Group perform transactions in currency applicable in the resident country, currency risk arises in case of exchange currency transactions, which are performed with currencies not related to euro. To ground the currency risk, all the relevant contracts in the Group are signed in euro or in currencies related to euro. Thus, the main currency risk is related with devaluation of currencies related to euro, against which the Group is not protected.

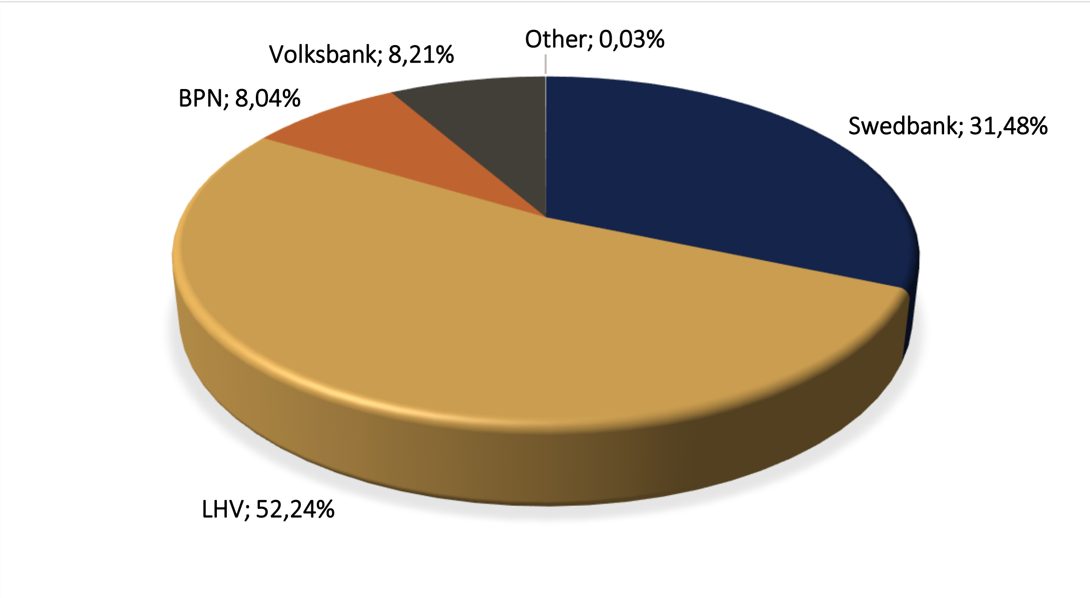
Due to the fact that Group's liabilities are all in euro and majority of Group's income comes from euro-based contracts, the Group's management estimates that it has limited exposure to foreign currency risk.

Credit risk

The Credit risk expresses potential loss that occurs, when counterparty does not fulfil their contractual obligations to the Group resulting in financial loss.

In general, the sales of real estate are secured with clients' prepayments. In case of sales of the real estate under the instalment, the creditworthiness of each client is analyzed separately. The ownership of the sales object belongs to the Group entities until the client has settled all debt. In extremely rare cases it may happen that the ownership is transferred to the buyer prior to final settlement. In this case a mortgage is set in favor of the Group entity to secure the debt. There were no such cases in 2024.

Also, cash accounts with the banks are subjects to the credit risk. The Group has narrowed the risk by having its assets in different high ratings assigned banks. As at 31 December 2024 the Group is holding assets in the following banks: LHV Pank, Swedbank, DNB Bank, Luminor Bank, BPN Bank, Šiauliu Bank, Volksbank and Sparkasse. Cash on accounts in the banks as at 31 December 2024 was distributed as follows:



Liquidity risk

Liquidity risk expresses the potential risk that if the Group's financial condition will change, the Group's ability to settle its liabilities on time will degrade. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by constantly monitoring cash flow forecasts and actual cash balances, and by matching the maturity profiles of financial assets and liabilities. As at 31 December 2024 the working capital of the Group's is positive and current ratio is 1.6 (as at 31 December 2023: 1.4).

Financial liabilities of the Group by due dates:

in thousands of euros	31.12.2024	Repayment of liabilities Within 1 year	Within 2-5 years	After 5 years	31.12.2023	Repayment of liabilities Within 1 year	Within 2-5 years	After 5 years
Loans	19 869	16 752	3 117	0	4 380	63	4 318	0
Lease liabilities	578	263	315	0	423	175	248	0
Unsecured non-convertible bonds	9 591	741	8 850	0	11 949	2 235	9 714	0
Secured unconvertible bonds	26 690	7 195	19 496	0	36 465	29 570	6 894	0
Trade payables	4 405	4 405	0	0	2 156	2 156	0	0
Other debt	18 294	16 075	2 219	0	9 978	8 740	1 238	0
Total	**79 428**	**45 431**	**33 997**	**0**	**65 351**	**42 939**	**23 865**	**0**

Financial liabilities carrying interests include accumulated interest amounts until repayment. Other debt includes current payables, tax liabilities, short term provisions and customer advances.

Short-term liabilities of the Group (loans and bonds) by due dates:

in thousands of euros	31.12.2024	Repayment of liabilities Within 1 month	2-3 months	4-12 months	31.12.2023	Repayment of liabilities Within 1 month	2-3 months	4-12 months
Loans	16 752	0	16	16 737	63	0	16	47
Lease liabilities	263	22	44	197	175	15	30	130
Secured and unsecured bonds	7 936	371	1 097	6 467	31 805	0	29 570	2 351
Total	**24 951**	**393**	**1 157**	**23 401**	**32 043**	**15**	**29 616**	**2 528**

Financial liabilities carrying interests include accumulated interest amounts until repayment.

Fair *value*

Based on the estimates of the Group's management, book value of the financial assets and liabilities does not differ significantly from their fair value.

Fair value of interest-bearing receivables and liabilities is not considered to be significantly different from their book value, because the interest rates fixed by the contracts underlying the corresponding receivables and liabilities do not significantly differ from the effective market interest rates.

Capital risk management

The purpose of capital risk management is to provide the Group's sustainability and to ensure profit for the shareholders through optimal structure of capital. The Group uses debt and equity instruments for financing business activities and it monitors percentage of equity to total assets in designing its financial structure and in assessment of risk.

	31.12.2024	31.12.2023
Equity to total assets	43.1%	50,8%
Debt to total assets	56.9%	49,2%
Long-term debt level	24.9%	13,0%

The Group strives to pursue conservative financing policy. The goal is to use external financing so as to avoid interest and loan covenant related risk during low economic periods and to have sufficient additional external financing capacity in case attractive business opportunities occur. The Group seeks to maintain such long-term debt levels that are in reasonable proportion to growth in operations and which preserve the Group's credit standing.

Long-term financing is planned and obtained on project-by-project basis. Prior to application for external finance a company constructs budget for the project in question, performs sensitivity analysis. When applying for external financing, company carefully considers the effect such additional financing may have on its debt/equity ratio, gearing ratio and NPV of the project. Additional borrowing conditions in face of loan/financial covenants, as well as interest rate risks are taken into consideration. If any special conditions are set in external financing agreement (rental income, ratio of rented/vacant space, etc.), company seeks to meet them yet before the agreement is signed. Generally, the Group's policy is to finance its assets and operating requirements in the currency of the country/currency zone concerned, in order to create a natural hedge and avoid any currency risk.

Long-term partners are preferred for external financing, given their offers are most favorable. Long-term loans are to be approved by the Company's Council prior to the assumption of loan obligations. Short term overdrafts may be used to smooth out the seasonality of company's business and to maintain cash balances that are adequate for operating levels. Short term financing partners are usually those through whom everyday banking operations of a company are carried out.

Estonian Commercial Code §301 establish a restriction to the level of mandatory equity level: total equity shall not be less than ½ of registered share capital. Under the Estonian Accounting Act such a compliance assessment is made based on the adjusted unconsolidated equity of the Company. The adjusted unconsolidated equity equals unconsolidated equity of the Company less book values of investments into subsidiaries measured at cost less impairment plus the amount of investments into subsidiaries measured under the equity method of accounting. As disclosed in Note 34 to these consolidated financial statements, the Group has been in compliance with such an equity restriction as at 31 December 2024 and 31 December 2023.

Note 34. Lawsuits

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

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

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

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

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

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

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

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

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

Note 35. Supplementary disclosures on the parent

The financial information of the parent comprises separate primary statements of the Company (statement of financial position, statement of income, statement of cash flows and statement of changes in equity), the disclosure of which is required by the Estonian Accounting Act. The primary financial statements of the parent have been prepared using the same accounting methods and measurement bases as those used for the preparation of the consolidated financial statements, except for subsidiaries which are reported at cost in the separate primary financial statements of the parent.

Statement of financial position

in thousands of euros	31.12.2024	31.12.2023
ASSETS		
Current assets		
Cash	356	590
Current receivables	6 537	8 779
Total current assets	**6 893**	**9 369**
Non-current assets		
Investments in subsidiaries	35 002	32 503
Non-current receivables	9 359	13 384
Intangible assets	2	3
Total non-current assets	**44 363**	**45 890**
TOTAL ASSETS	**51 256**	**55 259**
LIABILITIES AND EQUITY		
Current liabilities		
Current debt	6 466	31 113
Current payables	6 514	314
Tax liabilities	83	94
Total current liabilities	**13 063**	**31 521**
Non-current liabilities		
Non-current debt	23 689	8 129
Non-current payables	122 956	112 800
Other non-current payables	182	101
Total non-current liabilities	**146 827**	**121 030**
Total liabilities	**159 891**	**152 551**
Equity		
Share capital in nominal value	11 338	11 338
Share premium	5 661	5 661
Statutory reserve	1 134	1 134
Accumulated losses	-126 768	-115 425
Total equity	**-108 635**	**-97 292**
TOTAL LIABILITIES AND EQUITY	**51 256**	**55 259**

Statement of profit and loss and other comprehensive income

in thousands of euros	2024	2023
Revenue from contracts with customers		
Revenue	1 109	1 322
Gross profit	**1 109**	**1 322**
Marketing expenses	-1	0
Administration expenses	-2 422	-3 060
Other operating expenses	-1	-1
Operating loss	**-1 315**	**-1 739**
Finance income and cost		
Interest income	368	597
Interest expense	-8 938	-7 365
Loss from modification of financial liability	-1 413	0
Other finance income and cost	-47	-23
Loss for the year	**-11 345**	**-8 531**
Other comprehensive income		
Other comprehensive income	0	0
Total comprehensive loss for the year	**-11 345**	**-8 531**

Statement of changes in equity

in thousands of euros	Share capital	Share premium	Statutory reserve	Retained earnings	Loss for the year	Total equity
01.01.2023	11 338	5 661	1 134	-98 896	-7 996	-88 759
Result of the financial year	0	0	0	0	-8 531	-8 531
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	**0**	**0**	**0**	**0**	**-8 531**	**-8 531**
Allocation of net loss	0	0	0	-7 996	7 996	0
31.12.2023	11 338	5 661	1 134	-106 892	-8 531	-97 290
Cost of subsidiaries' shares	X	X	X	X	X	-32 503
Book value of the shares in subsidiaries calculated on equity method	X	X	X	X	X	184 216
Adjusted unconsolidated equity 31.12.2023	**X**	**X**	**X**	**X**	**X**	**54 423**
Result of the financial year	0	0	0	0	-11 345	-11 345
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	**0**	**0**	**0**	**0**	**-11 345**	**-11 345**
Allocation of net loss	0	0	0	-8 531	8 531	0
31.12.2024	11 338	5 661	1 134	-115 423	-11 345	-108 635
Cost of subsidiaries' shares	X	X	X	X	X	-35 003
Book value of the shares in subsidiaries calculated on equity method	X	X	X	X	X	194 271
Adjusted unconsolidated equity 31.12.2024	**X**	**X**	**X**	**X**	**X**	**50 633**

Statement of cash flows

in thousands of euros	2024	2023
Cash flows from operating activities		
Loss before tax	-11 345	-8 533
Adjustments for:		
Amortization of intangible assets	0	1
Finance income and costs	10 029	6 792
Other non-monetary changes	-113	0
Gain from foreign currency translation	0	1
Change in receivables and prepayments	455	1 747
Change in liabilities and prepayments	-20	163
Cash flow used in operating activities	**-994**	**171**
Cash flows from investing activities		
Loans granted	0	-1 131
Payments for subsidiaries	-500	-2 000
Repayments of loans granted	150	2 310
Payments for intangible assets	0	0
Interest received	4 034	127
Cash flows used in/ generated by investing activities	**3 684**	**-694**
Cash flows from financing activities		
Non-convertible bonds redeemed	-10 003	0
Proceeds from borrowings	11 216	141 590
Repayments of borrowings	-1 060	-94 110
Interests paid	-3 077	-46 432
Cash flows generated by financing activities	**-2 924**	**1 048**
Net change in cash	**-234**	**525**
Cash at the beginning of the year	590	65
Cash at the end of the year	356	590

Signatures of the Management Board

The Management Board of AS Pro Kapital Grupp has prepared the management report, the consolidated financial statements and the profit allocation proposal for 2024.

Edoardo Preatoni

Chairman of the Management Board *\/digitally signed\/*

Approval of the Supervisory Council

The Supervisory Council has reviewed the consolidated annual report which consists of the management report and the consolidated financial statements prepared by the Management Board, and which also includes the auditor's report and the profit allocation proposal and approved it for presentation at the General Meeting of Shareholders.

Patrick Jaques Bernard Werner

Chairman of the Supervisory Council

Giovanni Bozzetti

Member of the Supervisory Council

Oscar Crameri

Member of the Supervisory Council

Ernst & Young Baltic AS
Rävala 4
10143 Tallinn
Eesti
Tel.: +372 611 4610
Tallinn@ee.ey.com
www.ey.com/et_ee

Äriregistri kood 10877299
KMKR: EE 100770654

Ernst & Young Baltic AS
Rävala 4
10143 Tallinn
Estonia
Phone.: +372 611 4610
Tallinn@ee.ey.com
www.ey.com/en_ee

Code of legal entity 10877299
VAT payer code EE 100770654

Translation of the Estonian Original

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AS Pro Kapital Grupp

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of AS Pro Kapital Grupp and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *"Auditor's responsibilities for the audit of the consolidated financial statements"* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Estonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

This independent auditor's report (translation of the Estonian original) should only be used with the original document in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100006040/reports).

Shape the future with confidence

Key Audit Matter	*How our audit addressed the key audit matter*
Valuation of investment properties As at 31 December 2024 the carrying value of the Group's investment properties accounted at fair value is 44,2 mln EUR, which constitutes 37% of the Group's total assets. The basis of the Group's investment property valuation and accounting policy is presented in the material accounting policies section in Notes 3.8 and 3.13 to the consolidated financial statements. Significant accounting judgements, estimates and assumptions relating to investment properties are set out in Notes 4 and 14 to the consolidated financial statements. These investment properties are stated at their fair values based on independent external valuations. The estimation of the fair value of investment properties requires a high level of judgment. This is due to factors including the individual nature of each property, as well as the specific location and the outlook of each property. A relatively minor adjustment in the assumptions in the valuations of each individual property can lead to a material effect on the consolidated financial statements. Due to the size of these assets relative to the balance sheet total and given the significant estimates associated with the valuation of these assets we have considered the valuation of investment properties as a key audit matter.	*Our audit procedures included, among others the following:* ► We obtained an understanding of the management's investment properties valuation process (including assumptions and methods). ► We have involved our valuation specialists to assist us in the assessment of the fair value of investment properties and to verify methodology and inputs applied in the valuation reports. ► We assessed the competency and independence of the professional valuers engaged by the Group's management. In addition, we assessed the accuracy of the property information provided to the appraisers by the Management, as well as verification of mathematical accuracy and forecasts used in the valuation reports. ► Discussed the key assumptions and critical judgmental areas (such as relevance of the comparable transactions to the valuation of the subjects and the adjustments made to these transactions, Gross Building Area assumptions, etc.) with the professional valuers and understood the approaches taken by them in determining the valuation of each and every investment property of the Group; ► We considered if the result of the external valuation is within an acceptable range as assessed by us, considering the existence of alternative assumptions and valuation methods. ► We reconciled the appraised value in the valuation reports with the amounts recorded. Finally, we considered the adequacy and completeness of the disclosures related to the estimations of the fair value of the investment properties in the consolidated financial statements (Note 14).

Other information

Other information consists of company overview, results for 2024, chairman´s summary, management report, corporate governance report, management remuneration report and management declaration, but does not consist of the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as indicated below.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

Shape the future with confidence

Furthermore, in accordance with Securities Market Act of the Republic of Estonia we are required to consider whether the Remuneration Report is prepared in compliance with the requirements of Article 135^3 of the Securities Market Act of the Republic of Estonia.

Based on the work performed during our audit, in our opinion:

- the Management Report is consistent, in all material respects, with the consolidated financial statements;
- the Management Report has been prepared in accordance with the applicable requirements of the Accounting Act of the Republic of Estonia;
- the Remuneration Report is prepared in compliance with the requirements of Article 135^3 of the Securities Market Act of the Republic of Estonia.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

Shape the future
with confidence

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. ***Report on the compliance of format of the consolidated financial statements with the requirements for European Single Electronic Reporting Format („ESEF")***

Based on our agreement we have been engaged by the management of the Group to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the European Single Electronic Reporting Format of the consolidated financial statements of the Group for the year ended 31 December 2024 (the Single Electronic Reporting Format of the consolidated financial statements) contained in the file asprokapitalgrupp-2024-12-31-en.zip (SHA-256-checksum:7a7c543a929cf4e9e5e83f7724e0c634fe1801c983dbc864462447e7121bcd33).

Description of a subject and applicable criteria

The Single Electronic Reporting Format of the consolidated financial statements has been applied by the management of the Group to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Single Electronic Reporting Format of the consolidated financial statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Single Electronic Reporting Format of the consolidated financial statements and, in our view, these requirements constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibilities of management and those charged with governance

The management of the Group is responsible for the application of the Single Electronic Reporting Format of the consolidated financial statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Single Electronic Reporting Format of the consolidated financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which includes also the preparation of consolidated financial statements in the single electronic reporting format required by applicable requirements.

Auditor's responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Single Electronic Reporting Format of the consolidated financial statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (Estonia) 3000 (Revised) "Assurance Engagements other than Audits and Reviews of Historical Financial Information" (ISAE (EE) 3000 (Revised)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Single Electronic Reporting Format of the consolidated financial statements is prepared, in all material respects, in accordance with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance ISAE 3000 (Revised) will always detect the existing material misstatement (significant non-compliance with the requirements).

Quality control requirements

We apply the provisions of the International Standard on Quality Management (Estonia) 1 (Revised) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Single Electronic Reporting Format of the consolidated financial statements was applied, in all material respects, in accordance with the applicable requirements and such application is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Single Electronic Reporting Format of the consolidated financial statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of Single Electronic Reporting Format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's' use of iXBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified;
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Single Electronic Reporting Format of the consolidated financial statements for the year ended 31 December 2024 complies, in all material respects, with the ESEF Regulation.

Shape the future
with confidence

2. *Other requirements of the auditor's report in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council*

Appointment and approval of the auditor

We were first appointed as auditors of AS Pro Kapital Grupp, as public interest entity, for the financial year ended 31 December 2021 in accordance with the decision made by the General Meeting of Shareholders on 7 July 2021. In accordance with the decision made by the General Meeting of Shareholders on 19 June 2023 we were appointed to carry out the audit of the Group's consolidated financial statements for the year ended 31 December 2024. Our total uninterrupted period of engagement is 4 years, covering the periods ended 31 December 2021 to 31 December 2024.

Consistency with the additional report submitted to the audit committee

Our report on audit of the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Group, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on the same date as the date of this report.

Non-audit services

We confirm that in light of our knowledge and belief, services provided to the Group are consistent with the requirements of the law and regulations and do not comprise prohibited non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Except for the statutory audit services and assurance engagement on the compliance of format of the consolidated financial statements with the requirements for the European Single Electronic Reporting Format, no other services were provided by us to the Group.

Tallinn, 29 April 2025

/signed digitally/

Erki Usin
Authorised Auditor's number 496
Ernst & Young Baltic AS
Audit Company's Registration number 58

This independent auditor's report (translation of the Estonian original) should only be used with the original document in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100006040/reports).

Profit allocation proposal

The Management Board of AS Pro Kapital Grupp proposes to distribute the loss of the year ended at 31 December 2024 in amount of 3.9 million euros into retained earnings.