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- PKG_Q2_2024_ENG.pdf (http://oam.fi.ee/en/download?id=8660)
- PKG_Q2_2024_EST.pdf (http://oam.fi.ee/en/download?id=8661)

Currency

Title Pro Kapital Council approved Consolidated Interim Report for II Quarter and 6 Months of 2024

MANAGEMENT REPORT

Real Estate Development

In 2024, we are continuing the construction and sales activities of the last stage of Kalaranna 8, Tallinn. The final stage consists of 4 residential buildings with 146 apartments and 4 commercial units which, upon completion, brings the total count of the buildings to 12. In Q3 we are continuing with internal finishing works of the buildings and as per current conditions, we are meeting the schedule deadlines. We expect to deliver units from the first two buildings by the end of 2024, and complete the remaining two buildings by the first quarter of 2025. With respect to sales in Kalaranna, as of the publishing of this report, we have reached ca 46% threshold in presales and signed reservations. We deem this a success in today's challenging market, especially so when our location warrants above average pricing.

In Kristiine City, we have continued the sales and construction activities of our new project Uus-Kindrali. By the end of Q2, 2024, we are nearly done with the foundation works and are starting the monolithic concrete works (framing and pouring structural walls/elements on -1 level). As of publishing this report, we have reached 34% in presales and reservations. The construction loan for this project is provided by AS LHV Pank.

In Riga, as of the publishing of this report, we have one unsold unit remaining in the River Breeze Residence, which has received the Baltics Prestige Award for exceptional architecture.

In Vilnius we have completed five residential buildings in S?altiniu? Namai Attico project with 115 apartments in 2019. By the end of June 2024, we have only 2 apartments unsold, out of which one is a model unit. In September 2023 we started the construction of the final stage of S?altiniu? Namai Attico with city villas (43 units) and a Residential-commercial building (15 units). As of July 2024, the construction is finishing up the 1st floor in the villas. In the commercial building we have achieved the topping out of the main structure with the final expected completion in Q2 2025.The loan contract for construction works was signed with S?iauliu? bank in the beginning of May 2024. With respect to sales, we are currently at 25% sellout threshold while achieving record pricing in the market.

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

According to the current plan, we expect to receive the permit by the end of summer. Regarding the start of construction activities, the management has decided to begin the work in Q1, 2025.

Hotel operations

Following two challenging years that significantly impacted the global tourism sector due to the pandemic, there is now a notable resurgence in demand within the hotel industry. In 2023, the hotel achieved excellent results, and we are glad to report that the performance exceeds budgeted expectations also in Q2, 2024.

In 2024 special attention and focus is on MICE activities (Meetings, Incentives, Conferences and Exhibitions), aimed at increasing sales in the corporate segment.

The successes in the first six month of 2024, prove the effectiveness of our strategies, as each month's actual performance has exceeded the monthly budgets set for the year.

Conclusion

In closing, I am proud to highlight the substantial progress and milestones we have achieved in our real estate development projects and hotel operations throughout 2024. Our projects in Tallinn, Riga, and Vilnius have maintained steady progress and delivered impressive sales outcomes, showcasing our commitment to excellence and efficiency.

The resurgence in the hotel industry, driven by increased demand and successful MICE activities, has surpassed our expectations, further solidifying our position in the hospitality sector.

As we continue to navigate the evolving market dynamics, our focus remains on prudent financial management and operational excellence. We are confident that our diverse portfolio, coupled with our strategic initiatives, will ensure sustainable growth and reinforce our leadership in the real estate sector.

I extend my gratitude to our shareholders, employees, and partners for their unwavering support and dedication. Together, we are poised to embrace future opportunities and achieve continued success.

Edoardo Preatoni
CEO

Key financials

The total revenue of the Group in first six months of 2024 was 6.9 million euros compared to 16.1 million euros in first six months of 2023. The total revenue of the second quarter was 3.9 million euros compared to 2.7 million euros in 2023.

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

In 2024, real estate revenue decreased compared to the previous year due to the completion of the final building of Kindrali Houses at the beginning of 2023, when the last apartments were sold and handed over to the customers. Currently, most of our completed properties have been sold out. While we continue construction on the final stage of Kalaranna District, we plan completing and delivering units from the first two buildings by the end of 2024, and completing the remaining two buildings by the first quarter of 2025.

The gross profit of first six months of 2024 has decreased by 46% amounting to 2.4 million euros compared to 4.5 million euros in 2023. The gross profit of the second quarter was 1.5 million euros compared to 790 thousand euros in 2023.

The operating result in the first six months was 860 thousand euros loss comparing to 1.5 million euros profit during the same period in 2023. The operating result of the second quarter was 201 thousand euros loss compared to 658 thousand euros loss in the second quarter of 2023.

The net result for the first six months of 2024 was 3 million euros loss, comparing to

292 thousand euros loss in the reference period. The net result of the second quarter was 1.3 million euros loss compared to 1.6 million euros loss in the same period of 2023.

Cash used in operating activities during first six months of 2024 was 4.5 million euros comparing to 9.5 million euros generated during the same period in 2023. Cash used in operating activities during second quarter was 2.8 million euros compared to 850 thousand euros used in the second quarter of 2023.

Net assets per share on 30 June 2024 totalled to 0.93 euros compared to 0.97 euros on 30 June 2023.

Key performance indicators

	2024 6M	2023 6M	2024 Q2	2023 Q2	2023 12M
Revenue, th EUR	6 907	16 112	3 853	2 697	23 021
Gross profit, th EUR	2 423	4 456	1 535	790	7 028
Gross profit, %	35%	28%	40%	29%	31%
Operating result, th EUR	-860	1 501	-201	-658	2 963
Operating result, %	-12%	9%	-5%	-24%	13%
Net result, th EUR	-3 040	-292	-1 340	-1 595	-900
Net result, %	-44%	-2%	-35%	-59%	-4%
Earnings per share, EUR	-0.05	-0.01	-0.02	-0.03	-0.02

	30.06.2024	30.06.2023	31.12.2023
Total Assets, th EUR	109 695	101 166	107 237
Total Liabilities, th EUR	57 207	46 135	52 814
Total Equity, th EUR	52 488	55 031	54 423
Debt / Equity *	1.09	0.84	0.97
Return on Assets, % **	-2.9%	-0.3%	-0.08%
Return on Equity, % ***	-5.7%	-0.6%	-1.5%
Net asset value per share, EUR ****	0.93	0.97	0.96

*debt / equity = total debt / total equity
**return on assets = net profit/loss / total average assets
***return on equity = net profit/loss / total average equity

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

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated interim statement of financial position

in thousands of euros	30.06.2024	30.06.2023	31.12.2023
ASSETS			
Current assets			
Cash and cash equivalents	8 576	17 474	17 065
Current receivables	1 481	2 544	1 411
Prepaid expenses	359	338	268
Inventories	44 550	26 598	35 563
Total current assets	54 966	46 954	54 307
Non-current assets			
Non-current receivables	20	13	2 010
Property, plant and equipment	7 655	7 749	7 763
Right-of-use assets	495	233	365
Investment property	40 405	45 851	40 361
Goodwill	204	262	0
Intangible assets	3 615	104	96
Total non-current assets	52 394	54 212	50 595
Assets held for sale	2 335	0	2 335
Total assets held for sale	2 335	0	2 335
TOTAL ASSETS	109 695	101 166	107 237
LIABILITIES AND EQUITY			
Current liabilities			
Current debt	1 749	28 493	30 141

Customer advances	7 083	2 322	3 657
Current payables	6 235	3 909	4 911
Tax liabilities	175	118	161
Short-term provisions	8	20	11
Total current liabilities	15 250	34 862	38 881
Non-current liabilities			
Long-term debt	40 676	10 064	12 695
Other long term liabilities	2	0	0
Deferred income tax liabilities	1 130	1 134	1 130
Long-term provisions	149	75	108
Total non-current liabilities	41 957	11 273	13 933
TOTAL LIABILITIES	57 207	46 135	52 814
Equity attributable to owners of the Company			
Share capital in nominal value	11 338	11 338	11 338
Share premium	5 661	5 661	5 661
Statutory reserve	1 134	1 134	1 134
Revaluation reserve	2 092	2 012	2 092
Retained earnings	31 175	34 886	34 198
Total equity attributable to the owners of the Company	51 400	55 031	54 423
Non-controlling interest	1 088	0	0
TOTAL EQUITY	52 488	55 031	54 423
TOTAL LIABILITIES AND EQUITY	109 695	101 166	107 237

Consolidated interim statements of comprehensive income

in thousands of euros	2024 6M	2023 6M	2024 Q2	2023 Q2	2023 12M

CONTINUING OPERATIONS					
Operating income					
Revenue	6 907	16 112	3 853	2 697	23 021
Cost of goods sold	-4 484	-11 656	-2 318	-1 907	-15 993
Gross profit	2 423	4 456	1 535	790	7 028
Marketing expenses	-485	-299	-263	-166	-705
Administrative expenses	-2 790	-2 656	-1 465	-1 282	-5 440
Other income	19	0	17	0	2 099
Other expenses	-27	0	-25	0	-19
Operating profit/ loss	-860	1 501	-201	-658	2 963
Financial income	67	88	25	68	254
Financial expense	-2 245	-1 876	-1 172	-1 002	-4 115
Profit / loss before income tax	-3 038	-287	-1 348	-1 592	-898
Income tax	-2	-5	8	-3	-2
Net profit / loss for the period	-3 040	-292	-1 340	-1 595	-900
Other comprehensive income net of income tax:					
Net change in asset revaluation reserve	0	0	0	0	0
Total comprehensive income / loss for the year	-3 040	-292	-1 340	-1 595	-900
Attributable to:					

The owners of the company	-3 023	0	-1 323	-1 595	-900
Non-controlling interests	-17	0	-17	0	0
Earnings per share for the period EUR	-0.05	-0.01	-0.02	-0.03	-0.02

The full report can be found in the file attached.

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