

hepsor



P113 Health Centre, Pärnu mnt 113, Tallinn

2025 II quarter and six months
consolidated unaudited interim report

Corporate name:	Hepsor AS
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Reporting period:	01 January 2025-30 June 2025
Financial year:	01 January 2025-31 December 2025
Supervisory Board:	Andres Pärloja, Kristjan Mitt, Lauri Meidla
Management Board:	Henri Laks
Auditor:	Grant Thornton Baltic OÜ

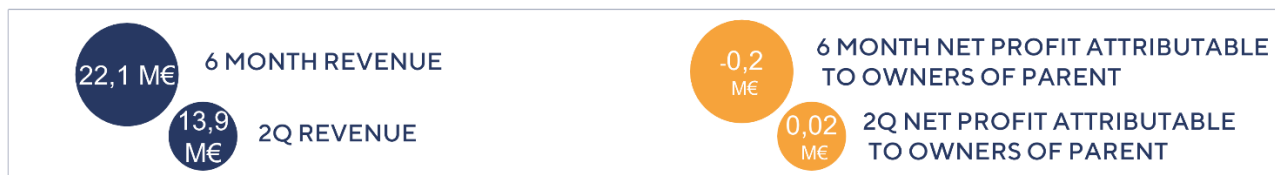
Hepsor AS (hereinafter referred to as “the Group” or “Hepsor”), a property development company based on Estonian capital, has operations in Estonia and Latvia. The Group entered Latvian market in 2017 and has been operating under the same consolidating Group since 2019. The Group entered the Canadian market in 2023.

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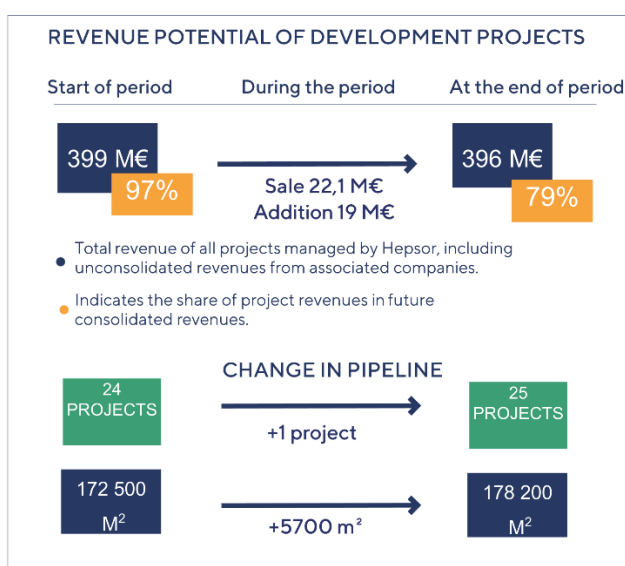
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Management Report

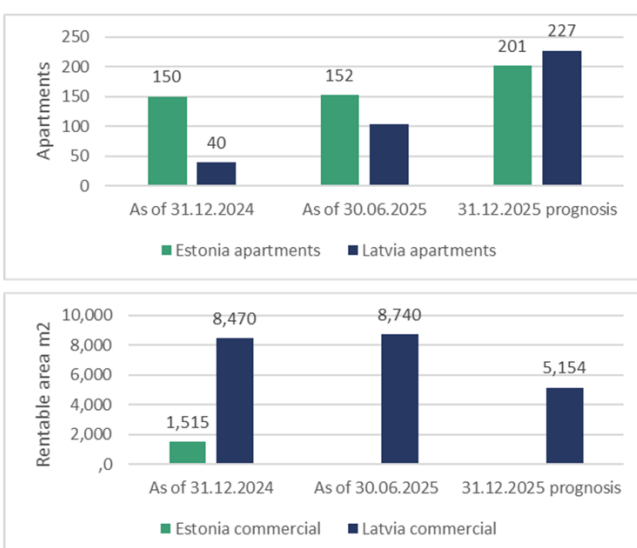
2025 6 MONTHS UNAUDITED REVENUES AND NET PROFIT



LONG TERM OUTLOOK (31.12.2024 VS 30.06.2025)



IN CONSTRUCTION APARTMENTS AND COMMERCIAL BUILDINGS



As of 30.06.2025 in construction		Construction ready in 2025		Construction starts in 2025 (prognosis)	
Project	Project info	Project	Project info	Project	Project info
Manufaktuuri 5 I stage	150 apartments	Stokofiss 34	8,740 m2 rentable area	Manufaktuuri 12	49 apartments
Stokofiss 34	8,740 m2 rentable area			Eizenija 18	54 apartments
360° Dzelzavas Residences	103 apartments			Zala Jugla I stage	70 apartments
				Ganibu Dambis	5,154m2 rentable area

DEVELOPMENT PROJECTS FOR SALE AND UNDER CONSTRUCTION (30.06.2025)

PROJECT	Total number of apartments	Apartments sold*	Apartments sold %	Unsold apartments	Construction completed
Lilleküla homes	26	23	88%	3	2023
Ojakalda homes	101	79	78%	22	2024
Manufaktuuri 7	150	130	87%	20	2024
Nameja Residence	38	29	76%	9	2024
Annenhof Majas	40	27	68%	13	2025
Manufaktuuri 12	49	8	16%	41	2026
360° Dzelzavas Residences	103	12	12%	100	2026
Manufaktuuri 5 I stage	152	9	6%	143	2027
Zala Jugla I stage	70	5	7%	65	2027
Total	729	322	44%	407	
COMMERCIAL DEVELOPMENT PROJECTS IN PROCESS	Total rentable area m²	Occupancy m²		Occupancy %	Construction completed
P113 Health Center	3,851	3,763		98%	2023
Grüne Office building	3,430	3,302		96%	2023
Manufaktuuri 7	453	178		39 %	2024
Stokofiss 34	8,740	5,691		65%	2025
Total	16,474	12,993		79%	

*Number of sold apartments includes paid bookings, contracts under law of obligation and real right contracts.

Dear shareholders of Hepsor



The consolidated revenue of Hepsor for the second quarter of 2025 was 13.9 million euros (Q2 2024: 5.2 million euros) and the Group's net profit amounted to 0.4 million euros (Q2 2024: net loss 0.6 million euros), including net profit attributable to the owners of the parent company of 0.02 million euros (Q2 2024: net loss 0.6 million euros).

The Group's revenues and profitability are directly dependent on the development cycle of projects, which is approximately 24 to 36 months. Sales revenue is generated only at the end of the cycle. Calendar quarters vary in terms of the number of projects ending during the quarter, which is why both profits and sales revenue can differ significantly across quarters. Therefore, performance can be considerably weaker or stronger in some years and quarters than in others.

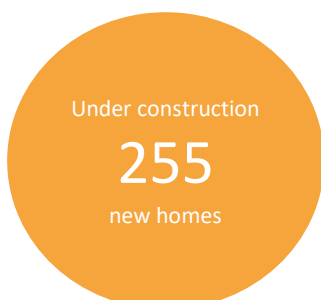
Consolidated revenue for the first half of 2025 was 22.1 million euros (H1 2024: 7.4 million euros) and net profit of 0.3 million euros (H1 2024: net loss of 1.5 million euros) of which net loss attributable to owners of the parent company was 0.2 million euros (H1 2024: 1.5 million euros). The net loss of the parent company was affected by an income tax of 0.3 million euros arising from the distribution of dividends approved by the General Meeting of Shareholders of Hepsor.

At the General Meeting of Shareholders of Hepsor held on 21 May, it was decided to pay to the shareholders a dividend of 0.26 euros per share in 2025 out of the retained earnings, in a total amount of 1.0 million euros. Dividends will be paid to the shareholders on 19 August.

Residential development projects

In the second quarter, Hepsor Fortuuna OÜ, a subsidiary of the Group, sold the properties located at Paevälja 5, 7 and 9 to the Group's 50% joint venture, Hepsor SOF OÜ. The total value of the transaction was 2.7 million euros, to which VAT was added. The Group will earn a profit of 0.8 million euros from the sale of the Paevälja street properties, of which 0.4 million euros was realised in the second quarter of 2025. The remaining profit from the sale of the properties will be realised at the end of the development project, pursuant to sale of the apartments.

As of 30 June 2025, the Group has a total of 9 residential developments for sale, of which 5 have been completed and 4 are either under construction or to start construction in 2025. In total, 355 new homes and 453 m² of commercial space have been built across completed residential developments. As of the reporting date, 81% of the homes – totalling 288 units – had been sold, either under real right contracts or through reservation agreements. Despite the uncertainty of the economic environment, demand for the Group's property development has remained stable, reflecting the continued trust of our customers in our projects.



In the first half of 2025, we handed over 102 homes to customers (H1 2024: 46 homes), of which 60 homes in the second quarter (Q2 2024: 34 homes). In Tallinn, we handed over 66 homes to our customers, of which 25 homes in the Manufaktuuri 7 development, 34 homes in the Ojakalda Kodud development and 7 homes in the Lilleküla Kodud development.

In Riga, we handed over 36 homes to our customers, of which 10 homes in the Nameja Residence development, 25 homes in the Annenhof House development and the last home in the Strelnieku 4B development.

In the first quarter of 2025, we started the preparatory works for the construction of the Manufaktuuri Factory development at Manufaktuuri 5. In the first phase of the development project, 152 homes are planned to be built.

In Riga, we have started the construction of the 360° Dzelzavas Residences project, a 103-apartment building at Dzelzavas iela 74c. The estimated completion of the construction is in the fourth quarter of 2026.

Commercial real estate

In 2024, we started the construction of StokOfiss U34, a multifunctional commercial building at Ulbrokas 34 in Riga. The leasable area of the building is 8,740 m². As of 30 June 2025, 65 % of the total leasable area is covered by lease agreements. We plan to obtain the authorisation for use of the building by the end of July 2025, after which we can start handing over the premises to tenants.

Lease agreements continued to be signed for the P113 Health Centre property owned by Hepsor P113 OÜ, which is accounted for as an associate. As of 30 June 2025, 98% of the leasable area is covered by lease agreements.

Future outlook

Hepsor will continue to grow its development portfolio. As of the reporting date, we are in the process of acquiring a new property development in Riga, at Starta iela 17. Three 14-storey apartment buildings with a total of approximately 250 apartments and a net volume of 14,500 m² are to be built there. Phased construction is scheduled to start at the end of 2026. The total investment in the development project is close to 40 million euros, making it Hepsor's largest investment in the Latvian real estate market.

In Tallinn, in addition to activities in the Manufaktuuri Quarter, Hepsor has a larger development area in Lasnamäe, in the Paevälja, Narva mnt and Alvari street areas. In this area, we have launched cooperation with EFTEN Special Opportunities Fund (a joint venture Hepsor SOF OÜ). In July 2025, the subsidiary of Hepsor AS, Hepsor N450 OÜ, sold the properties at Narva mnt 150 and 150a to Hepsor SOF OÜ. The value of the transaction was 6.3 million euros, to which VAT was added. Hepsor will generate a profit of 2.8 million euros from the sale of the properties, of which 1.4 million euros will be realised in the third quarter of this year. Hepsor SOF OÜ will build approximately 300 homes in phases in the Paevälja and Narva mnt development area. Construction of the first phase will start in 2026. In the same area, Hepsor completed the Paevälja courtyard development project in 2023 with 100 new homes. Hepsor intends to build a total of around 500 new homes and 4,200 m² of leasable commercial space on the entire development area.

In 2025, Hepsor will continue to actively develop residential properties and will start three new residential developments in Estonia and Latvia. In total, 173 new homes will be added to the development portfolio.

In Tallinn:

- ✓ Manufaktuuri Quarter at Manufaktuuri 12 – Hepsor starts the construction of its fourth development project in the Manufaktuuri Quarter, building a total of 49 homes. A construction contract worth 7 million euros has been signed, and construction will start in August 2025.

In Riga:

- ✓ Zala Jugla project at Braila iela 23, Jugla – we will start the construction of phase I in the third quarter of 2025, building a total of 70 homes;
- ✓ In the reporting year, we intend to start the construction of phase I of the Veidema Quarter, at Ganibu Dambis 17a, where a stock-office type development project is planned;
- ✓ Eiženijas iela 18 project – in the third quarter of this year, we will start the pre-sale of the residential development and in the fourth quarter we intend to start the construction of two apartment buildings, a total of 54 homes.

Canada, Toronto

Hepsor has made five investments in Toronto. For the first phase of all these development projects, detailed site plans are being prepared. The projects are progressing according to the planned schedule. The approval of the first plan, for the project named Weston, is expected in the third quarter of this year.

As of August, there will be a number of important changes in the management of Hepsor AS.

Martti Krass, the former Country Manager in Latvia, who has significantly contributed to Hepsor's business in Latvia over the past eight years, will join the Management Board of Hepsor AS. Gints Vanders, who has been a member of the Hepsor team for nearly seven years, will start as the Country Manager in Latvia. He is a member of the Management Board of Hepsor SIA from October 2024. Based on the decision of the General Meeting of Shareholders, Henri Laks will join the Supervisory Board of Hepsor AS starting in August, to support the company's strategic development by contributing to management at a new level.

Henri Laks would like to thank all the customers, shareholders and partners of Hepsor for their trust and good cooperation - your support has been invaluable for the development of the company.

Special thanks go to the Hepsor team. Your dedication, professionalism and day-to-day work have been the foundation of the company's success. Without your determination and unity, Hepsor would not be what it is today. Everyone's contribution counts - it's thanks to you that we can grow, develop and set new goals together.

Henri Laks

Member of the Management Board

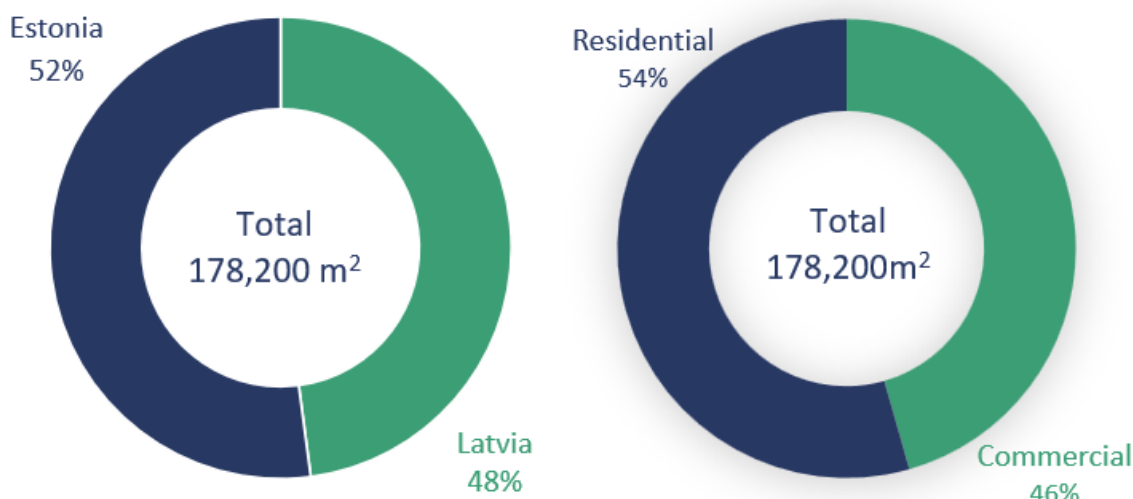
Overview of the Development Projects

As of 30 June 2025, the Group has a total of 25 active development projects in various stages of development (30 June 2024: 25 projects) and 178,200 square meters of sellable area (30 June 2024: 173,700 square meters).

Distribution of development portfolio between different development phases (as of 30 June 2025):



Distribution of development portfolio between countries and type (as of 30 June 2025):

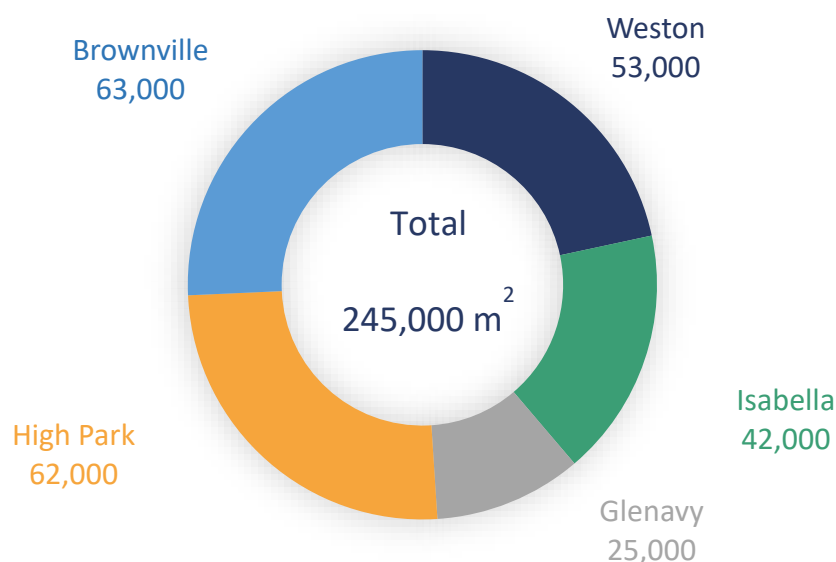


*Excluding Canadian projects

Development Projects in Canada (as of 30 June 2025)

Hepsor's projects in Canada are recognised as financial investments. To date, we have invested in five different development projects. The Group's activities in Canada are related to increasing the building volume of properties, and in collaboration with partners, plans are underway for approximately 3,000 new rental apartments.

- ✓ The Weston Road project aims to increase the development volume of the property from 27,000 m² to approximately 53,000 m² and to obtain building rights for the construction of two apartment buildings.
- ✓ The Isabella project aims to consolidate three properties located at 164–168 Isabella Street in Toronto and to plan a residential high-rise on the newly formed property with a development volume of approximately 42,000 m².
- ✓ The Elysium Glenavy project involves the acquisition of seven properties in the Leaside area of downtown Toronto, located at 17–29 Glenavy Avenue, with the goal of developing a residential high-rise with rental apartments and a development volume of approximately 25,000 m².
- ✓ The High Park project involves the acquisition of a development project consisting of 11 properties located at 21–29 Oakmount Road & 26–36 Mountview Avenue. The development area is planned for a two-tower residential high-rise with rental apartments and a total development volume of approximately 62,000 m².
- ✓ The Brownville Avenue project involves the acquisition of a development project consisting of 17 properties on Brownville Avenue in Toronto, Canada. The project envisions a residential building with rental apartments and a development volume of approximately 63,000 m².



Development projects in Tallinn (as of 30 June 2025)



Planning proceedings

- 1 Narva mnt
150, 150a, 150b
- 2 Alvari 1, 1a
- 3 Kadaka tee 197

Building permit proceedings / available

- 4 Paevälja 5, 7, 9
- 5 Vana-Tartu mnt 49
- 6 Võistluse 7
- 7 Manufaktuuri 12

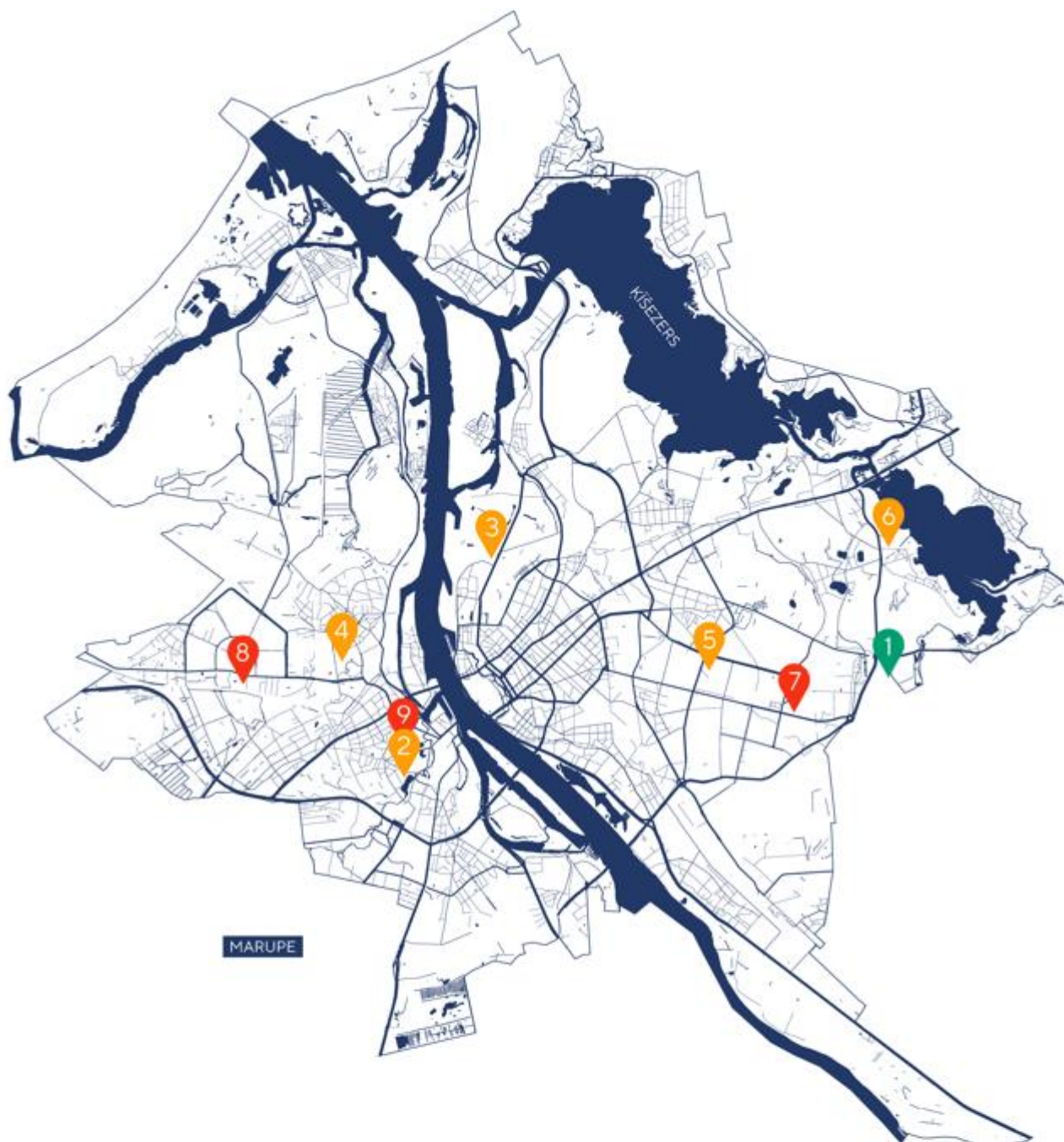
Under construction and/or available for sale

- 8 Manufaktuuri 5
- 9 Manufaktuuri 7
- 10 Nõmme tee 57
- 11 Paldiski mnt 227c

Completed, earning cash flow

- 12 Meistri 14
- 13 Pärnu mnt 113

Development projects in Riga (as of 30 June 2025)



Planning proceedings

- 1 RP4 Drelini

Building permit proceedings / available

- 2 Saules aleja 2a
- 3 Ganibu Dambis 17a
- 4 Eizenija 18
- 5 Dzelzavas 74C
- 6 Braila 23

Under construction and/or available for sale

- 7 Ulbrokas 34
- 8 Jurmalas Gatve 74
- 9 Ranka Dambis 5

Projects in Toronto (as of 30 June 2025)



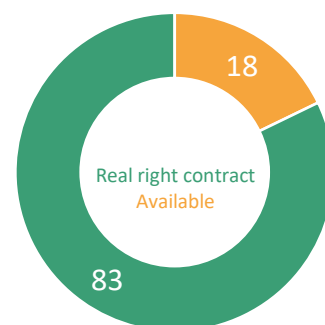
Land development projects

- 1 3406-3434 Weston road
- 2 164 - 168 Isabella street
- 3 17-29 Glenavy Avenue
- 4 21-29 Oakmount Rd & 26-36 Mountview Avn
- 5 70-104 Brownville avenue

Completed development projects (as of 30 June 2025):



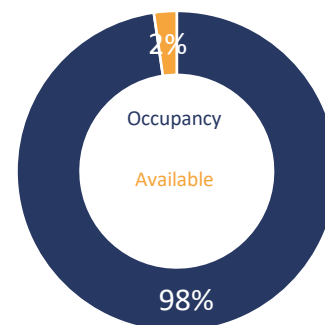
Project: Ojakalda Homes
 Development company: Hepsor 3TORN OÜ
 Address: Paldiski mnt 227c, Tallinn
 Apartments: 101
 Start of construction: III Q 2022
 End of construction: II Q 2024
 Website: hepsor.ee/ojakalda/en/



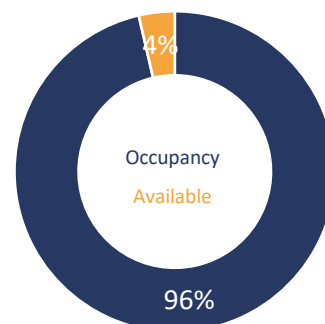
Project: Lilleküla Homes
 Development company: Hepsor N57 OÜ
 Address: Nõmme tee 57, Tallinn
 Apartments: 26
 Start of construction: IV Q 2022
 End of construction: I Q 2024
 Website: hepsor.ee/lillekylakodud/en/



Project: P113 Health Centre
 Development company: Hepsor P113 OÜ
 Address: Pärnu mnt 113, Tallinn
 Leasable area: 3,851 m²
 Occupancy: 98%
 End of construction: IV Q 2022
 Website: byroo113.ee/



Project: Grüne Office
 Development company: Hepsor M14 OÜ
 Address: Meistri 14, Tallinn
 Leasable area: 3,430 m²
 Occupancy: 96%
 End of construction: II Q 2023
 Website: gryne.ee/en/



Project: Manufaktuuri quarter
 Development company: Hepsor Phoenix 2 OÜ
 Address: Manufaktuuri 7, Tallinn
 Apartments: 150
 Start of construction: I Q 2023
 End of construction: III Q 2024
 Website: hepsor.ee/manufaktuur/m7/en/





Project:	Nameja Residence
Development company:	Hepsor RD5 SIA
Address:	Ranka Dambis 5, Riga
Apartments:	38
Start of construction:	I Q 2023
End of construction:	III Q 2024
Website:	hepsor.lv/namejarezidence/en/



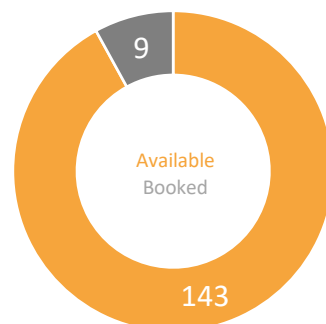
Project:	Annenhof Majas
Development company:	Hepsor JG SIA
Address:	Jurmālas Gatve/Imanta 8.
Apartments:	linija, Riga
Start of construction:	40
Estimated completion:	I Q 2025
Website:	hepsor.lv/annenhofmajas/en/



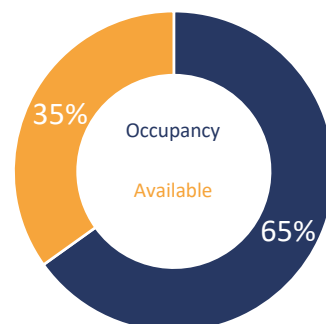
Development Projects Under Construction (as of 30 June 2025)



Project:	Manufaktuuri 5, I stage
Development company:	Hepsor Phoenix 3 OÜ
Address:	Manufaktuuri 5, Tallinn
Apartments:	152
Start of construction:	II Q 2024
Estimated completion:	2027
Website:	hepsor.ee/manufaktuur/en/



Project:	StokOfiss U34
Development company:	Hepsor U34 SIA
Address:	Ulbrokas 34, Riga
Leasable area:	8,740 m²
Start of construction:	II Q 2024
Estimated completion:	II Q 2025
Website:	hepsor.lv/stokofissu34/en/



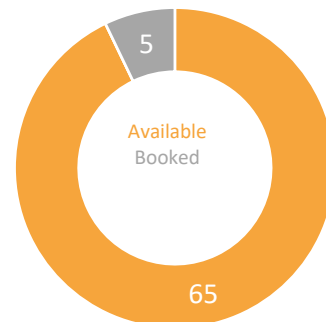
Project:	360° Dzelzavas Residences
Address:	Dzelzavas iela 74c, Riga
Apartments:	103
Start of construction:	II Q 2025
Estimated completion:	III Q 2026
Website:	dzresidence.lv/en/



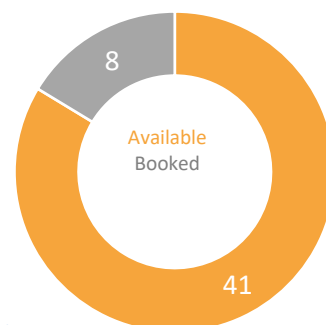
Development projects the construction of which starts in 2025 (as of 30 June 2025):



Project: Zala Jugla I stage
 Development company: Hepsor Jugla SIA
 Address: Braila Str 23, Riga
 Apartments: 70
 Start of construction: III Q 2025
 Estimated completion: IV Q 2027
 Website: hepsor.lv/zalajugla/?q=eng

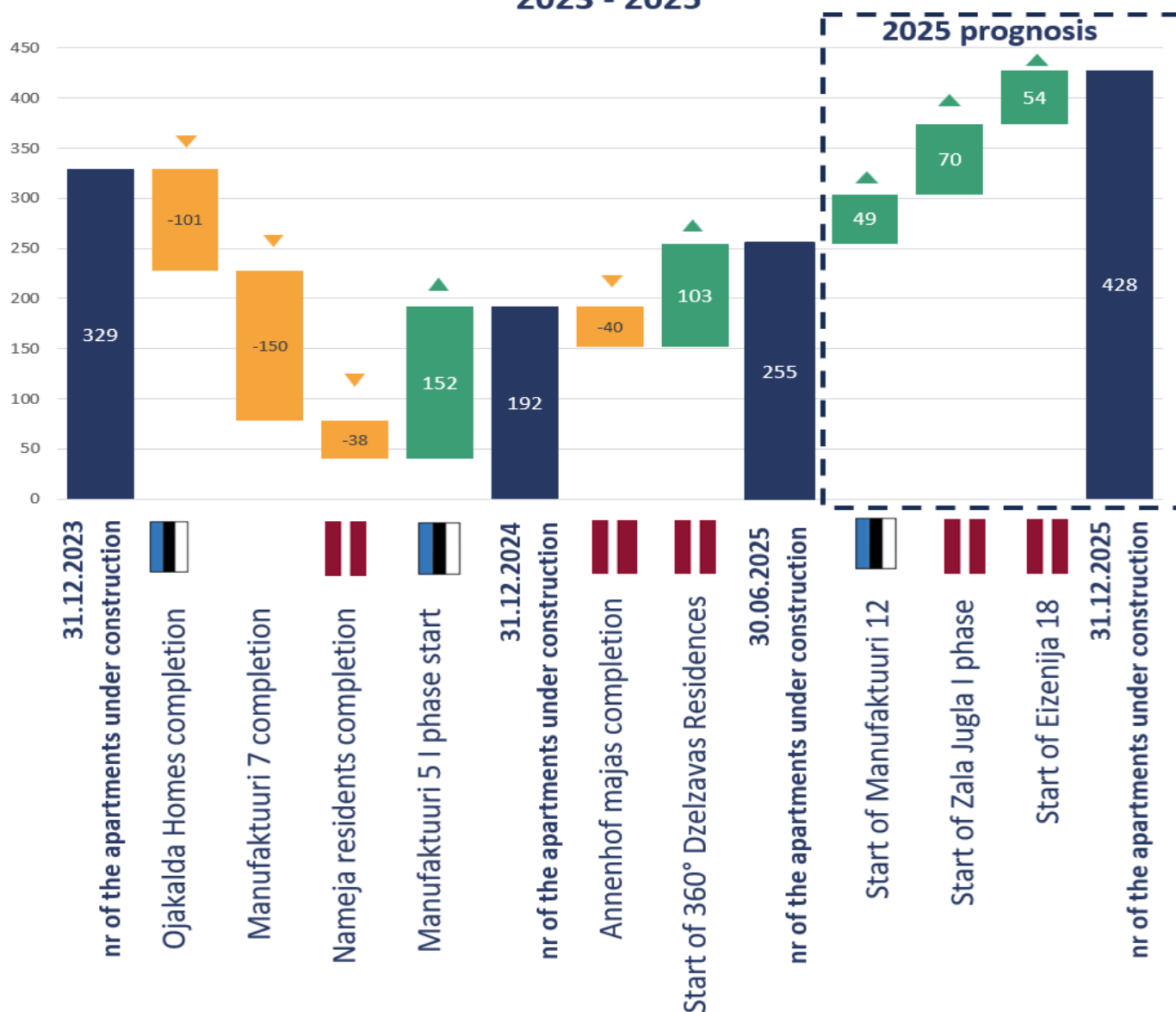


Project: Manufaktuuri 12
 Development company: Hepsor Phoenix 3 OÜ
 Address: Manufaktuuri 12, Tallinn
 Apartments: 49
 Start of construction: III Q 2025
 Estimated completion: III Q 2026
 Website: hepsor.ee/manufaktuur/m12/en/



Project: Eizenija 18
 Development company: Hepsor E18 SIA
 Address: Eizenija 18, Riga
 Apartments: 54
 Start of construction: IV Q 2025
 Estimated completion: IV Q 2026

Under construction and completed apartments 2023 - 2025

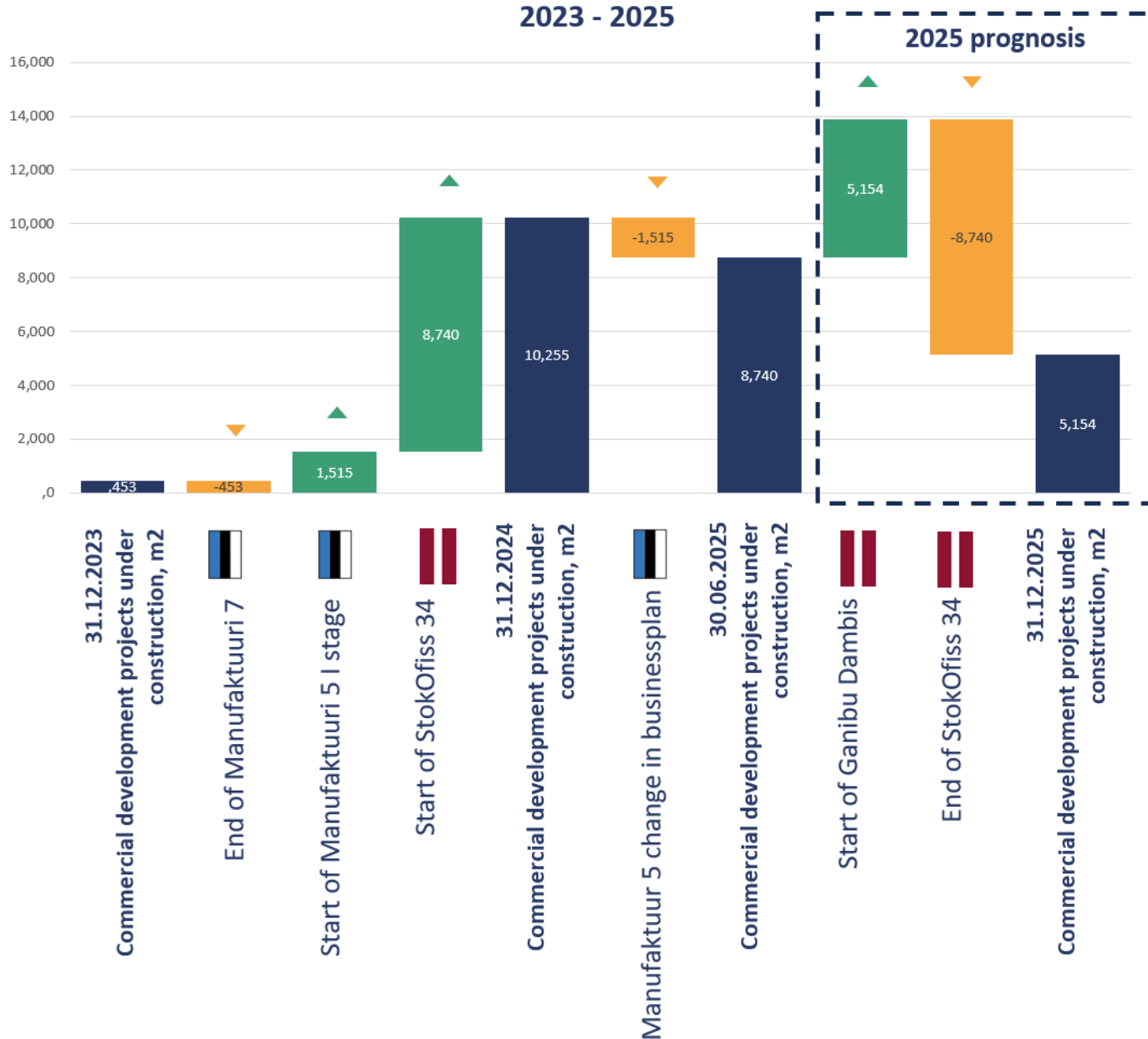


Residential development projects under construction and available for sale (as of 30 June 2025):

Project	Status	Apartments	Apartments		Apartments %		Completion
			Sold*	Available	Sold*	Available	
Lilleküla Homes	Completed	26	23	3	88%	12%	Q4 2023
Ojakalda Homes	Completed	101	79	22	78%	22%	Q1 2024
Manufaktuuri 7	Completed	150	130	20	87%	13%	Q3 2024
Nameja Rezidence	Completed	38	29	9	76%	24%	Q3 2024
Annenhof Majās	Completed	40	27	13	68%	33%	Q1 2025
Manufaktuuri 5	In construction	152	9	143	6%	94%	Q4 2027
360° Dzelzavas Residences	In construction	103	12	91	12%	88%	Q3 2026
Manufaktuuri 12	Pre-sale	49	8	41	16%	84%	Q3 2026
Zala Jugla I stage	Pre-sale	70	5	65	7%	93%	Q4 2027
Total		729	322	407	44%	56%	

* Number of sold apartments includes paid bookings, contracts under law of obligation and real right contracts.

Commercial development projects under construction 2023 - 2025



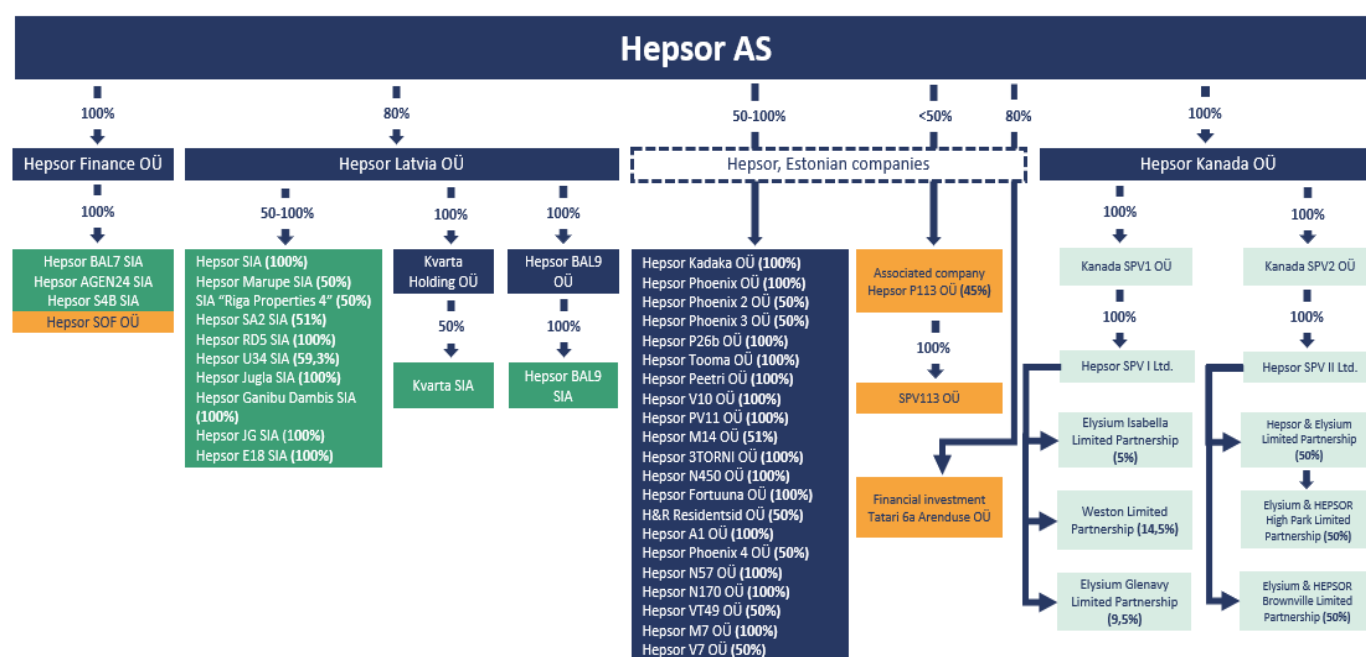
Occupancy of commercial development projects (as of 30 June 2025):

Project name	Rentable area sqm	Occupancy sqm	Occupancy %
StokOfiss U34	8,740	5,691	65%
P113 Health Centre	3,851	3,763	98%
Grüne Office	3,430	3,302	96%
Manufaktuuri 7	453	178	39%
Total	16,474	12,933	79%

In addition to the new commercial and office buildings developed by the Group, the Group rents out commercial premises in Riga and Tallinn located on properties that are in the development phase for the construction of new buildings.

Group Structure

As of 30 June 2025, the Group consisted of the parent company, 44 subsidiaries, one associate, one joint venture and one subsidiary of an associate company (as of 30 June 2024: parent company, 44 subsidiaries, one associate company and its subsidiary). Tatari 6a Arenduse OÜ, Weston Limited Partnership, Elysium Isabella Limited Partnership, Elysium Glenavy Limited Partnership, Elysium & Hepsor High Park Limited Partnership, and Elysium & Hepsor Brownville Limited Partnership are accounted for as financial investments.



In Q2 of 2025 the following changes took place in the structure of the Group:

- ✓ On March 20, 2025, Hepsor AS's subsidiary Hepsor Finance OÜ established a subsidiary named Hepsor SOF OÜ and sold a 50% stake in it on April 11, 2025, to the EfTEN Special Opportunities Fund. Hepsor Finance OÜ accounts for Hepsor SOF OÜ as a joint venture company.
- ✓ On April 30, 2025, Hepsor AS acquired a 49% stake in Hepsor 3Torni OÜ, becoming the sole owner of the company.

Main events

- ✓ Hepsor AS's subsidiary, Hepsor Finance OÜ, signed a shareholders' agreement under which a 50% stake in Hepsor SOF OÜ was sold to the EfTEN Special Opportunities Fund, managed by EfTEN Capital. The sale of the stake in Hepsor SOF OÜ laid the foundation for the joint implementation of a development project in Lasnamäe. On April 14, Hepsor and EfTEN announced their cooperation to develop approximately 300 apartments in Lasnamäe.
- ✓ On 30 April 2025 Hepsor AS's subsidiary, Hepsor 3Torni OÜ, signed a real rights agreement under which 20 apartments in the Ojakalda Kodud development project (Paldiski mnt 227C, Tallinn) were sold to the company's other shareholder, Artex KV OÜ.
- ✓ The Supervisory Board of Hepsor AS has elected Martti Krass, the current Country Manager for Latvia, as the new Management Board Member of Hepsor AS. He will assume the position on 1 August 2025, with a five-year mandate. The current Chairman of the Management Board, Henri Laks, will step down on 1 August 2025 and, in accordance with the decision of Hepsor's General Meeting of Shareholders held on 21 May 2025, will become a member of the Supervisory Board.
- ✓ Hepsor AS's subsidiary, Hepsor VT49 OÜ, signed long-term lease agreements with Maxima Eesti OÜ and GYM Eesti OÜ and will begin the development of a new business center at Vana-Tartu mnt 49, Rae Parish.
- ✓ Hepsor AS has decided to acquire the minority stake in Hepsor Latvia OÜ held by Martti Krass (through Hugomon OÜ), the current Country Manager for Latvia and future Member of the Management Board of Hepsor AS, and to replace it with a stake in Hepsor AS. The purpose of the transaction is to align the interests of the future board member with those of the Group as a whole by transferring Martti Krass's ownership to the parent company level.
- ✓ On 19 June 2025, Hepsor AS's subsidiary, Hepsor Latvia OÜ, and INTH Vara OÜ signed a shareholders' agreement aimed at starting the construction of a 13-story residential building in Riga, at Dzelzavas iela 74c. According to the shareholders' agreement, Hepsor Latvia OÜ will acquire a 50% stake in the company Laba māja centrā SIA (under its new business name Hepsor Dz74c SIA) for a purchase price of 174 thousand euros. The change of ownership has not yet been registered in the Commercial Register.

Operating Results

Sales Revenue

The Group's sales revenue for the first half of 2025 was 22.1 million euros (H1 2024: 7.4 million euros), of which sales revenue in Latvia amounted to 6.1 million euros (H1 2024: 0.7 million euros), accounting for 27.8% of the Group's total sales revenue (H1 2024: 9.3%).

Sales revenue for the second quarter of the reporting year was 13.9 million euros (Q2 2024: 5.2 million euros), of which sales revenue in Latvia was 3.3 million euros (Q2 2024: 0.5 million euros), accounting for 23.9% of the Group's total sales revenue (Q2 2024: 9.1%).

Large fluctuations in sales revenue are relatively common in real estate development business. The development cycle of the Group's real estate projects lasts approximately 36 months. In year-on-year comparisons, sales revenues and profits may fluctuate depending on the period between the completion of the construction of the development project and the sale of the completed apartments.

In the first six months of 2025, the Group sold a total of 102 apartments through real rights agreements (6 months 2024: 46 apartments), of which 60 apartments were sold in the second quarter (Q2 2024: 34 apartments). In Tallinn, a total of 66 apartments were sold during the six-month period, including 34 apartments in the Ojakalda Homes development project, 7 apartments in the Lilleküla Homes project, and 25 apartments in the Manufaktuuri 7 project. In Latvia, a total of 36 apartments were sold in the first half of the year, including 10 apartments in the Nameja Residence development project, 25 apartments in the Annenhof Majās project, and the final apartment in the Strelneiku 4B project.

In the second quarter, the Group company Hepsor Fortuuna OÜ sold properties located at Paevälja 5, 7, and 9 to the Group's 50%-owned joint venture company, Hepsor SOF OÜ. The total transaction value was 2.7 million euros, plus VAT. Of this, 2.3 million euros is recognized as sales revenue in the reporting quarter, as the revenue has been adjusted for unrealised profit in the amount of 0.4 million euros.

In addition to apartment sales, the Group also provides project management services and earns rental income. During the first six months of 2025, the Group generated 0.8 million euros in other revenue (6 months 2024: 0.7 million euros), accounting for 3.8% of the Group's total sales revenue (6 months 2024: 10.0%).

In the second quarter, other revenue totalled 0.4 million euros (Q2 2024: 0.3 million euros), accounting for 3.0% of the Group's total sales revenue (Q2 2024: 6.5%).

Profitability

The Group's gross profit for the second quarter of 2025 amounted to 1.8 million euros, with a gross profit margin of 13.3% (Q2 2024: 0.3 million euros and 6.6%) and for the first six months of 2025, gross profit totalled 2.9 million euros with a gross profit margin of 13.0% (6 months 2024: 0.4 million euros and 5.1%). Gross profit was mainly driven by the number of apartments sold and higher profitability of those sales. A profit of 0.4 million euros was realised in the second quarter from the sale of the Paevälja street properties.

The gross profit from development projects sold in Q2 2025 amounted to 1.9 million euros (Q2 2024: 0.5 million euros), with a gross margin of 14.1% (Q2 2024: 10.9%) and for the six-month period, gross profit from sold development projects was 3.0 million euros (6 months 2024: 0.6 million euros), with a gross margin of 14.1% (6 months 2024: 9.3%).

The Group's operating profit for the second quarter of 2025 amounted to 1.1 million euros, while the operating profit for the first six months totalled 1.4 million euros (Q2 2024: operating loss 0.3 million euros and 6M 2024: operating loss 0.9 million euros). The operating profit margin for Q2 2025 was 7.8% (Q2 2024: -5.7%), and for the six-month period, the operating profit margin reached 6.4% (6 months 2024: -11.5%).

The Group's net profit for the second quarter of 2025 amounted to 0.4 million euros (Q2 2024: net loss of EUR 0.6 million), of this, profit attributable to owners of the parent company was 0.02 million euros (Q2 2024: loss of EUR 0.6 million), while net profit attributable to non-controlling interests was 0.4 million euros (Q2 2024: EUR 0.1 million).

For the first six months of 2025, the Group recorded a net profit of 0.3 million euros (6 months 2024: net loss of 1.5 million euros), of which the net loss attributable to owners of the parent was 0.2 million euros (6 months 2024: EUR 1.5 million). The loss attributable to the parent company's owners was impacted by an income tax expense of 0.3 million euros, arising from the dividend distribution approved by Hepsor's Annual General Meeting of Shareholders.

The net profit margin for the second quarter was 2.7%, and 1.3% for the six-month period (Q2 2024: -10.9%; 6 months 2024: -20.6%). The profit margin attributable to owners of the parent was 0.2% in Q2 2025 (Q2 2024: -12.6%) and -0.9% for the six-month period (6 months 2024: -20.6%).

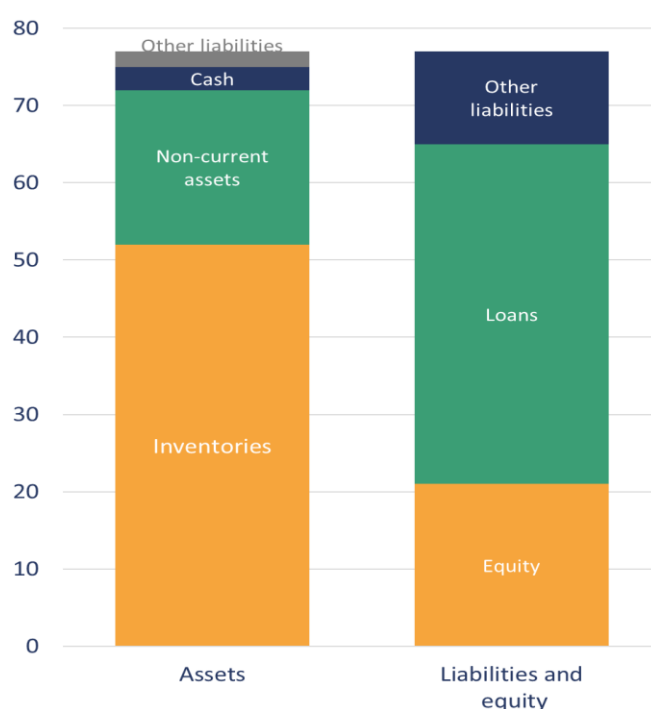
Balance Sheet

The Group's total assets decreased by 21.4% over the year, amounting to 76.7 million euros as of 30 June 2025 (30 June 2024: 97.6 million euros). Inventories made up 68.2% or 52.3 million euros of total assets (30 June 2024: 88.2% and 86.1 million euros). The decrease in inventories over the year was due to the reclassification of inventories as investment property (Grüne Office), the sale of the company Hotell L4 OÜ (formerly Hepsor L4 OÜ), the sale of the properties at Paevälja 5, 7, and 9, as well as apartment sales. During the period from 1 July 2024 to 30 June 2025, the Group acquired one new development project in Tallinn — a residential development with eight apartments located at Võistluse 7. Over the same period, the Group sold properties at Lembitu 4 and Paevälja 5, 7, and 9, which reduced the development portfolio by 18,313 square metres, and a total of 250 apartments were handed over under real rights agreements.

As of 30 June 2025, cash and cash equivalents accounted for 3.9% or 3.0 million euros of the total assets. As of 30 June 2024, cash and cash equivalents accounted for 4.8% or 4.7 million euros of total assets.

The Group's loan obligations totalled 43.6 million euros as of 30 June 2025, compared to 62.9 million euros as of 30 June 2024. The Group's equity decreased by 0.7% over the year to 20.6 million euros. Equity attributable to the owners of the parent decreased by 0.3% to 19.4 million euros. The change in equity was significantly impacted by the decision to pay dividends in the amount of EUR 1.0 million, which was recognised as a distribution of retained earnings.

Balance sheet structure 30.06.2025
(m€)



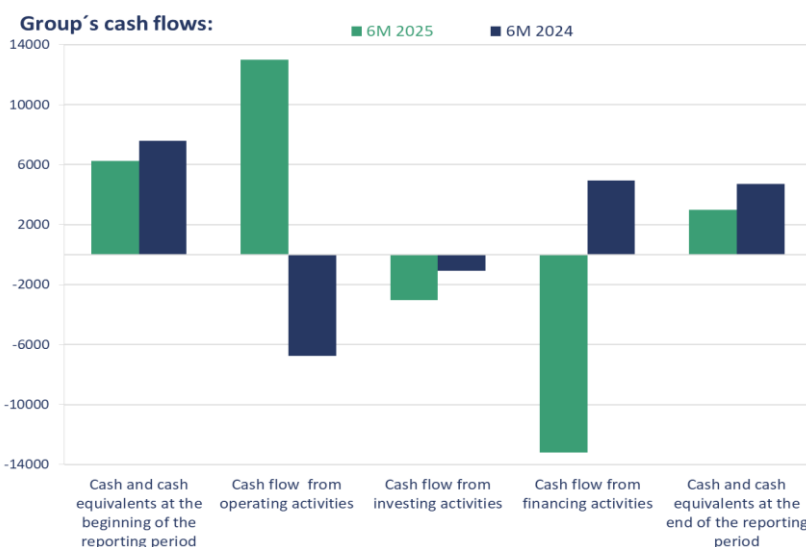
Cash Flows

The Group's cash and cash equivalents amounted to 6.2 million euros at the beginning of 2025 (beginning of 2024: 7.6 million euros) and to 3.0 million euros as of 30 June 2025 (30 June 2024: 4.7 million euros). The negative cash flow for the period was 3.2 million euros (6M 2024: 2.9 million euros).

In the first half of 2025, the Group's cash flow from operating activities was positive at 13.0 million euros (6 months 2024: negative 6.7 million euros). The major influence on operating cash flow was the decrease in inventories. Due to changes in inventories, the Group generated positive cash flow of 12.7 million euros in the first six months of 2025, whereas in the comparable period of 2024, inventories increased, resulting in a negative cash flow of 6.4 million euros.

In the first half of 2025, the Group's cash flow from investing activities was negative in the amount of 3.0 million euros (H1 2024: 1.1 million euros). During the reporting period, the Group invested 1.6 million euros in Canadian projects and paid 0.2 million euros for a stake in Laba māja centrā SIA. In addition, the Group issued loans totalling 1.2 million euros in the first half of 2025 (6M 2024: EUR 0.4 million).

In the first half of 2025, the Group's cash flow from financing activities was negative at 13.2 million euros (6 M 2024: positive 5.0 million euros). The net amount of loans received in 2025 was –11.1 million euros (6M 2024: 6.0 million euros). During the reporting period, the Group paid 2.1 million euros in interest (6M 2024: 2.7 million euros).



Key financials

in thousands of euros	6M 2025	6M 2024	6M 2023	Q2 2025	Q2 2024	Q2 2023
Revenue	22,063	7,422	20,590	13,857	4,814	14,615
Gross profit/-loss	2,860	377	4,791	1,843	340	3,856
EBITDA	1,462	-751	3,820	1,104	-239	3,258
Operating profit/-loss	1,410	-856	3,726	1,078	-292	3,212
Net profit/-loss	282	-1,526	3,588	379	-561	3,449
Incl net profit/-loss attributable to the owners of parent	-196	-1,526	1,803	24	-647	1,563
Comprehensive income/-loss	-438	-1,450	1,869	-30	-485	1,722
Incl comprehensive profit/-loss attributable to the owners of parent	-537	-1,570	1,843	-156	-691	1,617
Earnings per share	-0.05	-0.40	0.47	0.01	-0.17	0.41

in thousands of euros	30 June 2025	30 June 2024	31 December 2024
Total assets	76,724	97,563	88,813
Incl inventories	52,318	86,064	64,141
Total liabilities	56,154	76,847	66,803
Incl total loan liabilities	43,582	62,880	54,688
Total equity	20,570	20,716	22,010
Incl equity attributable to the owners of parent	19,373	19,423	20,912

Key Ratios

	6M 2025	6M 2024	6M 2023	Q2 2025	Q2 2024	Q2 2023
Gross profit margin	13.0%	5.1%	23.3%	13.3%	6.6%	26.4%
Operating profit margin	6.4%	-11.5%	18.1%	7.8%	-5.7%	22.0%
EBITDA margin	6.6%	-10.1%	18.6%	8.0%	-4.6%	22.3%
Net profit margin	1.3%	-20.6%	17.4%	2.7%	-10.9%	23.6%
Net profit margin attributable to owners of the parent	-0.9%	-20.6%	8.8%	0.2%	-12.6%	10.7%
General expense ratio	6.2%	17.2%	5.1%	4.9%	12.6%	4.4%

	30 June 2025	30 June 2024	31 December 2024
Equity ratio	26.8%	21.2%	24.8%
Debt ratio	56.8%	64.5%	61.6%
Current ratio	3.7	2.1	2.3
Return of equity	4.3%	-7.6%	9.7%
Return on equity attributable to the owners of the parent	-6.7%	-10.4%	2.0%
Return on assets	1.0%	-1.8%	2.4%

Gross profit margin = gross profit / revenue

Operating profit margin = operating profit / revenue

EBITDA margin = (operating profit + depreciation) / revenue

Net profit margin = net profit / revenue

Net profit margin attributable to the parent company's owners = net profit attributable to the parent company's owners/revenue

General expense ratio = (marketing expenses + general and administrative expenses) / revenue

Equity ratio = end-of-period equity / total assets

Debt ratio = interest-bearing liabilities / total assets

Current ratio = current assets / current liabilities

Return on equity = net profit of trailing 12 months / arithmetic average shareholder's equity

Return on equity attributable to the owners of the parent = net profit of trailing 12 months attributable to owners of the parent / arithmetic average shareholder's equity attributable to owners of the parent

Return on assets = net profit of trailing 12 months / average total assets

Share and Shareholders

The shares of Hepsor AS (HPR1T; ISIN EE3100082306) have been listed in the Main List of Nasdaq Tallinn Stock Exchange since 26 November 2021. The Group has issued 3,854,701 shares with nominal value of 1 euro.

As of 30 June 2025, Hepsor AS had 9,004 shareholders.

Hepsor AS shares held by the members of Management and Supervisory Boards and entities related to them:

Shareholder	Position	Number of shares	Shareholding %
Henri Laks	Member of Management Board	498,000	12.92
Andres Pärloja	Chairman of Supervisory Board	997,500	25.88
Kristjan Mitt	Member of Supervisory Board	997,500	25.88
Lauri Meidla	Member of Supervisory Board	385,700	10.01
Total	-	2,878,700	74.68

Shareholder structure by number of shares held as of 30 June 2025:

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
100 001-...	6	0.07%	3,012,161	78.14%
10 001-100 000	8	0.09%	271,468	7.04%
1001-10 000	50	0.56%	144,680	3.75%
101-1000	779	8.65%	209,561	5.44%
1-100	8,161	90.64%	216,831	5.63%
Total	9,004	100,00%	3,854,701	100.00%

During the period from 1 July 2024 to 30 June 2025, a total of 7,899 transactions involving Hepsor shares were carried out, during which 178,021 shares changed ownership for a total amount of 848,732 euros. The highest transaction price during the period was 7.26 euros, and the lowest was 3.60 euros. As of 30 June 2025, the market capitalization of the shares was 24.4 million euros, and the equity attributable to the owners of the parent company of the Group was 19.4 million euros (30 June 2024: 19.4 million euros). The equity for the reporting year was significantly affected by the decision to pay a dividend in the amount of 1.0 million euros, which was recorded as a distribution of retained earnings.

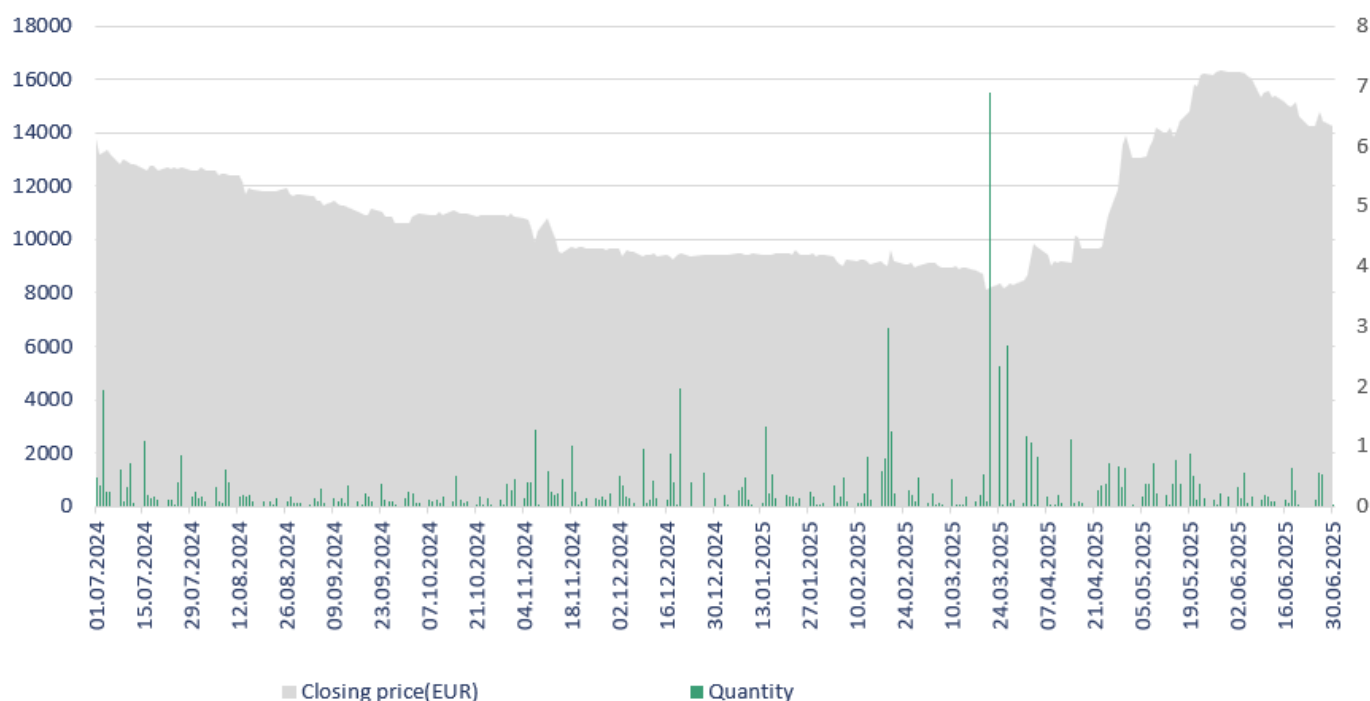
Market cap at
30 June 2025

24.4
million euros

On 8 July 2025, Hepsor's Supervisory Board decided to increase Hepsor's share capital by 57,821 euros. The increase in share capital is related to the acquisition of a 20% stake in Hepsor Latvia OÜ from Hugomon OÜ, approved by the shareholders on 12 June 2025, for which Hepsor partially paid by issuing shares to Hugomon OÜ.

The increase in Hepsor's share capital was registered in the commercial register on 17 July 2025, from which date the share capital of Hepsor is 3,912,522 euros, divided into 3,912,522 shares with a nominal value of 1 euro each. According to the decision of the Management Board of Nasdaq Tallinn on 18 July 2025, the additionally issued 57,821 shares by Hepsor were listed and admitted to trading on the main list of Nasdaq Tallinn as of 22 July 2025.

Trading volume and price range of Hepsor AS shares, 12 months (1 July 2024 – 30 June 2025):



Source: Nasdaq Baltic

Change in Hepsor share price in comparison with the benchmark OMX Tallinn index, 12 months (1 July 2024 – 30 June 2025):



Source: Nasdaq Baltic

Consolidated Financial Statements

Consolidated statement of financial position

in thousands of euros	Note	30 June 2025	31 December 2024	30 June 2024
Assets				
Current assets				
Cash and cash equivalents		3,005	6,249	4,731
Trade and other receivables	3	1,028	761	1,170
Current loan receivables	4	200	200	311
Inventories	2	52,318	64,141	86,064
Total current assets		56,551	71,351	92,276
Non-current assets				
Property, plant and equipment		299	288	183
Intangible assets		1	2	4
Investment properties	5	7,980	7,980	0
Financial investments	6	7,821	6,424	2,668
Investments in joint ventures		1	0	0
Non-current loan receivables	4	3,604	2,428	2,161
Other non-current receivables		467	340	271
Total non-current assets		20,173	17,462	5,287
Total assets	21	76,724	88,813	97,563
Liabilities and equity				
Current liabilities				
Loans and borrowings	7	8,551	23,336	33,258
Current lease liabilities		26	52	76
Prepayments from customers		390	724	3,399
Trade and other payables	8	6,122	6,542	6,226
Total current liabilities		15,089	30,654	42,959
Non-current liabilities				
Loans and borrowings	7	35,031	31,352	29,622
Non-current lease liabilities		162	162	29
Other non-current liabilities	9	5,872	4,635	4,237
Total non-current liabilities		41,065	36,149	33,888
Total liabilities	21	56,154	66,803	76,847
Equity				
Share capital		3,855	3,855	3,855
Share premium		8,917	8,917	8,917
Reserves		385	385	385
Retained earnings		7,413	8,853	7,559
Total equity		20,570	22,010	20,716
incl. total equity attributable to owners of the parent		19,373	20,912	19,423
incl. non-controlling interest		1,197	1,098	1,293
Total liabilities and equity		76,724	88,813	97,563

Consolidated statement of profit and loss and other comprehensive income

in thousands of euros	Note	6M 2025	6M 2024	Q2 2025	Q2 2024
Revenue	12, 21	22,063	7,422	13,857	5,151
Cost of sales (-)	13	-19,203	-7,045	-12,014	-4,811
Gross profit		2,860	377	1,843	340
Marketing expenses (-)	14	-448	-390	-169	-205
Administrative expenses (-)	15	-918	-889	-506	-446
Other operating income		82	70	59	25
Other operating expenses (-)		-166	-24	-149	-6
Operating profit (-loss) of the year	21	1,410	-856	1,078	-292
Financial income	17.1	157	201	108	164
Financial expenses (-)	17.2	-1,002	-871	-524	-433
Profit before tax		565	-1,526	662	-561
Corporate income tax		-283	0	-283	0
Net profit (-loss) for the year		282	-1,526	379	-561
Attributable to owners of the parent		-196	-1,526	24	-647
Non-controlling interest		478	0	355	86
Other comprehensive income (-loss)					
Changes related to change of ownership		0	76	0	76
Change in value of embedded derivatives with minority shareholders		-428	0	-278	0
The effects of changes in foreign exchange rates		-292	0	-131	0
Other comprehensive income (-loss) for the period		-720	76	-409	76
Attributable to owners of the parent		-341	-44	-180	-44
Non-controlling interest		-379	120	-229	120
Comprehensive income (-loss) for the period		-438	-1,450	-30	-485
Attributable to owners of the parent		-537	-1,570	-156	-691
Non-controlling interest		99	120	126	206
Earnings per share					
Basic (euros per share)		-0.05	-0.40	0,01	-0.17
Diluted (euros per share)		-0.05	-0.40	0,01	-0.17

Consolidated statement of changes in equity

in thousands of euros	Attributable to equity owners of the parent					
	Share capital	Share premium	Reserves	Retained earnings	Non-controlling interests	Total equity
Balance of 31 December 2023	3,855	8,917	385	7,836	1,168	22,161
2024						
Net profit/-loss for the year	0	0	0	-1,526	0	-1,526
Other comprehensive income/-loss for the period	0	0	0	-44	120	76
Voluntary reserve capital	0	0	0	0	5	5
Balance of 30 June 2024	3,855	8,917	385	6,266	1,293	20,716
Balance of 31 December 2024	3,855	8,917	385	7,755	1,098	22,010
2025						
Net profit/-loss for the year	0	0	0	-196	478	282
Other comprehensive income/-loss for the period	0	0	0	-341	-379	-720
Declared dividends	0	0	0	-1,002	0	-1,002
Balance of 30 June 2025	3,855	8,917	385	6,216	1,197	20,570

Consolidated statement of cash flows

in thousands of euros	Note	6M 2025	6M 2024
Net cash flows from (to) operating activities			
Operating profit/(-loss) of the year	21	1,410	-856
Adjustments for:			
Depreciation of property, plant and equipment		52	105
Other adjustments		75	103
Income tax paid		-41	0
Changes in working capital:			
Change in trade receivables and prepayments		-265	383
Change in inventories	18	12,658	-6,401
Change in liabilities and prepayments		-877	-82
Cash flows from (to) operating activities		13,012	-6,748
Net cash flows from (to) investing activities			
Payments for property, plant and equipment		-63	-6
Proceeds from sale of property, plant and equipment		1	0
Payments for intangible assets		0	-2
Payments for financial investments		-1,805	-663
Payments for acquisition of joint ventures		-1	0
Payments for acquisition of subsidiaries		-1	-1
Proceeds from sale of subsidiaries		1	1
Interest received		4	20
Loans granted	4	-1,176	-432
Cash flows from (to) investing activities		-3,040	-1,083
Net cash flows from (to) financing activities			
Loans raised	7	7,025	12,801
Loan repayments	7	-18,131	-6,826
Interest paid	18	-2,096	-2,672
Payments of finance lease principal		-5	-5
Payments of right to use lease liabilities		-21	-77
Non-controlling interest contributions to share capital		0	209
Share capital payments to a non-controlling interest		0	-134
Other receipts from financing activities		26	1,700
Other payments from financing activities		-14	-38
Cash flows from (to) financing activities		-13,216	4,958
Net cash flow		-3,244	-2,873
Cash and cash equivalents at beginning of year		6,249	7,604
Increase/decrease in cash and cash equivalents		-3,244	-2,873
Cash and cash equivalents at end of year		3,005	4,731

Notes to the consolidated interim financial statements

Note 1. General information

The Hepsor AS (hereinafter “the Group”) consolidated unaudited interim report for Q2 and six months 2025 has been prepared in accordance with IAS 34 Interim Financial Reporting of International Financial Reporting Standards as adopted in the European Union (“IFRS (EU)”). The Group has consistently applied the accounting policies throughout all periods presented, unless stated otherwise. The interim report for Q2 2025 follows the same accounting principles and methods used in the 2024 audited consolidated financial statements. The interim financial statements contain the audited financial results for 2024 and unaudited comparative figures for Q2 2024.

The Group has not made any changes to its critical accounting estimates which may affect the consolidated unaudited interim financial statements for Q 2025.

The Group has not made any changes to the valuation techniques applied for fair value measurement in 2025.

Note 2. Inventories

Inventories are classified as development projects ready for sale once a usage permit has been granted for the project. As of 30 June 2025, usage permits have been issued for residential development projects at the following addresses: Manufaktuuri 7, Nõmme tee 57, and Paldiski mnt 227c in Estonia, as well as Ranka dambis 5 and Jūrmalas gatve 74 in Latvia. As of 30 June 2025, the Group had 75 unsold apartments in development projects classified as ready for sale (31 December 2024: 30; 30 June 2024: 22), with 24 located in Riga and 51 in Tallinn.

As of 30 June 2025, the changes in inventories as stated in cash flow statements have been adjusted by loan interest expense. The capitalised loan interest amounted to 835 thousand euros (31 December 2024: 3,740 thousand euros; 30 June 2024: 2,224 thousand euros). Further information about interest expenses is provided in Note 18.

Project statuses are classified as following:

in thousands of euros	30 June 2025	31 December 2024	30 June 2024
A – planning proceedings	12,544	11,624	14,207
B – building permit proceedings	3,846	11,083	6,906
C – building permit available /construction not yet started	5,920	0	6,139
D – construction started / sale started	18,532	19,576	35,639
E – construction ready for sale	11,476	21,858	23,173
Total inventories	52,318	64,141	86,064

The following development projects are stated as inventories:

in thousands of euros				30 June 2025		31 December 2024		30 June 2024	
Address	Project company	Location	Segment	Acquisition cost	Project status	Acquisition cost	Project status	Acquisition cost	Project status
Work in progress									
Paldiski mnt 227c, Tallinn	Hepsor 3Torni OÜ	Estonia	Residential	0	-	9,530	E	11,538	E
Narva mnt 150, Tallinn	Hepsor N450 OÜ	Estonia	Residential/Commercial	4,654	A	4,071	A	3,969	A
Manufaktuuri 5, Tallinn	Hepsor Phoenix 3 OÜ	Estonia	Residential/Commercial	8,194	D	7,556	D	5,708	D
Manufaktuuri 7, Tallinn	Hepsor Phoenix 2 OÜ	Estonia	Residential/Commercial	0	-	7,260	E	21,464	D
Lembitu 4, Tallinn	Hepsor L4 OÜ	Estonia	Commercial	0	-	0	-	3,232	C
Alvari 2/Paevälja 9, Tallinn	Hepsor Fortuuna OÜ	Estonia	Residential	0	-	1,885	B	1,660	A
Alvari 1, Tallinn	Hepsor A1 OÜ	Estonia	Residential	2,202	A	2,022	A	2,022	A
Kadaka tee 197, Tallinn	H&R Residentsid OÜ	Estonia	Residential	1,356	A	1,305	A	1,262	A
Manufaktuuri 12, Tallinn	Hepsor Phoenix 4 OÜ	Estonia	Residential	1,295	C	1,131	B	1,009	B
Vana-Tartu mnt 49, Tallinn	Hepsor VT49 OÜ	Estonia	Commercial	1,247	B	1,153	B	1,094	A
Võistluse 7, Tallinn	Hepsor V7 OÜ	Estonia	Residential	460	B	425	B	0	-
Saules alley 2, Riga	Hepsor SA2 SIA	Latvia	Residential	1,080	B	1,079	B	727	B
Ranka Dambis 5, Riga	Hepsor RD5 SIA	Latvia	Residential	0	-	0	-	5,533	D
Ulbrokas 34, Riga	Hepsor U34 SIA	Latvia	Commercial	10,338	D	6,794	D	2,907	C
Braila 23, Riga	Hepsor Jugla SIA	Latvia	Residential	677	B	618	B	528	B
Ganibu Dambis 17a, Riga	Hepsor Ganibu Dambis SIA	Latvia	Commercial	4,625	C	4,431	B	4,308	B
Jūrmalas gatve 74, Riga	Hepsor JG SIA	Latvia	Residential	0	-	5,226	D	2,934	D
Smaidu, Dreilini	Riga Properties 4 SIA	Latvia	Commercial	4,332	A	4,226	A	4,182	A
Eiženijas 18, Riga	Hepsor E18 SIA	Latvia	Residential	382	B	361	B	334	B
- other properties		Estonia		0	-	0	-	18	A
Total work in progress				40,842		59,073		74,429	
Ready for sale real estate development									
Manufaktuuri 22, Tallinn (parking spaces)	Hepsor Phoenix OÜ	Estonia	Residential	16	E	16	E	16	E
Meistri 14, Tallinn	Hepsor Meistri 14 OÜ	Estonia	Commercial	0	E	0	E	7,667	E
Nõmme tee 57, Tallinn	Hepsor N57 OÜ	Estonia	Residential	725	E	2,349	E	3,589	E
Paldiski mnt 227c, Tallinn	Hepsor 3Torni OÜ	Estonia	Residential	3,440	E	0	-	0	-
Manufaktuuri 7, Tallinn	Hepsor Phoenix 2 OÜ	Estonia	Residential/Commercial	4,098	E	0	-	0	-
Strelnieku 4b, Riga	Hepsor S4B SIA	Latvia	Residential	0	-	77	E	363	E
Ranka Dambis 5, Riga	Hepsor RD5 SIA	Latvia	Residential	1,162	E	2,626	E	0	-
Jūrmalas gatve 74, Riga	Hepsor JG SIA	Latvia	Residential	2,035	E	0	-	0	-
Total ready for sale real estate development				11,476		5,068		11,635	
Total inventories				52,318		64,141		86,064	

Note 3. Trade and other receivables

in thousands of euros	30 June 2025	31 December 2024	30 June 2024
Trade receivables	684	463	530
Allowance for doubtful receivables	-13	-13	0
Net trade receivables	671	450	530
Prepayments			
Tax prepayment			
Value added tax	106	147	468
Other prepayments for goods and services	106	113	116
Total prepayments	212	260	584
Other current receivables			
Interest receivables	3	2	10
Other current receivables	142	49	46
Other current receivables	145	51	56
Total trade receivables	1,028	761	1,170

Note 4. Loans granted

in thousands of euros	Unrelated legal entities	Related legal entities (Note 22)	Total
2025			
Loan balance as of 31 December 2024	200	2,428	2,628
- current portion	200	0	200
- non-current portion	0	2,428	2,428
Loan granted	296	880	1,176
Loan balance as of 30 June 2025	496	3,308	3,804
- current portion	200	0	200
- non-current portion	296	3,308	3,604
contractual/effective interest rate per annum	0-12%	7-12%	
2024			
Loan balance as of 31 December 2023	311	1,729	2,040
Loan granted	0	432	432
Loan balance as of 30 June 2024	311	2,161	2,472
- current portion	311	0	311
- non-current portion	0	2,161	2,161

Note 5. Investment properties

Hepsor M14 OÜ's office building development project in Tallinn, Meistri 14 was completed in 2021. As of 31 December 2024, the building was classified as a property investment which is measured at fair value. The Group performed the valuation using the five-year discounted cash flow method. Since the purpose of the property investment is to generate rental income, the method used reflects best the fair value of the property investment. The valuation is based on existing cash flows, the rate of return, and an appropriate discount rate that takes into account the expected return of similar assets for average investors. At the end of 2024, return rate of 7.1% and discount rate of 8.1% were used for the asset valuation. As of 31 December 2024, the fair value of the asset was estimated at 8.0 million euros.

Note 6. Financial investments

Tatari 6A Arenduse OÜ, where the Group holds 80% shareholding, is accounted as financial investment. The Group is providing management services for the project. In order to ensure the quality and control of the management process, the Group will hold an 80% shareholding in the company during the development period, which will be transferred to the co-owner at the end of the development process. The Group has no profit share in the project. The acquisition value of the financial investment is 2 thousand euros.

Between 2023 and 2025, the Group invested in a total of five joint ventures in Canada. These joint ventures are accounted for using the equity method. In 2023, the Group invested in two joint ventures: Weston Limited Partnership and Elysium Isabella Limited Partnership. In 2024 and 2025, three additional joint ventures were established: Elysium Glenavy Limited Partnership, Brownville Limited Partnership, and EH High Park Limited Partnership.

On 19 June 2025, Hepsor AS's subsidiary Hepsor Latvia OÜ and INTH Vara OÜ entered into a shareholders' agreement with the objective of commencing the construction of a 13-storey residential building in Riga, at Dzelzavas iela 74c. Under the shareholders' agreement, Hepsor Latvia OÜ acquired a 50% equity interest in the company Laba māja centrā SIA (renamed to Hepsor Dz74c SIA), for which a consideration of EUR 174 thousand was paid. Following the registration of the change in ownership in the commercial register, Hepsor Dz74c SIA will be recognised as a subsidiary.

As of 30 June 2025, the carrying amount of the financial investments is 7,821 thousand euros (31 December 2024: 6,424 thousand euros, 30 June 2024: 2,668 thousand euros).

Note 7. Loans and borrowings

In February 2025, Hepsor AS entered into an addendum to its loan agreement with AS LHV Pank which reduced the Group loan limit from 9 million euros to 6 million euros. The maturity date of the loan is March 12, 2026. The shares of Hepsor AS held by the members of Management and Supervisory Board of the Group and the shares of Hepsor Finance OÜ were pledged as collateral to secure the loan. The loan agreement states two financial covenants that are measured quarterly:

- a) LHV Pank loan and equity ratio of maximum 55%,
- b) the ratio of loan commitment taken by the consolidation Group to the total assets, cash and cash equivalents and investments to property developments of the consolidation Group is a maximum of 70% (seventy percent). Starting from 31 December 2024, financial investments will also be included in the Group's assets.

In addition to bank loans, a joint mortgage has been established as collateral for unrelated legal entities on behalf of Hepsor N450 OÜ in the amount of 2.1 million euros and Riga 4 Properties SIA in the amount of 2.75 million euros until the loan obligations are fulfilled.

As of 30 June 2025, the Group has the following loan obligations:

in thousands of euros	Bank loans	Unrelated legal entities	Related legal entities (Note 22)	Total
2025				
Loan balance as of 31 December 2024	33,828	19,489	1,371	54,688
- current loan payable	17,753	4,345	1,238	23,336
- non-current loan payable	16,075	15,144	133	31,352
Received	5,607	1,418	0	7,025
Repaid	-13,572	-4,272	-287	-18,131
Loan balance as of 30 June 2025	25,863	16,635	1,084	43,582
- current loan payable	6,137	1,463	951	8,551
- non-current loan payable	19,726	15,172	133	35,031
Contractual interest rate per annum	EU6+4.4%-9.5%; 5.46%	0-12%	7-12%	
2024				
Loan balance as of 31 December 2023	36,309	19,213	1,383	56,905
Received	11,857	944	0	12,801
Repaid	-5,291	-285	-1,250	-6,826
Total loan balance as of 30 June 2024	42,875	19,872	133	62,880
- current loan payable	28,514	4,611	133	33,258
- non-current loan payable	14,361	15,261	0	29,622

As of 30 June 2025, 86% (31 December 2024: 89%; 30 June 2023: 87%) of all loans granted to the Group have been received against the risk of development projects.

in thousands of euros	Bank loans	Unrelated legal entities	Related legal entities	Total
Balance as of 30 June 2025				
Loans for development projects	19,863	16,635	1,084	37,582
Loans to headquarters to finance development projects	6,000	0	0	6,000
Total	25,863	16,635	1,084	43,582
Balance as of 31 December 2024				
Loans for development projects	27,888	19,489	1,371	48,748
Loans to headquarters to finance development projects	5,940	0	0	5,940
Total	33,828	19,489	1,371	54,688
Balance as of 30 June 2024				
Loans for development projects	36,875	17,872	133	54,880
Loans to headquarters to finance development projects	6,000	2,000	0	8,000
Total	42,875	19,872	133	62,880

As of 30 June 2025, the Group had the following bank loans under the following conditions:

Lender	Country	Loan balance	Contract term	Loan limit	Interest per annum	Collateral	Cost value of the collateral (Note 2, 5)	Guarantee given
LHV Pank AS	Estonia	4,594	2027	4,900	5.46%	Mortgage - Meistri 14, Tallinn	7,980	-
LHV Pank AS	Estonia	1,319	2026	13,900	6M Euribor+4.5%	Mortgage - Paldiski mnt 227c, Tallinn	3,440	-
LHV Pank AS	Estonia	2,206	2026	5,758	6M Euribor+4.5%	Mortgage- Manufaktuuri 7 ja Manufaktuuri 12, Tallinn	4,098	-
Bigbank AS	Latvia	1,876	2025	2,000	6M Euribor+4.5%	Mortgage - Ganību dambis 17A Riga; Commercial pledge	4,625	-
Bigbank AS	Latvia	689	2026	4,000	6M Euribor+5.2%	Mortgage - Ranka dambis 5, Riga	1,162	460
Bigbank AS	Latvia	1,853	2026	4,000	6M Euribor+5.2%	Mortgage - Jūrmalas gatve 74, Riga	2,035	430
Bigbank AS	Latvia	7,442	2027	9,000	6M Euribor+4.4%	Mortgage - Ulbrokas 34, Riga; Commercial pledge	10,338	890

As of 31 December 2024, the Group had the following bank loans under the following conditions:

Lender	Country	Loan balance	Contract term	Loan limit	Interest per annum	Collateral	Cost value of the collateral (Note 2, 5)	Guarantee given
LHV Pank AS	Estonia	4,664	2027	4,900	5.46%	Mortgage - Meistri 14, Tallinn	7,980	-
LHV Pank AS	Estonia	4,746	2026	13,900	6M Euribor+4.5%	Mortgage - Paldiski mnt 227c, Tallinn	9,530	-
LHV Pank AS	Estonia	1,105	2026	2,450	6M Euribor+4.5%	Mortgage - Nõmme tee 57, Tallinn	2,349	-
LHV Pank AS	Estonia	5,678	2026	5,758	6M Euribor+4.5%	Mortgage - Manufaktuuri 7 ja Manufaktuuri 12, Tallinn	7,260	-
Bigbank AS	Latvia	1,900	2025	2,000	6M Euribor+5.2%	Mortgage - Ganību dambis 17A Riga; Commercial pledge	4,431	-
Bigbank AS	Latvia	2,138	2026	4,000	6M Euribor+5.2%	Mortgage - Ranka dambis 5, Riga	2,626	460
Bigbank AS	Latvia	3,945	2026	4,000	6M Euribor+4.4%	Mortgage - Jūrmalas gatve 74, Riga	5,226	1,000
Bigbank AS	Latvia	3,765	2027	9,000	6M Euribor+4.4%	Mortgage - Ulbrokas 34, Riga; Commercial pledge	6,794	890

As of 30 June 2024, the Group had the following bank loans under the following conditions:

Lender	Country	Loan balance	Contract term	Loan limit	Interest per annum	Collateral	Cost value of the collateral (Note 2)	Guarantee given
LHV Pank AS	Estonia	4,731	2027	4,900	5.46%	Mortgage - Meistri 14, Tallinn	7,667	-
LHV Pank AS	Estonia	1,300	2025	1,300	6M Euribor+8%	Mortgage - Lembitu 4, Tallinn	3,232	-
LHV Pank AS	Estonia	6,828	2025	13,900	6M Euribor+5.9%	Mortgage - Paldiski mnt 227c, Tallinn	11,538	-
LHV Pank AS	Estonia	1,924	2026	2,450	6M Euribor+4.5%	Mortgage - Nõmme tee 57, Tallinn	3,589	-
LHV Pank AS	Estonia	14,572	2026	17,500	6M Euribor+6.5%	Mortgage - Manufaktuuri 7 and Manufaktuuri 12, Tallinn	21,464	-
Bigbank AS	Latvia	1,916	2025	2,000	6M Euribor+4.5%	Mortgage - Ganību dambis 17A Riga; Commercial pledge	4,308	-
Bigbank AS	Latvia	3,890	2026	4,000	6M Euribor+5.2%	Mortgage - Ranka Dambis 5, Riga	5,533	1,200
Bigbank AS	Latvia	1,714	2026	4,000	6M Euribor+5.2%	Mortgage - Jūrmalas gatve 74, Riga	2,934	1,000
Bigbank AS	Latvia	0	2027	9,000	6M Euribor+5.2%	Mortgage - Jūrmalas gatve 74, Riga; Commercial pledge	2,907	450

Note 8. Trade and other payables

in thousands of euros	30 June 2025	31 December 2024	30 June 2024
Trade payables	481	1,138	2,532
Taxes payable			
Value added tax	481	663	134
Personal income tax	34	40	30
Social security tax	53	65	54
Corporate income tax	283	41	0
Other taxes	58	7	7
Total taxes payable	909	816	225
Accrued expenses			
Payables to employees	207	113	116
Interest payable (Note 18)	367	1,011	922
Other accrued expenses	54	67	50
Total accrued expenses	628	1,191	1,088
Other current payables			
Embedded derivatives (Note 10)	2,503	2,074	2,061
Other payables	1,002	0	0
Total other current payables	599	1,323	320
Total trade and other payables	4,104	3,397	2,381

Note 9. Other non-current liabilities

in thousands of euros	30 June 2025	31 December 2024	30 June 2024
Non-current interest payables (Note 18)	2,869	2,539	2,122
Other non-current payables	2,597	2,096	2,115
Deferred income	406	0	0
Total other non-current liabilities	5,872	4,635	4,237

Note 10. Embedded derivatives

Liabilities assumed by the Group to minority shareholders in accordance with the concluded shareholders' agreements are recognised as embedded derivatives. According to shareholders agreements the profit is shared with minority shareholders in the form as it is agreed in the agreement.

As of the end of the reporting periods, the Group had obligations arising from embedded derivative instruments in the following development projects due to the partial or complete realisation of the business plan of the development project:

in thousands of euros	30 June 2025	31 December 2024	30 June 2024
<i>Commercial development project in Tooma 2/Tooma 4, Tallinn</i>	0	0	311
<i>Residential development project in Gregora iela 2a, Riga</i>	200	200	1,025
<i>Residential development project in Liela 45, Marupe</i>	0	0	725
<i>Residential development project in Manufaktuuri 7, Tallinn</i>	2,303	1,874	0
Total change in liabilities arising from embedded derivatives	2,503	2,074	2,061

Note 11. Contingent liabilities

11.1 Contingent liabilities arising from embedded derivatives

In accordance with the shareholders' agreements between the Group and the minority shareholders of its subsidiaries, the Group had, as of 30 June 2025, a contingent liability to pay 5,492 thousand euros (31 December 2024: 5,921 thousand euros; 30 June 2024: 11,565 thousand euros) to the minority shareholders upon the realisation of the business plans. The obligation amounts are estimates calculated based on the business plans valid at the time of reporting for the respective development projects. Contingent liabilities arising from embedded derivatives are assessed at each reporting date. As of 30 June 2025, the expected realisation period for the contingent liabilities presented in the report is between 2025 and 2029.

11.2 Lawsuit

Harju District Court has accepted for proceedings the claim for damages brought by seven apartment owners of Manufaktuuri 18 against Hepsor AS's subsidiary, Hepsor Phoenix OÜ. The claim is based on the allegation that the apartments sold to the plaintiffs during 2018–2019 have construction defects. The plaintiffs are seeking compensation in the amount of 467 thousand euros and interest calculated on that amount. The management of Hepsor Phoenix OÜ does not consider the claim to be substantiated and, based on the circumstances presented to date, considers it unlikely that the claim will be satisfied.

11.3 Group guarantees given

Additional information on the guarantees is provided in Note 7.

Note 12. Revenue

in thousands of euros	6M 2025	6M 2024	Q2 2025	Q2 2024
Revenue from sale of real estate	21,216	6,679	13,445	4,814
Revenue from project management services	210	94	102	40
Revenue from rent	499	540	236	248
Revenue from other services	138	109	74	49
Total	22,063	7,422	13,857	5,151

Additional information on sales revenue is provided in Note 21.

Note 13. Cost of sales

in thousands of euros	6M 2025	6M 2024	Q2 2025	Q2 2024
Cost of real estate sold	-18,228	-6,059	-11,556	-4,291
Personnel expenses (Note 16)	-383	-431	-172	-249
Depreciation	-2	-17	-1	-9
Other costs	-590	-538	-285	-262
Total	-19,203	-7,045	-12,014	-4,811

Note 14. Marketing expenses

in thousands of euros	6M 2025	6M 2024	Q2 2025	Q2 2024
Personnel expenses (Note 16)	-113	-67	-53	-36
Depreciation	-16	-23	-4	-11
Other marketing expenses	-319	-300	-112	-158
Total	-448	-390	-169	-205

Note 15. Administrative expenses

in thousands of euros	6M 2025	6M 2024	Q2 2025	Q2 2024
Personnel expenses (Note 16)	-581	-571	-312	-273
Depreciation	-34	-65	-18	-33
Traveling and transport expenses	-36	-55	-26	-27
Purchased service expenses	-162	-132	-91	-88
Other administrative expenses	-105	-66	-59	-25
Total	-918	-889	-506	-446

Note 16. Personnel expenses

in thousands of euros	6M 2025	6M 2024	Q2 2025	Q2 2024
Salaries	-826	-790	-410	-414
Social security and other payroll taxes	-251	-279	-127	-144
Total (Notes 13, 14, 15)	-1,077	-1,069	-537	-558

As of 30 June 2025, the Group, together with the members of the Management Board and the Supervisory Board, had 29 (30 June 2024: 29) employees, of which 15 in Estonia (30 June 2024: 16) and 14 in Latvia (30 June 2024: 13).

Gross fees paid to the members of Management and Supervisory Boards during the reporting period amounted to 261 thousand euros (6M 2024: 271 thousand euros).

The Group's definition of labour costs includes payroll expenses (incl. basic salary, remuneration of the members of the Management Board and the Supervisory Board, additional remuneration, holiday pay and performance pay), payroll taxes, special benefits and taxes calculated on special benefits.

Note 17. Finance income and expenses

17.1 Finance income

in thousands of euros	6M 2025	6M 2024	Q2 2025	Q2 2024
Interest income	131	93	86	56
Proceeds from sale of subsidiaries	0	0	0	0
Other finance income	26	108	22	108
Total	157	201	108	164

17.2 Finance expenses

in thousands of euros	6M 2025	6M 2024	Q2 2025	Q2 2024
Interest expenses (Note 18)	-947	-829	-469	-431
Loss on foreign exchange	0	-4	0	0
Other finance expenses	-55	-38	-55	-2
Total	-1,002	-871	-524	-433

In 2025 borrowing costs in the amount of 835 thousand euros (Q2 2024: 2,224 thousand euros) have been capitalised as the cost of inventories.

Note 18. Information about line item in the consolidated statement of cash flows

in thousands of euros	30 June 2025	30 June 2024
Inventories		
Reclassification of cash flows from operating activities to financing activities (Note 2)	835	2,224
Decrease (-)/ increase (+) of change inventories balances (Note 2)	11,823	-8,625
Change in inventories	12,658	-6,401
Interest paid		
Interest expense in statement of profit or loss and other comprehensive income (Note 17)	-947	-829
Reclassification of cash flows from operating activities to financing activities (Note 2)	-835	-2,224
Decrease (-)/ increase (+) of interest payables (Notes 8, 9)	-314	376
Conversion of interest into voluntary reserve	0	5
Interest paid total	-2,096	-2,672

Note 19. Subsidiaries

In March, the minority shareholder paid for their 50% stake in Hepsor V7 OÜ.

On 20 March 2025, Hepsor AS's subsidiary, Hepsor Finance OÜ, founded a subsidiary, Hepsor SOF OÜ. On 11 April 2025, a 50% ownership stake in Hepsor SOF OÜ was sold to the limited partnership Eften Special Opportunities Fund. Hepsor Finance OÜ accounts for Hepsor SOF OÜ as a joint venture.

On 30 April 2025, Hepsor AS acquired the remaining 49% stake in Hepsor 3Torni OÜ, thereby becoming the sole owner of the company.

Changes in Group structure in 2025 and impact on comprehensive income and cash flows are as follows:

in thousands of euros	Other comprehensive income	Cash flow	
	Comprehensive income attributable to owners of the parent	Comprehensive income attributable to non-controlling interest	Cash flows from investing activities
Hepsor V7 OÜ	0	0	1
Hepsor 3Torni OÜ	-49	49	-1
Total	-49	49	0

Changes in Group structure in 2024 and impact on comprehensive income and cash flows are as follows:

in thousands of euros	Other comprehensive income	Cash flow		
	Comprehensive income attributable to owners of the parent	Comprehensive income attributable to non-controlling interest	Cash flows from investing activities	Cash flows from financing activities
Hepsor VT 49 OÜ	0	1	1	0
Kvarta Holding OÜ	0	0	-1	0
Hepsor U34 SIA	-44	253	0	209
Hepsor Marupe SIA	0	-134	0	-134
Total	-44	120	0	75

In March 2024, Hepsor Latvia OÜ established a subsidiary Hepsor E18 SIA.

In April, the non-controlling shareholder of Hepsor VT49 OÜ paid for their 50% ownership stake.

In May, the share capital of Hepsor U34 was increased by 430 thousand euros, as a result of which the Hepsor group's participation in Hepsor U34 SIA decreased by 8.6%, being 47.4%.

The share capital of Hepsor Marupe SIA was reduced by 267 thousand euros, of which 134 thousand euros were paid to the owner of non-controlling stake.

Hepsor AS established a subsidiary company Hepsor V7 OÜ with a 50% ownership stake.

In June, Hepsor Latvia OÜ acquired the remaining 50% stake in Kvarta Holding OÜ, becoming the sole owner of the company. Kvarta Holding OÜ's participation in the subsidiary Kvarta SIA decreased from 100% to 50%.

Note 20. Associates and joint ventures

At the end of reporting periods, the Group has ownership in the following associates and joint ventures:

	Ownership and voting rights %		
	30 June 2025	31 December 2024	30 June 2024
Hepsor P113 OÜ	45	45	45
Hepsor SOF OÜ	50	0	0

Financial information about associates and joint ventures:

in thousands of euros	30 June 2025	31 December 2024	31 December 2024	30 June 2024
	Hepsor P113 OÜ	Hepsor SOF OÜ	Hepsor P113 OÜ	Hepsor P113 OÜ
Current assets				
Cash and cash equivalents	317	54	210	379
Trade and other receivables	117	13	292	6
Inventories	0	2,863	0	0
Total current assets	434	2,930	502	385
Non-current assets				
Investment property	10,610	0	10,610	9,400
Shares of subsidiaries	3	0	3	3
Trade and other receivables	53	0	0	0
Total non-current assets	10,666	0	10,613	9,403
Total assets	11,100	2,930	11,115	9,788
Current liabilities				
Loans and borrowings	73	0	0	7,213
Trade and other payables	115	2	178	22
Total current liabilities	188	2	178	7,235
Non-current liabilities				
Loans and borrowings	13,737	2,824	13,537	5,787
Other non-current liabilities	1,011	91	771	565
Total non-current liabilities	14,748	2,915	14,308	6,352
Total liabilities	14,936	2,917	14,486	13,587
Total equity	-3,836	13	-3,371	-3,799
Total liabilities and equity	11,100	2,930	11,115	9,788

As of 30 June 2025, 98% of the P113 Tervisemaja building, owned by Hepsor P113 OÜ, is covered by lease agreements. As of 30 June 2025, Hepsor AS has provided a loan of 2,640 thousand euros to its associate, Hepsor P113 OÜ.

Hepsor AS's subsidiary, Hepsor Finance OÜ, entered into a shareholders' agreement under which a 50% ownership stake in Hepsor SOF OÜ was sold to the EfTEN Special Opportunities Fund, a trust fund managed by EfTEN Capital. The sale of the stake in Hepsor SOF OÜ established the basis for the joint implementation of a development project located in Lasnamäe. In April, Hepsor SOF OÜ acquired properties at Paevälja pst 5, 7, and 9, Tallinn, from a subsidiary of the Hepsor Group, and entered into a conditional purchase agreement for the properties at Narva mnt 150 and 150a.

Note 21. Operating segments

The segment reporting is presented in respect of operating and geographical segments.

The Group reports separately information about the following operating segments:

- ✓ residential real estate;
- ✓ commercial real estate;
- ✓ headquarters.

Headquarters are generating revenue from provision of project management services. All personnel expenses are accounted in headquarters.

Geographical segments refer to the location of the real estate. The Group operates in Estonia, Latvia and Canada

Revenue by geographical area:

in thousands of euros	6M 2025	6M 2024	Q2 2025	Q2 2024
Estonia	15,924	6,725	10,542	4,685
Latvia	6,139	697	3,315	466
Total	22,063	7,422	13,857	5,151

Additional information on sales revenue is provided in Note 12.

Segment reporting is presented on the basis of consolidated indicators, where all transactions between the Group companies have been eliminated.

in thousands of euros	Residential development			Commercial development		Headquarters		Total
6M 2025	Estonia	Latvia	Canada	Estonia	Latvia	Estonia	Latvia	
Revenue	15,468	5,875	0	356	130	100	134	22,063
incl. revenue from rent	75	2	0	292	130	0	0	499
Operating profit/-loss	1,953	829	-18	288	35	-1,115	-562	1,410
Assets	24,750	5,879	8,043	12,960	20,179	3,848	1,065	76,724
Liabilities	14,133	3,958	4,018	9,422	13,595	8,467	2,561	56,154

in thousands of euros	Residential development			Commercial development		Headquarters		Total
6M 2024	Estonia	Latvia	Canada	Estonia	Latvia	Estonia	Latvia	
Revenue	6,267	545	0	368	148	90	4	7,422
incl. revenue from rent	56	21	0	316	147	0	0	540
Operating profit/-loss	420	126	-6	305	54	-1,067	-688	-856
Assets	50,171	12,377	2,710	16,164	12,010	3,019	1,112	97,563
Liabilities	37,457	9,609	5	11,790	6,522	8,365	3,099	76,847

in thousands of euros	Residential development			Commercial development		Headquarters		Total
Q2 2025	Estonia	Latvia	Canada	Estonia	Latvia	Estonia	Latvia	
Revenue	10,304	3,191	0	178	59	60	65	13,857
incl. revenue from rent	31	-1	0	146	59	0	0	235
Operating profit/-loss	1,409	376	-8	142	3	-530	-314	1,078
Assets	24,750	5,879	8,043	12,960	20,179	3,848	1,065	76,724
Liabilities	14,133	3,958	4,018	9,422	13,595	8,467	2,561	56,154

in thousands of euros	Residential development			Commercial development		Headquarters		Total
Q2 2024	Estonia	Latvia	Canada	Estonia	Latvia	Estonia	Latvia	
Revenue	4,472	404	0	175	60	38	2	5,151
incl. revenue from rent	27	9	0	153	59	0	0	248
Operating profit/-loss	377	109	-4	147	11	-596	-336	-292
Assets	50,171	12,377	2,710	16,164	12,010	3,019	1,112	97,563
Liabilities	37,457	9,609	5	11,790	6,522	8,365	3,099	76,847

Note 22. Related parties

The Group considers key members of the management (Supervisory and Management Board), their close relatives and entities under their control or significant influence as related parties.

Balances and loan transactions with related parties:

in thousands of euros	30 June 2025	31 December 2024	30 June 2024
Receivables			
Loans granted (Note 4)			
Associated companies			
Opening balance as of 1 January	2,428	1,729	1,729
Loans granted	880	718	432
Effective interest rate impact	0	-19	0
Balance at the end of period	3,308	2,428	2,161
Trade and other receivables			
Management and all companies directly or indirectly owned by them	21	9	92
Associated companies	0	1	0
Interest receivables			
Associated companies	435	309	228
Payables			
Prepayments from customers			
Management and all companies directly or indirectly owned by them	3	564	560
Loans and borrowings (Note 7)			
Management and all companies directly or indirectly owned by them			
Opening balance as of 1 January	1,371	1,383	1,383
Loans received	0	4,710	0
Loans repaid	-287	-4,722	-1,250
Balance at the end of period	1,084	1,371	133
Trade payables			
Management and all companies directly or indirectly owned by them	271	942	1,986
Interest payables			
Management and all companies directly or indirectly owned by them	26	27	9

Purchases and sales of goods and services:

in thousands of euros	6M 2025	6M 2024	Q2 2025	Q2 2024
Sales of goods and services				
Associated companies	53	67	37	23
Management and all companies directly or indirectly owned by them	36	84	12	24
Total sales of goods and services	89	151	49	47
Purchases of goods and services				
Management and all companies directly or indirectly owned by them	4,149	11,139	2,027	5,147
<i>incl. construction service</i>	3,972	11,061	1,992	5,406
Interest income earned				
Associated companies	126	69	82	37
Interest expenses incurred				
Management and all companies directly or indirectly owned by them				
Accrued interest	73	44	36	5
Interest paid	74	103	37	84

Note 23. Events after the reporting period

- ✓ On 8 July 2025, the Supervisory Board of Hepsor adopted a resolution to increase Hepsor's share capital by EUR 57,821. The share capital increase is related to the 12 June 2025 shareholder resolution approving the acquisition of a 20% shareholding in Hepsor Latvia OÜ from Hugomon OÜ, for which Hepsor partially paid by issuing new shares to Hugomon OÜ. The increase in Hepsor's share capital was registered in the commercial register on 17 July 2025. As of that date, Hepsor's share capital amounts to EUR 3,912,522, divided into 3,912,522 shares with a nominal value of EUR 1 each. In accordance with the decision of the Nasdaq Tallinn Stock Exchange Management Board dated 18 July 2025, the 57,821 additional shares issued by Hepsor were listed and admitted to trading on the Nasdaq Tallinn main list as of 22 July 2025.
- ✓ On 9 July 2025, Hepsor AS's subsidiary, Hepsor Phoenix 4 OÜ, and construction company Mitt & Perlebach OÜ signed a contract for the construction of the development project named M12, located at Manufaktuuri 12, Tallinn. The value of the construction contract is EUR 7.0 million, excluding VAT.
- ✓ Hepsor AS's subsidiary, Hepsor Latvia OÜ, is acquiring 100% of the shares in the Latvian company Starta 17 SIA (reg. no. 40203117159). Starta 17 SIA owns a property in Riga at Starta iela 17, where the plan is to build three 14-storey apartment buildings comprising approximately 250 flats, with a total net area of 14,500 m². The phased construction is expected to commence at the end of 2026. The total transaction price is EUR 1.25 million. EUR 800 thousand of the transaction will be co-financed by partners, who, upon completion of the transaction, will acquire a 20% minority interest in Starta 17 SIA.
- ✓ Hepsor On 21 July 2025, Hepsor SOF OÜ, a joint venture of Hepsor AS and the EFTEN Special Opportunities Fund, signed a real right contract to acquire the properties located at Narva mnt 150 and Narva mnt 150a. The properties were acquired from Hepsor Group entity Hepsor N450 OÜ. The total transaction value is EUR 6.3 million, excluding VAT. Hepsor will earn a profit of EUR 2.8 million from the sale of the properties, of which EUR 1.4 million will be realised in the third quarter of the current financial year.

Note 24. Risk management

Risk management is part of the Group's strategic planning and decision-making process. The Group is exposed to a number of risks and uncertainties related to, among other factors, the business and financial risks. The materialisation of any such risks could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. The Group's risk management process is based on the premise that the Group's success depends on constant monitoring, accurate assessment, and effective management of risks. The Group's management monitors the management of these risks.

Strategic risk

The Group's strategic risks are risks that can significantly impact the execution of its business strategies and ability to achieve the objectives. Such risks are impacted by changes in political environment and market demand as well as microeconomic developments. While the risks can have a negative impact on the Group's business, they can also create new business opportunities. The Group carefully selects the new development projects and monitors the market trends in order to adjust its strategy when significant changes occur.

Market risk

Market risk is the risk arising from changes in the markets with which the Group is involved. The main market risks are price risk and interest rate risk. The Group is exposed to price risk, which arises from fluctuations in the market values of the Group's real estate development projects or price increases due to changes in input costs. The Group cannot guarantee that it will be able to sell its projects in the future at prices similar to or higher than the expected market value of these development projects. If the Group faces difficulties in selling projects at the prices assumed in the business plans, it may have a negative impact on the Group's operations, financial position, prospects, results, and the implementation of its strategy. To mitigate market risk, the

Group's management continuously monitors market developments and takes these into account when making development decisions.

Changes in interest rates affect the Group's revenues and cash flows. The Group actively uses both external and internal resources to finance its real estate development projects in Estonia, Latvia, and Canada. External project financing is either through bank loans or investor loans provided by minority shareholders, which are denominated in euros.

Investor loan interest rates are typically fixed, meaning they are not floating (e.g., not linked to Euribor). The Group's bank loans, on the other hand, have floating interest rates (depending on Euribor). The bank loans have a 0% floor against negative Euribor, meaning that in the event of negative Euribor, it will be set to zero, and the margin on such loans will not decrease. Management continuously monitors the Group's exposure to interest rate risk, primarily arising from floating-rate bank loans linked to changes in Euribor. Several bank loan agreements contain a condition that a commitment fee must be paid on any unused loan balance. The commitment fee depends on the unused loan amount, thus directly affecting the Group's actual interest rate.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations towards the Group under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities such as trade receivables from rental property and from its financing activities, including deposits with banks and other financial instruments.

In order to minimise credit risk, the Group is only dealing with creditworthy counterparties and deposits cash in banks well-recognised banks in Estonia and Latvia. If such rating is not available, the Group uses other publicly available financial information and its own trading records to rate its major customers.

The Group is in real estate development business and upon sale of completed property the Group enters into notarised agreement with the buyer. Since most of the transactions are ensured either with money deposited in the notary's deposit account or a bank loan, the Group is not exposed to material credit risk from trade receivables.

Liquidity risk

The Group's liquidity represents its ability to settle its liabilities to creditors on time. A careful management of liquidity and refinancing risks implies maintaining the availability of funding through an adequate amount of committed credit facilities. Due to the nature of the Group's business activities, the Group actively uses external and internal funds to ensure that timely resources are always available to cover capital needs.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group mitigates refinancing risk by monitoring liquidity positions, analysing different financing options on an ongoing basis and negotiating with financing parties over the course of financing.

Capital risk

The Group's liquidity represents its ability to settle its liabilities to creditors on time. Careful management of liquidity and refinancing risks implies maintaining the availability of funding through an adequate amount of committed credit facilities. Due to the nature of the Group's business activities, the Group actively uses external and internal funds to ensure that timely resources are always available to cover capital needs.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Group mitigates refinancing risk by monitoring liquidity positions, analysing different financing options on an ongoing basis and negotiating with financing parties over the course of financing.

Currency risk

The Group's activities are mainly carried out in the currency of the economic environment of the companies: in Estonia and Latvia in euros (EUR) and in Canada in Canadian dollars (CAD). The Group's currency risk arises from the translation of the functional currency of the Canadian subsidiary into the Group's functional and presentation currency. In order to mitigate currency risks, the Group concludes as many contracts as possible in euros. The majority of intra-group transactions are carried out in euros. The growth of business in Canada leads to the Group's exposure to currency risks. As of 30 June 2025, the Group is not significantly exposed to currency risks, therefore, the Group has not used instruments to hedge currency risks.

Management Board's Confirmation

The Management Board confirms that the unaudited interim report for second quarter and six months of 2025, which is comprised of the management report and the interim financial statements, provides a true and fair view of the Group's operations, financial position and results of operations, and describes the significant risks and uncertainties the Group faces.

Henri Laks

Member of Management Board

Tallinn, 29 July 2025