

hepsor



StokOfiss 34, Riga

2024 II quarter and six months consolidated unaudited interim report

| | |
|-------------------------|---|
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| Reporting period: | 01 January 2023-30 June 2024 |
| Financial year: | 01 January 2024-31 December 2024 |
| 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, Latvia and Canada. 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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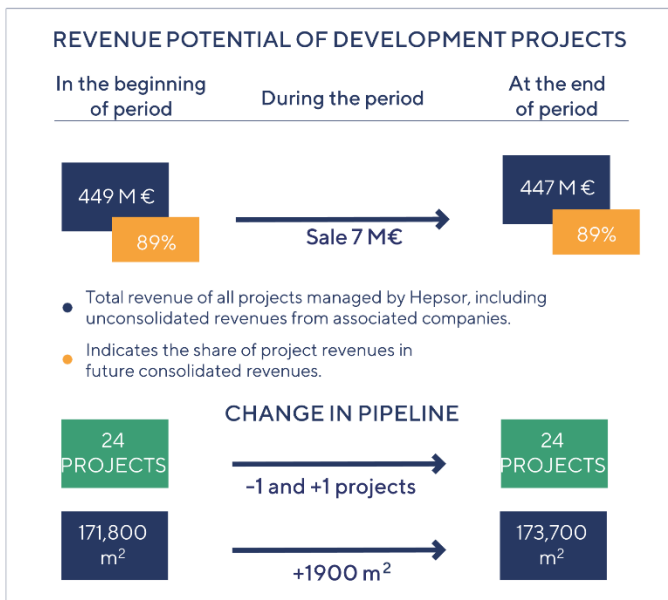
2024 6 MONTHS UNAUDITED REVENUES AND NET PROFIT



REVENUE AND NET PROFIT FORECAST FOR 2024



LONG TERM OUTLOOK (31.12.2023 VS 30.06.2024)



ASSUMPTIONS FOR 2024 FORECAST

| Project | Assumption |
|---------------------------|---|
| Manufaktuuri 7 | 92 real rights contracts will be concluded. |
| Paevälja Courtyard houses | 5 real rights contracts will be concluded. |
| Lilleküla Homes | 18 real rights contracts will be concluded. |
| Ojakalda Homes | 50 real rights contracts will be concluded. |
| Strelnieku 4B | 10 real rights contracts will be concluded. |
| Nameja Residence | 25 real rights contracts will be concluded. |
| Marupes Darzs | The last apartment is being sold. |
| Ganibu Dambis | The Group earns rental income. |
| Büroo 113 | Investment is reassessed to fair value. |
| Grüne office building | The Group earns rental income. |

DEVELOPMENT PROJECTS FOR SALE AND UNDER CONSTRUCTION (30.06.2024)

| PROJECT | Total number of apartments | Apartments sold* | Apartment s sold % | Unsold apartments | Construction completed |
|--|------------------------------------|--------------------------|--------------------|------------------------|------------------------|
| Strelnieku 4b, Läti | 54 | 48 | 89% | 6 | 2020 |
| Ojakalda Kodud | 101 | 37 | 37% | 64 | 2024 |
| Lilleküla Kodud | 26 | 13 | 50% | 13 | 2023 |
| Manufaktuuri 7 | 150 | 86 | 57% | 64 | 2024 |
| Manufaktuuri 5 | 149 | 9 | 6% | 140 | 2026 |
| Nameja Residence | 38 | 17 | 45% | 21 | 2024 |
| Annenhof Majas | 40 | 13 | 33% | 27 | 2025 |
| Total | 558 | 223 | 40% | 335 | |
| COMMERCIAL DEVELOPMENT PROJECTS IN PROCESS | Total rentable area m ² | Occupancy m ² | Occupancy % | Construction completed | |
| Büroo113 | 4 002 | 1 048 | 26% | 2023 | |
| Grüne Maja | 3 430 | 3 302 | 96% | 2023 | |
| Ulbrokas 34 | 8 740 | 453 | 6% | 2025 | |
| Manufaktuuri 5 I stage | 1 515 | 0 | 0% | 2026 | |
| Manufaktuuri 7 | 453 | 61 | 13% | 2024 | |
| Total | 18 140 | 4 853 | 27% | | |

DEVELOPMENT PROJECTS UNDER CONSTRUCTION (30.06.2024)

| Started in 2023 | Under construction as of 30.06.2024 | Started in 2024 |
|--|---|---|
| 228 apartments 453 m ² commercial area | 377 apartments 10 708 m ² commercial area | 254 apartments 10 255 m ² commercial area |

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

Dear shareholders of Hepsor



The consolidated sales revenue of Hepsor amounted to 5.2 million euros in the second quarter of 2024 and the net loss was 0.56 million euros (including a net loss attributable to the owners of the parent of 0.65 million euros). The consolidated sales revenue for the six months of 2024 was a total of 7.4 million euros, with a net loss of 1.5 million euros (including the net loss attributable to the owners of the parent company, which was 1.5 million euros).

In the second quarter of 2024, construction and sales began at the historic main building of the former Baltic Cotton Spinning and Weaving Factory located at Manufaktuuri 5. Also, the third investment in Canada was made, construction and financing agreements were signed for the construction of the StokOfiss 34 business building in Riga, and construction work has already commenced. Additionally, sales of previously completed developments continued.

Completed development projects

In the first six months of 2024, 46 homes were handed over to buyers, 12 of which were in the first quarter. In the second quarter of 2024, 30 apartments were handed over in Tallinn: the last two apartments in the Paevälja Hoovimajade project, completed in 2022, 26 apartments in the Ojakalda Kodude project, and the first two apartments in the Manufaktuuri 7 project, which is expected to be fully completed in the third quarter of 2024. In Riga, four apartments were handed over in the Strēlnieku 4B project in the second quarter of 2024.

In terms of commercial real estate, construction and financing agreements were signed in the second quarter for the construction of the StokOfiss 34 business building in Riga, with the first lease agreement already signed by the end of the quarter. For Büroo 113 building, belonging to an associate company Hepsor P113 OÜ, we signed new lease agreements, and as of the date of this report, 37% of the building is covered by lease agreements (26% at the end of Q2 and 11% at the end of Q1). We are preparing new lease agreements for the remaining spaces and forecast that at least 75% of the rentable area in Büroo 113 will be covered by lease agreements by the end of Q3. The vacancy in Büroo 113 is due to the termination of the lease with the anchor tenant in the fall of 2023 due to payment arrears.

Development projects under construction and available for sale



In the second quarter of 2024, Hepsor had four residential development projects under construction, totalling 377 apartments:

- Manufaktuuri 7 (150 apartments and 453 m² of commercial space) in Tallinn, which will be completed in the summer of 2024. The first two real rights contracts were signed at the end of June, with more active signing starting in mid-July.
- Manufaktuuri 5 (149 apartments and 1,515 m² of commercial space) in Tallinn, whose construction began in the second quarter of 2024. Completion is planned for the end of 2026.
- Nameja Rezidence (38 apartments) in Riga, which will be completed in the third quarter of 2024, and first homes will be handed over to buyers also at that time.

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.

The portfolio of the company's development projects, and three-year average financial results are a better criteria for assessing the group's performance in order to assess the overall sustainability and economic results of a real estate development company.



- Annenhof Majas (40 apartments) in Riga, which is planned for completion at the beginning of 2025, with most of the sales revenue also being recognized in 2025.

As of June 30, 2024, contracts under the law of obligations and written reservations have been made for 123 apartments (33%) across these four projects.

Hepsor in Canada

Hepsor began developing its Canadian business line in the spring of 2022 after the start of the war in Ukraine with the aim of finding new growth opportunities and diversifying the geopolitical risks associated with the current home markets. Within two years, a network of cooperation has been built in Canada, from legal and financial advisors to banks, market analysis and brokerage companies.

In the second quarter of 2024, Hepsor made its third investment in Canada, in collaboration with Elysium Investments Inc., by acquiring seven properties at 17-29 Glenavy Avenue in the Leaside area of downtown Toronto. The aim is to develop a residential high-rise building with rental apartments in the future. To develop the property, Elysium Glenavy Limited Partnership was established, which includes participation from various Canadian and European investors in addition to Hepsor and Elysium. Hepsor was advised on the transaction by Fasken, one of Canada's largest law firms, and the project development will involve a team of local advisors led by the internationally renowned architectural firm Gensler Architects and one of Toronto's leading urban planning companies, Bousfields.

As of the end of the second quarter, Hepsor, together with its Canadian partners, has made three investments:

- A property located at 3406-3434 Weston Road, Toronto (investment made in Q2 2023).
- 3 properties in Toronto at the address 164-168 Isabella Street (investment made in Q2 2023).
- 7 properties in Toronto at 17-29 Glenavy Avenue (investment made Q2 2024).

All those properties have been acquired for the purpose of land development, which is expected to take approximately 2-2.5 years.

Outlook for 2024

In 2024, we forecast sales revenue of €43.1 million, net profit of €4.5 million, and net profit attributable to the parent company's shareholders of €2.5 million. A large portion of the sales revenue for the second quarter of 2024 is attributed to the sale of apartments in the Ojakalda Kodud project. Most of the forecasted sales revenue for 2024 is expected to be received in the second half of the year, when the signing of real rights contracts for the Manufaktuuri 7 and Nameja Residence apartments begins. Additionally, sales will continue for already completed projects.

We plan to start the construction and sales of another new project in Latvia in 2024 - the Zala Jugla project with 105 new homes - and we aim to make further investments in Canada. While customers are not making quick purchasing decisions today, there is still ongoing interest in our projects. Therefore, we remain moderately optimistic and continue with the execution of existing and new projects.

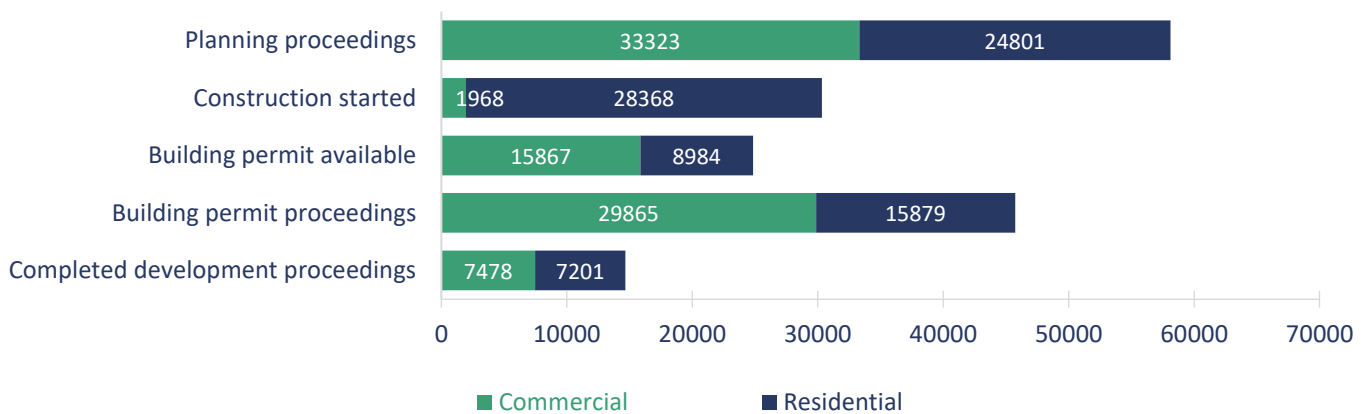
Henri Laks

Member of the Management Board

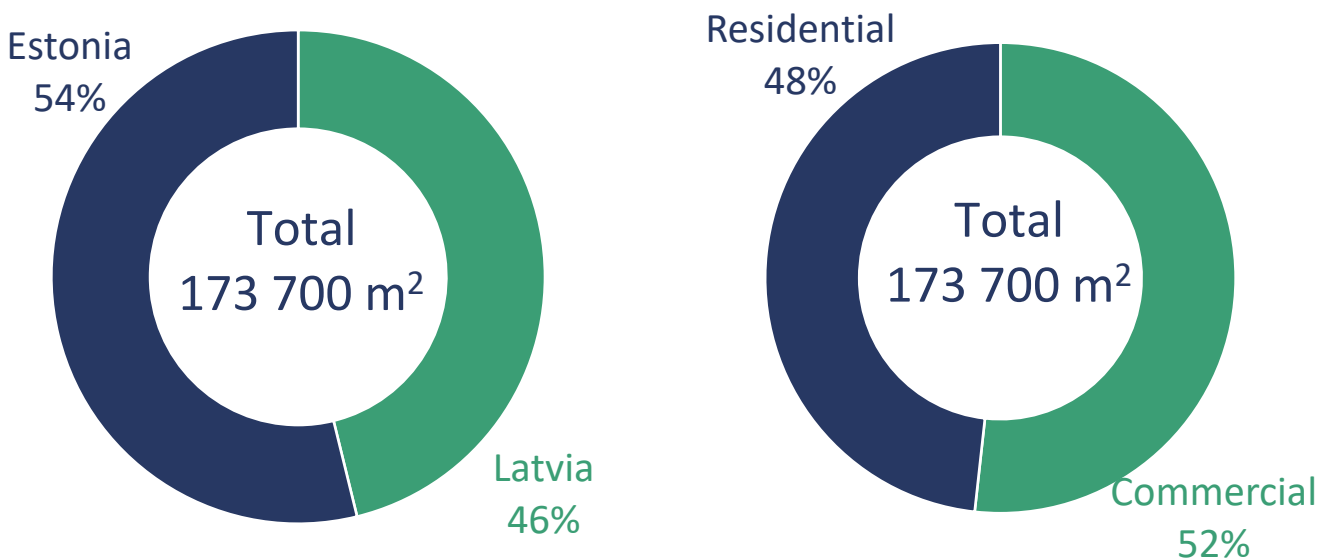
Overview of the Development Projects

As of June 30, 2024, the Group has a total of 24 active development projects in various stages and 173,700 m² of saleable area (As of 30 June 2023, the Group had 24 active projects in different development phases and 159,500 sqm of sellable area).

Distribution of development portfolio between different development phases* (as of 30 June 2024):



Distribution of development portfolio between countries and type* (as of 30 June 2024):



*Except Canada projects

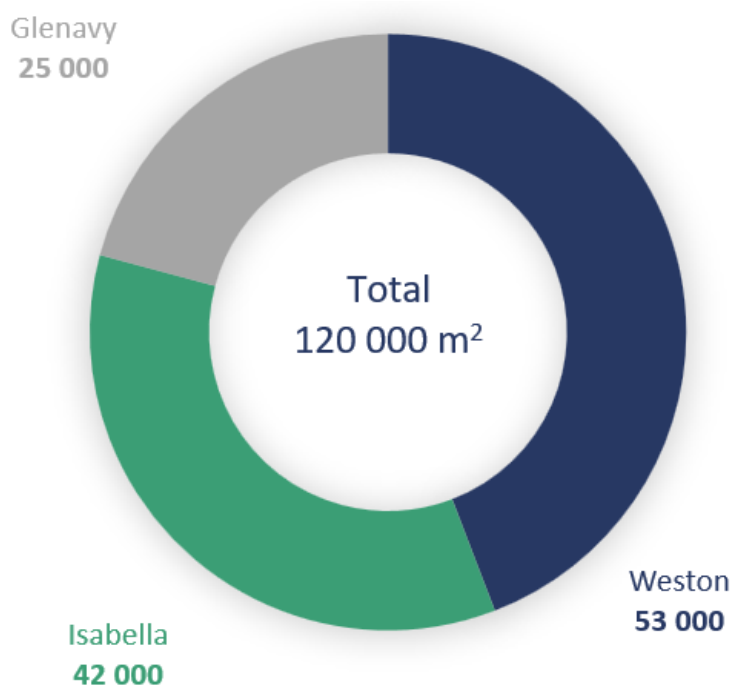
Development Projects in Canada (as of June 30, 2024):

We present the Canadian projects separately because Hepsor's share in the initial Canadian projects is proportionally smaller compared to the Estonian and Latvian projects, and the Canadian projects are accounted for as financial investments. In Canada, we are initially focusing on land value enhancement.

The goal of the first phase of the Weston Road project is to increase the building volumes of the property from 27,000 m² to approximately 53,000 m² and to obtain building rights for the creation of two apartment buildings.

The goal of the first phase of the Isabella project is to merge three properties located at 164-168 Isabella Street in Toronto and to plan a residential high-rise on the newly formed property with a building volume of approximately 42,000 m².

The Elysium Glenavy project was acquired in collaboration with Elysium Investments Inc. (Elysium), involving the acquisition of seven properties in Toronto's downtown Leaside area at 17-29 Glenavy Avenue, with the aim of developing a residential rental apartment high-rise with a building volume of approximately 25,000 m².



Development projects in Tallinn (as of 30 June 2024)



Planning proceedings

- 1 Narva mnt 150, 150a, 150b
- 2 Alvari 1
- 3 Kadaka tee 197
- 4 Paevälja 5, 7, 9
- 5 Vana-Tartu mnt 49

Building permit proceedings / available

- 6 Manufaktuuri 12
- 7 Lembitu 4

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 2024)



Planning proceedings

- 1 Riga Properties 4

Building permit proceedings / available

- 2 Ganību Dambis 17a
- 3 Eizenija 18
- 4 Saules aleja 2a
- 5 Braila 23

Under construction and/or available for sale

- 6 Ulbrokas 34
- 7 Jurmalas Gatve / Imanta 8. līnija
- 8 Strēlnieku 4b
- 9 Ranka Dambis 5

Development projects in Canada (as of 30 June 2024)



Land development projects

- 1 3406-3434 Weston road, Toronto
- 2 164 - 168 Isabella street, Toronto
- 3 17-29 Glenavy Avenue, Toronto

Completed development projects (as of 30 June 2024):



Project: Strēlnieku 4b
 Hepsor S4B SIA
 Address: Strēlnieku 4b, Rīa
 Apartments: 54
 Estimated completion: 2020
 Website: hepsor.lv/strelnieku4b



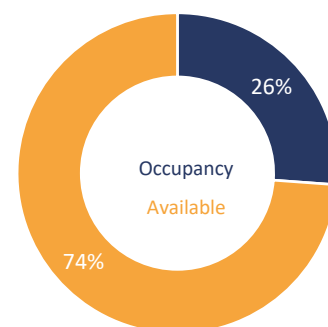
Project: Ojakalda Kodud
 Hepsor 3TORNI OÜ
 Address: Paldiski mnt 227c, Tallinn
 Apartments: 101
 Start of construction: III Q 2022
 Estimated completion: II Q 2024
 Website: hepsor.ee/ojakalda



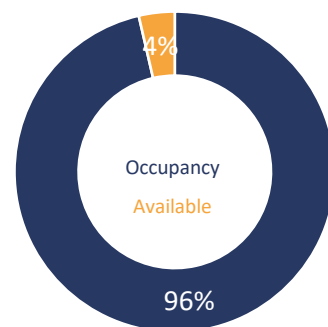
Project: Lilleküla Kodud
 Hepsor N57 OÜ
 Address: Nõmme tee 57, Tallinn
 Apartments: 26
 Start of construction: IV Q 2022
 Estimated completion: I Q 2024
 Website: hepsor.ee/lillekylakodud/



Project: Büroo 113
 Hepsor P113 OÜ
 Address: Pärnu mnt 113, Tallinn
 Leasable area: 4 002 m²
 Occupancy: 26%
 Estimated completion: IV Q 2022
 Website: byroo113.ee/



Project: Grüne Maja
 Hepsor M14 OÜ
 Address: Meistri 14, Tallinn
 Leasable area: 3 430 m²
 Start of construction: IV Q 2020
 Estimated completion: II Q 2023
 Website: gryne.ee



Development Projects Under Construction (as of 30. June 2024)



Project: Manufaktuuri kvartal
Hepsor Phoenix 2 OÜ

Address: Manufaktuuri 7, Tallinn

Apartments: 150

Start of construction: I Q 2023

Estimated completion: III Q 2024

Website: hepsor.ee/manufaktuur/m7



Project: Manufaktuuri 5
Hepsor Phoenix 3 OÜ

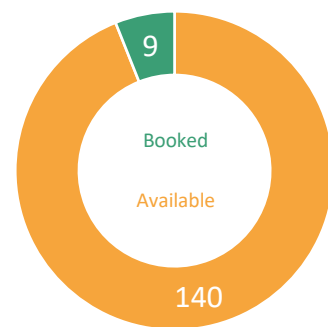
Address: Manufaktuuri 5, Tallinn

Apartments: 149

Start of construction: II Q 2024

Estimated completion: 2026

Website: <https://hepsor.ee/manufaktuur/?lang=en>



Project: Nameja Rezidence
Hepsor RD5 SIA

Address: Ranka Dambis 5, Riia

Apartments: 38

Start of construction: I Q 2023

Estimated completion: III Q 2024

Website: hepsor.lv/namejarezidence/en/



Project: Annenhof Majas
Hepsor JG SIA

Address: Jūrmalas Gatve/Imanta 8. linija, Riia

Apartments: 40

Start of construction: IV Q 2023

Estimated completion: I Q 2025

Website: <https://hepsor.lv/annenhofmajas/en>





Project: StokOfiss 34
Hepsor U34 SIA

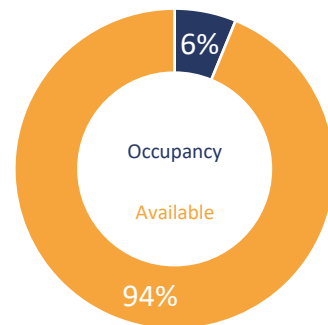
Address: Ulbrokas 34, Riia

Leasable area: 8 740 m²

Start of construction: II Q 2024

Estimated completion: IV Q 2025

Website: hepsor.lv/stokofissu34/en/



Development projects the construction of which starts in 2024 (as of 30 June 2024):



Project: Zala Jugla
Hepsor Jugla SIA

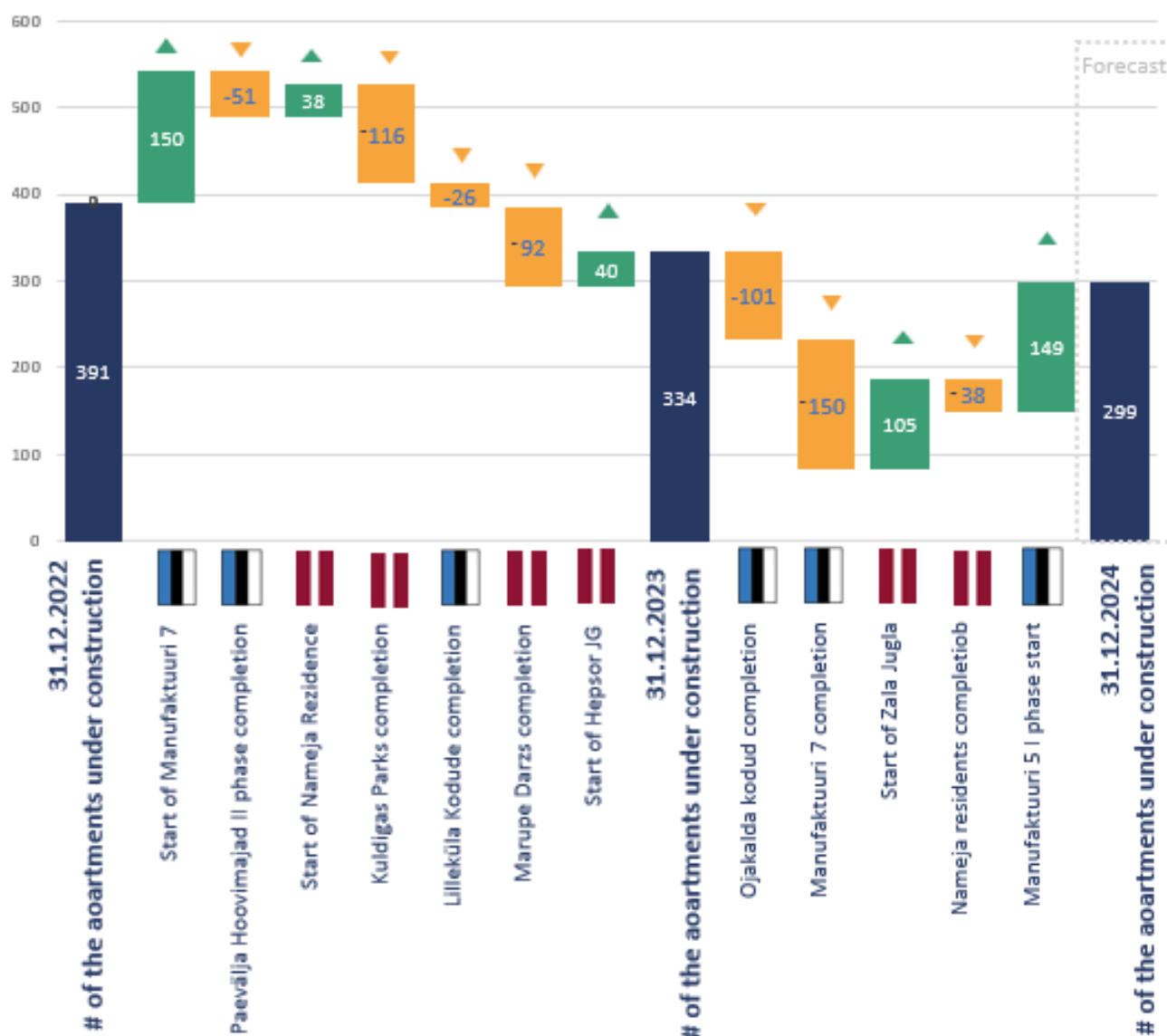
Address: Braila Str 23, Riia

Apartments: 105

Start of construction: IV Q 2024

Estimated completion: I Q 2026

Under construction and completed apartments 2022 - 2024

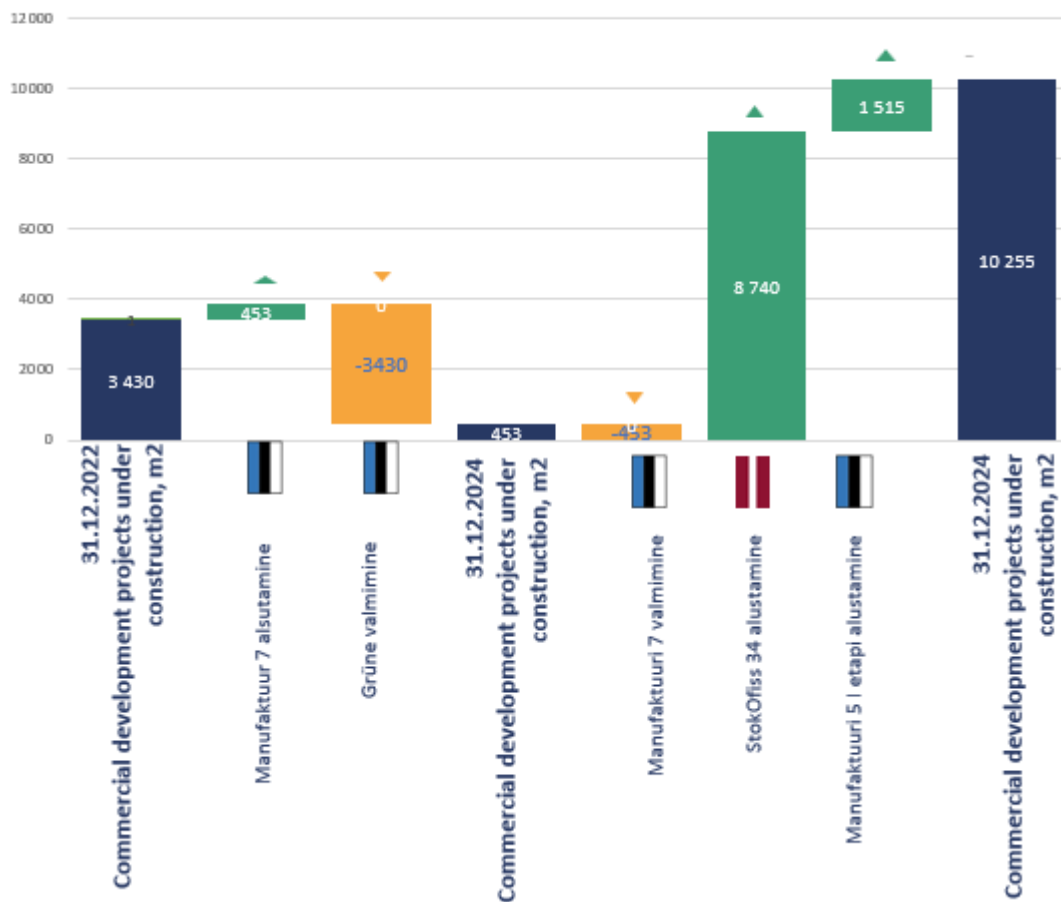


Residential development projects under construction and available for sale (as of 30 June 2024):

| Project | Status | Apartments | Apartments | | Apartments % | | Estimated completion |
|---------------------|-----------------|------------|------------|------------|--------------|------------|----------------------|
| | | | Sold* | Available | Sold* | Available | |
| Strēlnieku 4b, Lāti | Ready | 54 | 48 | 6 | 89% | 11% | 2020 |
| Lilleküla Kodud | Ready | 26 | 13 | 13 | 50% | 50% | IV Q 2023 |
| Ojakalda Kodud | Ready | 101 | 37 | 64 | 37% | 63% | I Q 2024 |
| Manufaktuuri 7 | In construction | 150 | 86 | 64 | 57% | 43% | III Q 2024 |
| Manufaktuuri 5 | In construction | 149 | 9 | 140 | 6% | 94% | IV Q 2026 |
| Nameja Residence | In construction | 38 | 17 | 21 | 45% | 55% | III Q 2024 |
| Annenhof Majas | In construction | 40 | 13 | 27 | 33% | 68% | I Q 2025 |
| Total | | 558 | 223 | 335 | 40% | 60% | |

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

Commercial development projects under construction 2022 - 2024



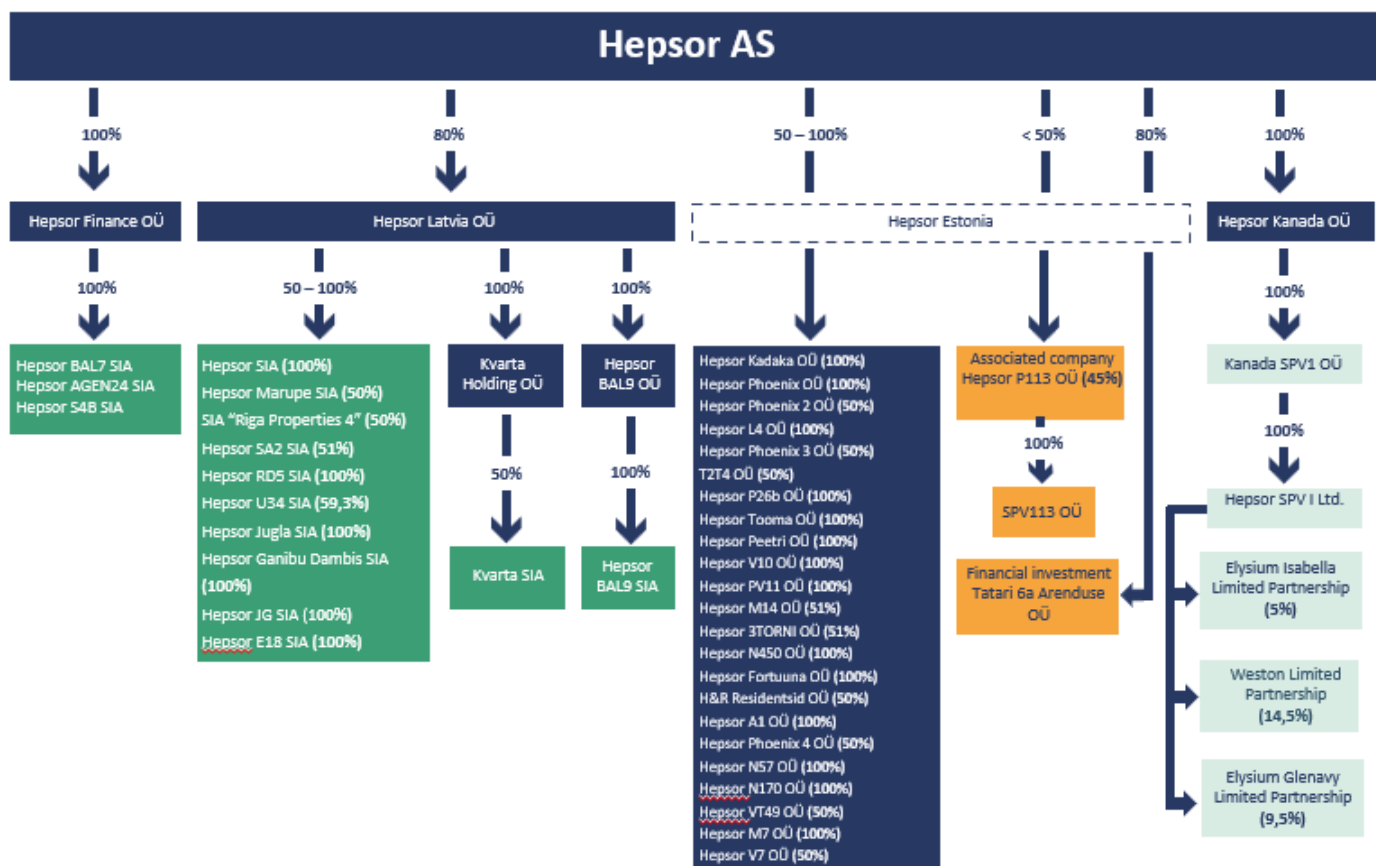
Occupancy of commercial development projects (as of 30 June 2024):

| Project name | Rentable area sqm | Occupancy sqm | Occupancy % |
|--|----------------------|------------------|----------------|
| Ulbokras 34 <i>stock-office</i> , Läti | 8,740 | 495 | 6% |
| Büroo113 | 4,002 | 1,048 | 26% |
| Grüne Maja | 3,430 | 3,302 | 96% |
| Manufaktuuri 5 | 1,515 | 0 | 0% |
| Manufaktuuri 7 | 453 | 61 | 13% |
| Kokku | 18,140 | 4,863 | 27% |

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 June 30, 2024, the group consisted of the parent company, 45 subsidiaries, and 1 associated company, along with its subsidiary (As of June 30, 2023, the group consisted of the parent company, 39 subsidiaries, and 2 associated companies). Tatari 6a Arenduse OÜ, Weston Limited Partnership, Elysium Isabella Limited Partnership, and Elysium Glenavy Limited Partnership are accounted for as financial investments.



In 2024, the following changes took place in the structure of the Group:

- ✓ On March 5, 2024, Hepsor AS's subsidiary Hepsor Latvia OÜ established a subsidiary, Hepsor E18 SIA
- ✓ On March 8, 2024, Hepsor AS's associate company Hepsor P113 OÜ established a subsidiary, SPV113 OÜ
- ✓ Hepsor Latvia OÜ's stake in Kvarta Holding OÜ changed from 50% to 100%, and Kvarta Holding OÜ's stake in Kvarta SIA changed from 100% to 50%.
- ✓ A new financial investment, Elysium Glenavy Limited Partnership, was added with a stake of 9,5%.
- ✓ On May 22, 2024, Hepsor AS established a subsidiary, Hepsor V7 OÜ, with a 50% stake.
- ✓ Hepsor Latvia OÜ's stake in Hepsor U34 SIA changed from 70% to 59.3%.

Main Events

- ✓ On June 12, 2024, Hepsor U34 SIA, Hepsor AS group company, and Latvian affiliate of Bigbank AS signed a loan agreement for 9 million euros. The purpose of the loan is to finance the construction of StokOfiss 34 development project in Riga. In addition to the bank, financial investors are also involved in financing the development project, with a total investment amount of 1.7 million euros.
- ✓ In June, Hepsor AS's subsidiary in Canada, Hepsor SPV I Ltd, made its third investment in the Canadian real estate market, where, in cooperation with Canadian partners, properties suitable for residential development were purchased at 17-29 Glenavy Avenue, Toronto.
- ✓ On May 17, 2024, Hepsor U34 SIA, a company of the Hepsor AS group, and the construction company Mitt&Perlebach signed a contract for the construction of the StokOfiss 34 development project at 34 Ulbrokas Street, Riga. The construction contract amount is approximately 9.6 million euros, plus VAT.

Operating Results

The Group's sales revenue in six months 2024 was 7.4 million euros (6M 2023: 20.6 million euros), of which 0.7 million euros (6M 2023: 10.6 million euros) or 9.3% (6M 2023: 51.51%) was earned in Latvia.

The Group's sales revenue in Q2 2024 was 5.2 million euros (Q2 2023: 14.6 million euros), of which 0.5 million euros (Q2 2023: 10.4 million euros) or 9.1% (Q2 2023: 71.1%) was earned in Latvia.

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 first six months of 2024, the Group sold a total of 46 (6M 2023: 123) apartments of which 41 apartments in Tallinn, 33 apartments in Ojakalda Kodud development project, 1 apartment in Lilleküla Kodud development project, 5 apartments in Paevälja Hoovimajad development project and the first 2 apartments were handed over to customers in the Manufaktuuri 7 development project. In Latvia, the last apartment was sold in the Mārupes Dārzs development project and 4 apartments were sold in Strēlnieku 4b development project.

In addition to the sale of apartments, the Group also offers project management services and generates rental income from real estate. In six months, the Group earned other sales revenue in the amount of 743 thousand euros (6M 2023: 883 thousand euros), which was 10.0% (6M 2023: 4.3%) of the Group's total sales revenue. In the second quarter the total other sales revenue amounted to 337 thousand euros (Q2 2023: 462 thousand euros) or 6.5% (Q2 2023: 3.2%) of the Group's total sales revenue.

Profitability

The gross profit of the second quarter of the Group was 340 thousand euros and the gross profit margin was 6.6% (Q2 2023: 3,856 thousand euros and 26.4%) and the gross profit for six months was 377 thousand euros, the gross profit margin was 5.1% (6M 2023: 4,791 thousand euros and 23.3%). The gross profit was most affected the lower profitability of the development projects sold. The gross profit of development projects sold during the second quarter was 657 thousand euros (Q2 2023: 4,091 thousand euros) and gross profit margin was 13.7% (Q2 2023: 28.9%) and the gross profit of the sold development projects for six months was 771 thousand euros (6M 2023: 5,251 thousand euros) and the gross profit margin was 11.5% (6M 2023: 26.7%).

The operating loss of the Group for the second quarter of 2024 was 292 thousand euros and for six months it was 856 thousand euros (Q2 2023: operating profit 3,212 thousand euros and 6 months 2023: operating profit 3,726 thousand euros), the operating profit margin for the second quarter of the reporting year was -5.7% (Q2 2023: 22.0%) and the operating profit margin for six months was -11.5% (6M 2023: 18.1%).

The net loss of the Group in the second quarter was 561 thousand euros (Q2 2023: net profit 3,449 thousand euros), of which the loss of the owners of the parent company was 647 thousand euros (Q2 2023: net profit 1,563 thousand euros) and the net profit of the minority interest was 86 thousand euros (Q2 2023: 1,886 thousand euros). The net loss for the six months of the reporting year was 1,526 thousand euros (6M 2023: net profit 3,588 thousand euros), of which the loss of the owners of the parent company was 1,526 thousand euros (6M 2023: net profit 1,803 thousand euros). The net profit margin was -10.9% in the second quarter of the reporting year and -20.6% in six months (Q2 2023: 23.6% and 6M 2023: 17.4%). The profit margin of the owners of the parent company was -12.6% in the second quarter (Q2 2023: 10.7%) and -20.6% in six months (6M 2023: 8.8%).

Balance Sheet

Total assets of the Group amounted to 97.6 million euros as of 30 June 2024 (30 June 2023: 83.3 million euros), which is 17.1% higher than at the end of the comparable period last year. Inventories made up 88.2% or 86.1 million euros of total assets (30 June 2023: 82.6% and 68.8 million euros). In the period from 01 July 2023 to 30 June 2024, the Group has purchased three new development projects, of which 2 in Latvia, commercial development project Smaidu Dreilini and residential development project Eiženijas 18. In Estonia, a commercial development project was purchased at Vana-Tartu mnt 49. A total of 30,925 m² has been added to the development portfolio during the year. In the period from 01 July 2023 to 30 June 2024, the Group has sold 197 apartments with real rights contracts.

As of 30 June 2024, cash and cash equivalents accounted for 4.8% or 4.7 million euros of the total assets. As of 30 June 2023, cash and cash equivalents accounted for 10.0% or 8.3 million euros of total assets.

The Group's loan obligations totalled 62.8 million euros as at 30 June 2024, compared to 46.2 million euros as at 30 June 2023. The Group's equity decreased by 6.7% over the year to 20.7 million euros. Equity attributable to the owners of the parent decreased by 10.5% to 19.4 million euros.

Balance sheet structure 30.06.2024 (m€)



Cash Flows

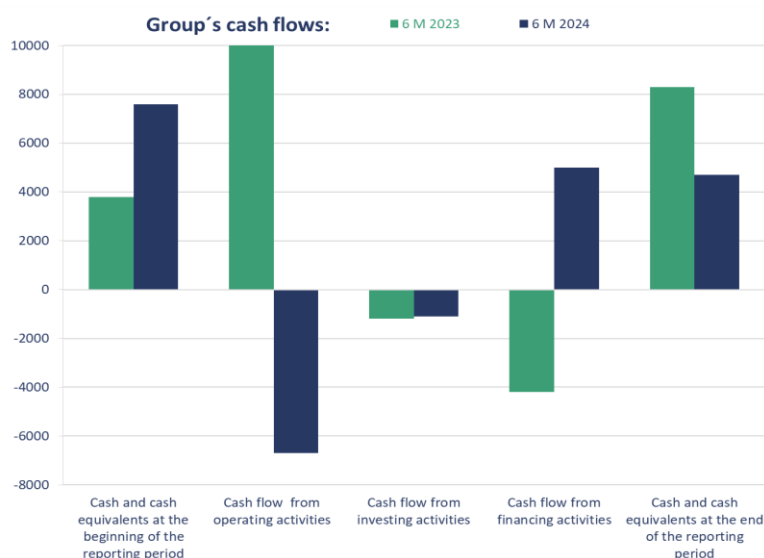
The Group's cash and cash equivalents amounted to 7.6 million euros at the beginning of 2024 (01 January 2023: 3.8 million euros) and to 4.7 million euros as at 30 June 2024 (30 June 2023: 8.3 million euros). The negative cash flow for the period was 2.9 million euros (6M 2023: positive 4.6 million euros).

Cash flow from operating activities for 6M 2024 was negative at 6.7 million euros (6M 2023: positive 10.0 million euros). Cash flow from operating activities was mostly affected by the growth of inventories, due to the change in inventories the negative cash flow as of 6M

2024 was 6.4 million euros, in the comparable period, the cash flow from inventory changes was positive by 2.6 million euros, this was influenced by both the large number of sold apartments and the sale of two commercial development projects in the first half of 2023. If in 2024 the Group has sold 46 apartments, then in the comparable period 123 apartments and two commercial development projects were sold, which reduced the development portfolio by 14,142 m².

In six months of 2024, the cash flow from investments was negative at 1.1 million euros (6M 2023: 1.2 million euros). In the reporting period, the Group granted a total of 0.4 million euros in loans and invested 0.7 million euros in Canadian development projects.

Cash flow from financing activities was positive at 5.0 million euros (6M 2023: negative 4,2 million euros). In the reporting period, the Group received more loans than it repaid. The net amount of loans received in six months of 2024 was 6.0 million euros (6M 2023: -2.4 million euros). In the first six months of 2024, the Group paid 2.7 million euros in interest (6M 2023: 1.8 million euros).



Key financials

| in thousands of euros | 6 M 2024 | 6 M 2023 | 6 M 2022 | Q2 2024 | Q2 2023 | Q2 2022 |
|--|----------|----------|----------|---------|---------|---------|
| Revenue | 7,422 | 20,590 | 3,954 | 4,814 | 14,615 | 2,682 |
| Gross profit/-loss | 377 | 4,791 | 202 | 340 | 3,856 | 96 |
| EBITDA | -751 | 3,820 | -430 | -239 | 3,258 | -151 |
| Operating profit/-loss | -856 | 3,726 | -500 | -292 | 3,212 | -186 |
| Net profit/-loss | -1,526 | 3,588 | -258 | -561 | 3,449 | -280 |
| Incl net profit/-loss attributable to the owners of parent | -1,526 | 1,803 | -273 | -647 | 1,563 | -278 |
| Comprehensive income/-loss | -1,450 | 1,869 | -136 | -485 | 1,722 | -311 |
| Incl comprehensive profit/-loss attributable to the | -1,570 | 1,843 | -559 | -691 | 1,617 | -478 |
| Earnings per share | -0.40 | 0.47 | -0.07 | -0.17 | 0.41 | -0.07 |

| in thousands of euros | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|--|--------------|--------------|--------------|
| Total assets | 97,563 | 83,284 | 64,297 |
| Incl inventories | 86,064 | 68,776 | 56,128 |
| Total liabilities | 76,847 | 61,092 | 45,425 |
| Incl total loan commitments | 62,880 | 46,200 | 37,113 |
| Total equity | 20,716 | 22,192 | 18,872 |
| Incl equity attributable to the owners of parent | 19,423 | 21,709 | 18,345 |

Key Ratios

| | 6 M 2024 | 6 M 2023 | 6 M 2022 | Q2 2024 | Q2 2023 | Q2 2022 |
|-------------------------|----------|----------|----------|---------|---------|---------|
| Gross profit margin | 5.1% | 23.3% | 5.1% | 6.6% | 26.4% | 3.6% |
| Operating profit margin | -11.5% | 18.1% | -12.7% | -5.7% | 22.0% | -6.9% |
| EBITDA margin | -10.1% | 18.6% | -10.9% | -4.6% | 22.3% | -5.6% |
| Net profit margin | -20.6% | 17.4% | -6.2% | -10.9% | 23.6% | -10.1% |
| General expense ratio | 17.2% | 5.1% | 18.0% | 12.6% | 4.4% | 10.7% |

| | 30 June 2024 | 30 June 2023 | 30 June 2022 |
|---|--------------|--------------|--------------|
| Equity ratio | 21.2% | 26.6% | 29.4% |
| Debt ratio | 64.5% | 55.6% | 57.9% |
| Current ratio | 2.1 | 3.4 | 6.8 |
| Return of equity | -7.6% | 25.2% | 10.2% |
| Return on equity attributable to the owners of the parent | -10.4% | 17.3% | -1.5% |
| Return on assets | -1.8% | 7.0% | 2.8% |

Gross profit margin = gross profit / revenue

Operating profit margin = operating profit / revenue

EBITDA margin = (operating profit + depreciation) / revenue

Net profit margin = net profit / revenue

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

Equity ratio = shareholder's 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 2024, Hepsor AS had 10 014 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% |
| Kokku | - | 2,878,700 | 74.68% |

Shareholder structure by number of shares held as of 30 June 2024:

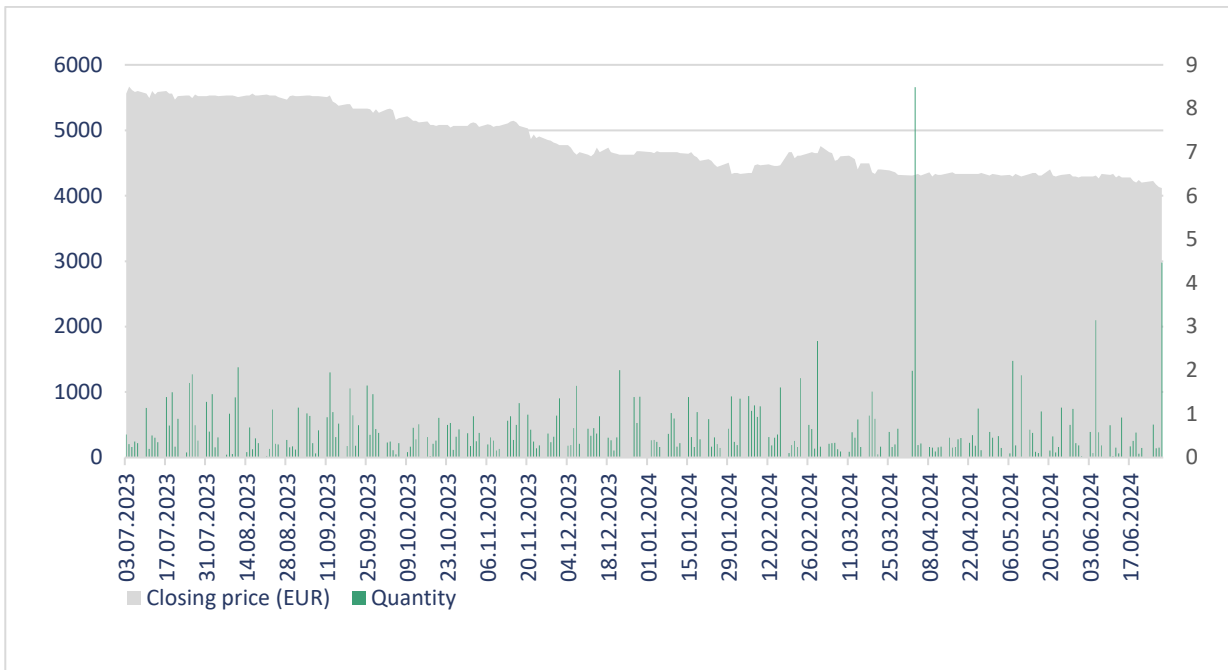
| Number of shares | Number of shareholders | % of shareholders | Number of shares | % of shares |
|------------------|------------------------|-------------------|------------------|----------------|
| 100 001-... | 6 | 0.06% | 3,012,161 | 78.14% |
| 10 001-100 000 | 7 | 0.07% | 231,926 | 6.02% |
| 1001-10 000 | 51 | 0.51% | 157,202 | 4.08% |
| 101-1000 | 805 | 8.04% | 211,415 | 5.48% |
| 1-100 | 9,145 | 91.32% | 241,997 | 6.28% |
| Kokku | 10,014 | 100.00% | 3,854,701 | 100.00% |

During the period from July 1, 2023, to June 30, 2024, a total of 6,532 transactions were conducted with Hepsor shares, during which 110,225 shares changed hands for a total amount of 793,328 euros. The highest transaction price during this period was 8.5 euros, and the lowest was 6.18 euros. Off-market, 120,000 shares changed hands at a price significantly lower than the market price. As of June 30, 2024, the market capitalization of Hepsor AS was 23.8 million euros, and the equity of the Group amounted to 21 million euros.

Market cap on
30 June 2024

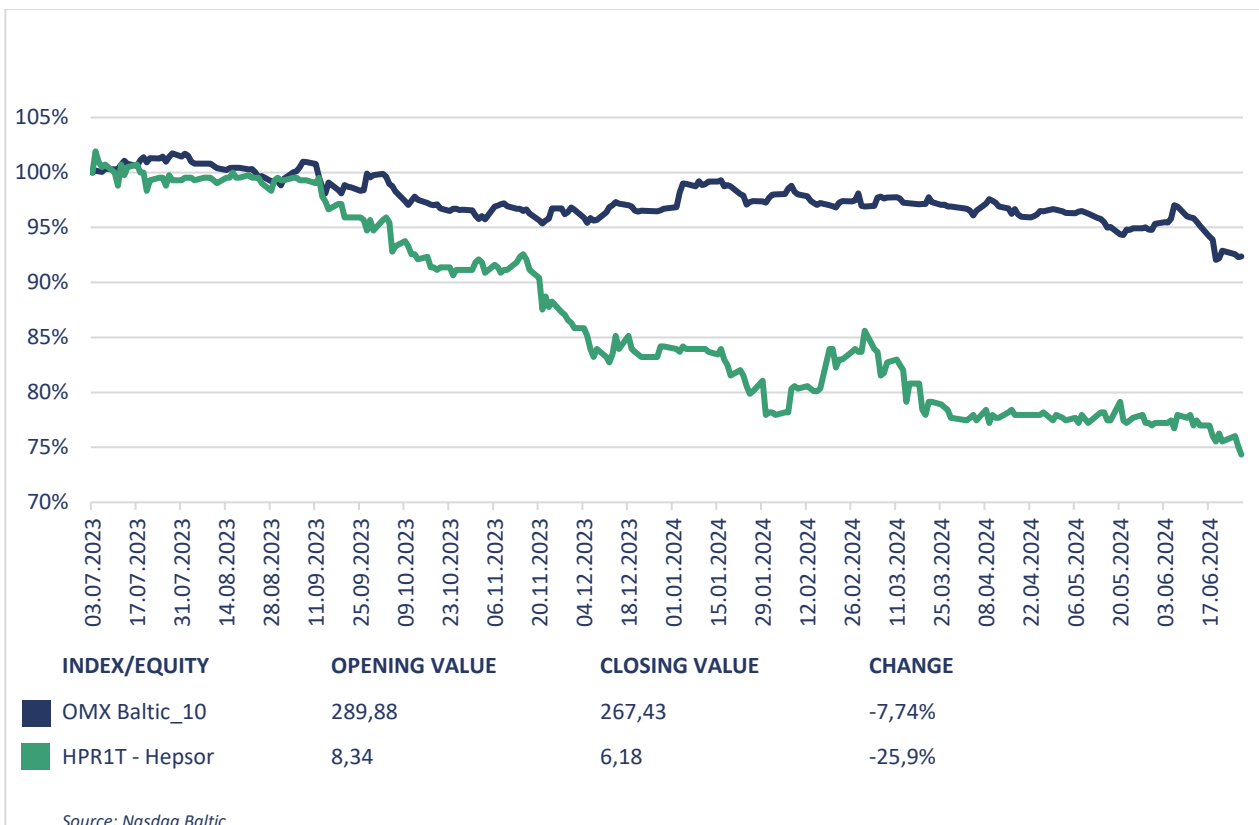
23.8
million euros

Trading volume and price range of Hepsor AS shares, 12 months (1 July 2023 - 30 June 2024):



Source: Nasdaq Baltic

Change in Hepsor share price in comparison with the benchmark OMX Tallinn index, 12 months (1 July 2023 – 30 June 2024):



Source: Nasdaq Baltic

Consolidated Financial Statements

Consolidated statement of financial position

| in thousands of euros | Note | 30 June 2024 | 31 December 2023 | 30 June 2023 |
|---|-----------|---------------|------------------|---------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | | 4,731 | 7,604 | 8,304 |
| Trade and other receivables | 3 | 1,170 | 1,544 | 1,372 |
| Current loan receivables | 4 | 311 | 311 | 311 |
| Inventories | 2 | 86,064 | 77,439 | 68,776 |
| Total current assets | | 92,276 | 86,898 | 78,763 |
| Non-current assets | | | | |
| Property, plant and equipment | | 183 | 162 | 233 |
| Intangible assets | | 4 | 4 | 5 |
| Financial investments | 5 | 2,668 | 2,005 | 2 |
| Investments in associates | | 0 | 0 | 912 |
| Non-current loan receivables | 4 | 2,161 | 1,729 | 3,233 |
| Other non-current receivables | | 271 | 203 | 136 |
| Total non-current assets | | 5,287 | 4,103 | 4,521 |
| Total assets | 20 | 97,563 | 91,001 | 83,284 |
| Liabilities and equity | | | | |
| Current liabilities | | | | |
| Loans and borrowings | 6 | 33,258 | 40,600 | 11,056 |
| Current lease liabilities | | 76 | 40 | 64 |
| Prepayments from customers | | 3,399 | 2,620 | 3,748 |
| Trade and other payables | 7 | 6,226 | 7,188 | 8,570 |
| Total current liabilities | | 42,959 | 50,448 | 23,438 |
| Non-current liabilities | | | | |
| Loans and borrowings | 6 | 29,622 | 16,305 | 35,144 |
| Non-current lease liabilities | | 29 | 29 | 68 |
| Other non-current liabilities | 8 | 4,237 | 2,058 | 2,442 |
| Total non-current liabilities | | 33,888 | 18,392 | 37,654 |
| Total liabilities | 20 | 76,847 | 68,840 | 61,092 |
| Equity | | | | |
| Share capital | | 3,855 | 3,855 | 3,855 |
| Share premium | | 8,917 | 8,917 | 8,917 |
| Reserves | | 385 | 385 | 385 |
| Retained earnings | | 7,559 | 9,004 | 9,035 |
| Total equity | | 20,716 | 22,161 | 22,192 |
| incl. total equity attributable to owners of the parent | | 19,423 | 20,993 | 21,709 |
| incl. non-controlling interest | | 1,293 | 1,168 | 483 |
| Total liabilities and equity | | 97,563 | 91,001 | 83,284 |

Consolidated statement of profit and loss and other comprehensive income

| in thousands of euros | Note | 6 M 2024 | 6M 2023 | Q2 2024 | Q2 2023 |
|--|-----------|---------------|---------------|-------------|---------------|
| Revenue | 11,20 | 7,422 | 20,590 | 5,151 | 14,615 |
| Cost of sales (-) | 12 | -7,045 | -15,799 | -4,811 | -10,759 |
| Gross profit | | 377 | 4,791 | 340 | 3,856 |
| Marketing expenses (-) | 13 | -390 | -268 | -205 | -197 |
| Administrative expenses (-) | 14 | -889 | -787 | -446 | -440 |
| Other operating income | | 70 | 82 | 25 | 62 |
| Other operating expenses (-) | | -24 | -92 | -6 | -69 |
| Operating profit (-loss) of the year | 20 | -856 | 3,726 | -292 | 3,212 |
| Financial income | 16.1 | 201 | 1,046 | 164 | 996 |
| Financial expenses (-) | 16.2 | -871 | -1,184 | -433 | -759 |
| Profit before tax | | -1,526 | 3,588 | -561 | 3,449 |
| Net profit (-loss) for the year | | -1,526 | 3,588 | -561 | 3,449 |
| Attributable to owners of the parent | | -1,526 | 1,803 | -647 | 1,563 |
| Non-controlling interest | | 0 | 1,785 | 86 | 1,886 |
| Other comprehensive income (-loss) | | | | | |
| Changes related to change of ownership | 18 | 76 | 68 | 76 | 68 |
| Change in value of embedded derivatives with minority shareholders | | 0 | -1,787 | 0 | -1,795 |
| Other comprehensive income (-loss) for the period | | 76 | -1,719 | 76 | -1,727 |
| Attributable to owners of the parent | 18 | -44 | 40 | -44 | 54 |
| Non-controlling interest | 18 | 120 | -1,759 | 120 | -1,781 |
| Comprehensive income (-loss) for the period | | -1,450 | 1,869 | -485 | 1,722 |
| Attributable to owners of the parent | | -1,570 | 1,843 | -691 | 1,617 |
| Non-controlling interest | | 120 | 26 | 206 | 105 |
| Earnings per share | | | | | |
| Basic (euros per share) | | -0.40 | 0.47 | -0.17 | 0.41 |
| Diluted (euros per share) | | -0.40 | 0.47 | -0.17 | 0.41 |

Consolidated statement of changes in equity

| in thousands of euros | Attributable to equity owners of the parent | | | | | Non-controlling interests | Total equity |
|---|---|---------------|------------|-------------------|--------------|---------------------------|--------------|
| | Share capital | Share premium | Reserves | Retained earnings | | | |
| Balance of 31 December 2022 | 3,855 | 8,917 | 0 | 7,094 | 457 | 20,323 | |
| 2023 | | | | | | | |
| Net profit/(-loss) for the year | 0 | 0 | 0 | 1,803 | 1,785 | 3,588 | |
| Other comprehensive income/(-loss) for the period | 0 | 0 | 0 | 40 | -1,759 | -1,719 | |
| Reserve capital | 0 | 0 | 385 | -385 | 0 | 0 | |
| Balance of 30 June 2024 | 3,855 | 8,917 | 385 | 8,552 | 483 | 22,192 | |
| 01 July– 31 December 2023 | | | | | | | |
| Net profit/(-loss) for the year | 0 | 0 | 0 | -618 | 510 | -108 | |
| Other comprehensive income/(-loss) for the period | 0 | 0 | 0 | -98 | 50 | -48 | |
| Voluntary reserve capital | 0 | 0 | 0 | 0 | 125 | 125 | |
| 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 | |

In June, the shareholders of Hepsor Phoenix 3 OÜ decided to allocate 10 thousand euros to the company's voluntary reserve, of which the minority shareholder's share was 5 thousand euros and which was offset by the interest receivables of the shareholder loan (Note 17).

Consolidated statement of cash flows

| in thousands of euros | Note | 6M 2024 | 6M 2023 |
|---|-----------|---------------|---------------|
| Net cash flows from (to) operating activities | | | |
| Operating profit/(-loss) of the year | 20 | -856 | 3,726 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | 105 | 94 |
| Other adjustments | | 103 | 0 |
| Changes in working capital: | | | |
| Change in trade receivables | | 383 | 341 |
| Change in inventories | 17 | -6,401 | 2,571 |
| Change in liabilities and prepayments | | -82 | 3,253 |
| Cash flows from (to) operating activities | | -6,748 | 9,985 |
| Net cash flows to investing activities | | | |
| Payments for property, plant and equipment | | -6 | -13 |
| Payments for intangible assets | | -2 | -1 |
| Payments for financial investments | 5 | -663 | 0 |
| Payments of for acquisition of subsidiaries | 18 | -1 | -1 |
| Received from the sale of subsidiaries | 18 | 1 | 574 |
| Interest received | | 20 | 30 |
| Loans granted | 4 | -432 | -1,778 |
| Cash flows to investing activities | | -1,083 | -1,189 |
| Net cash flows from (to) financing activities | | | |
| Loans raised | 6 | 12,801 | 15,018 |
| Loan repayments | 6 | -6,826 | -17,395 |
| Interest paid | 17 | -2,672 | -1,791 |
| Payments of finance lease principal | | -5 | -4 |
| Payments of right to use lease liabilities | | -77 | -59 |
| Non-controlling interest contributions to share capital | 18 | 209 | 0 |
| Share capital payments to a non-controlling interest | 18 | -134 | 0 |
| Other receipts from financing activities | 8 | 1,700 | 0 |
| Other payments from financing activities | 16.2 | -38 | -15 |
| Cash flows from financing activities | | 4,958 | -4,246 |
| Net cash flow | | -2,873 | 4,550 |
| Cash and cash equivalents at beginning of year | | 7,604 | 3,754 |
| Increase / decrease in cash and cash equivalents | | -2,873 | 4,550 |
| Cash and cash equivalents at end of year | | 4,731 | 8,304 |

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 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting of International Financial Reporting Standards as endorsed 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 and six months 2024 follow the same accounting principles and methods used in the 2023 audited consolidated financial statements. The current interim financial statements contain the audited financial results for 31.12.2023 and unaudited comparative figures for Q2 and six months 2023.

The Group has not made any changes in their critical accounting estimates which may have impact on the consolidated unaudited interim financial statements for Q2 and six months 2024.

The Group has not made any changes in the valuation techniques applied for fair value measurement in 2024.

Note 2. Inventories

Inventories are accounted as ready for sale development projects once the project has been granted usage permit. As at 30 June 2024, usage permits has been issued to residential development projects: Nõmme Road 57 and Strēlnieku 4b and to commercial development project Meistri 14. As of 30 June 2024, in ready for sale development projects the Group had 22 (31 December 2023: 11; 30 June 2023: 144) unsold apartments, of which 6 apartments in Riga, Strēlnieku 4b development project and 16 apartments in Tallinn, Nõmme Road 57 development project.

In addition, a development project is ready for sale in Tallinn, Paldiski mnt 227C, for which a usage permit has not been issued. As of 30.06.2024, 68 apartments in the Paldiski mnt 227C development project have not been sold with real rights contracts.

As of 30 June 2024, the changes in inventories as stated in cash flow statements have been adjusted by loan interest expense. The capitalized loan interest amounted to 2,224 thousand euros (31 December 2023: 2,738 thousand euros; 30 June 2023: 1,202 thousand euros). Further information about interest expenses is provided in Note 17.

Project statuses are classified as following:

| in thousands of euros | 30 June 2024 | 31 December 2023 | 30 June 2023 |
|---|---------------|------------------|---------------|
| A – planning proceedings | 14,207 | 14,822 | 13,486 |
| B – building permit proceedings | 6,906 | 5,959 | 7,700 |
| C – building permit available /construction not yet started | 6,139 | 9,763 | 3,015 |
| D – construction started / sale started | 35,639 | 34,131 | 20,292 |
| E – construction ready for sale | 23,173 | 12,764 | 24,283 |
| Total inventories | 86,064 | 77,439 | 68,776 |

The following development projects are stated as inventories:

| in thousands of euros | | | | 30 June 2024 | | 31 December 2023 | | 30 June 2023 | |
|---|--------------------------|----------|------------------------|-----------------|----------------|------------------|----------------|-----------------|----------------|
| Address | Project company | Location | Segment | Carrying amount | Project status | Carrying amount | Project status | Carrying amount | Project status |
| Work in progress | | | | | | | | | |
| Paevälja 11, Tallinn | Hepsor PV11 OÜ | Estonia | Residential | 0 | - | 598 | E | 1,897 | E |
| Paldiski mnt 227C, Tallinn | Hepsor 3Torni OÜ | Estonia | Residential | 11,538 | E | 14,109 | D | 8,514 | D |
| Narva mnt 150, Tallinn | Hepsor N450 OÜ | Estonia | Residential/Commercial | 3,969 | A | 3,889 | A | 3,683 | A |
| Manufaktuuri 5, Tallinn | Hepsor Phoenix 3 OÜ | Estonia | Residential/Commercial | 5,708 | D | 5,056 | C | 4,656 | B |
| Manufaktuuri 7, Tallinn | Hepsor Phoenix 2 OÜ | Estonia | Residential/Commercial | 21,464 | D | 16,120 | D | 6,804 | D |
| Lembitu 4, Tallinn | Hepsor L4 OÜ | Estonia | Commercial | 3,232 | C | 3,153 | C | 3,015 | C |
| Meistri 14, Tallinn | Hepsor M14 OÜ | Estonia | Commercial | 0 | - | 0 | - | 3,589 | E |
| Alvari 2, Paevälja 9, Tallinn | Hepsor Fortuuna OÜ | Estonia | Residential | 1,660 | A | 1,657 | A | 1,657 | A |
| Alvari 1, Tallinn | Hepsor A1 OÜ | Estonia | Residential | 2,022 | A | 2,023 | A | 2,022 | A |
| Kadaka Road 197, Tallinn | H&R Residentsid OÜ | Estonia | Residential | 1,262 | A | 1,228 | A | 1,205 | A |
| Manufaktuuri 12, Tallinn | Hepsor Phoenix 4 OÜ | Estonia | Residential | 1,009 | B | 932 | A | 891 | A |
| Nõmme Road 57, Tallinn | Hepsor N57 OÜ | Estonia | Residential | 0 | - | 3,778 | E | 3,438 | D |
| Vana-Tartu mnt 49, Tallinn | Hepsor VT49 OÜ | Estonia | Commercial | 1,094 | A | 1,029 | A | 0 | - |
| Saules alley 2, Riga | Hepsor SA2 SIA | Latvia | Residential | 727 | B | 717 | B | 890 | B |
| Ranka Dambis 5, Riga | Hepsor RD5 SIA | Latvia | Residential | 5,533 | D | 3,902 | D | 1,536 | D |
| Ulbrokas 34, Riga | Hepsor U34 SIA | Latvia | Commercial | 2,907 | C | 1,554 | C | 1,313 | B |
| Braila 23, Riga | Hepsor Jugla SIA | Latvia | Residential | 528 | B | 501 | B | 405 | B |
| Ganību Dambis 17a, Riga | Hepsor Ganību Dambis SIA | Latvia | Commercial | 4,308 | B | 4,120 | B | 4,010 | A |
| Jurmala Gatve, Riga | Hepsor JG SIA | Latvia | Residential | 2,934 | D | 621 | B | 436 | B |
| Smaidu, Dreilini | Riga Properties 4 SIA | Latvia | Commercial | 4,182 | A | 4,046 | A | 0 | - |
| Eizenijas 18, Riga | Hepsor E18 SIA | Latvia | Residential | 334 | B | 0 | - | 0 | - |
| -other properties | | Estonia | | 18 | A | 18 | A | 18 | A |
| Total work in progress | | | | 74,429 | | 69,051 | | 49,979 | |
| 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 | 7,667 | E | 7,667 | E | 4,026 | E |
| Strēlnieku 4b, Riga | Hepsor S4B SIA | Latvia | Residential | 363 | E | 603 | E | 1,049 | E |
| Nõmme Road 57, Tallinn | Hepsor N57 OÜ | Estonia | Residential | 3,589 | E | 0 | - | 0 | - |
| Gregora iela 2a, Riga | Kvarta SIA | Latvia | Residential | 0 | - | 0 | - | 6,889 | E |
| Liela 45, Mārupe | Hepsor Mārupe SIA | Latvia | Residential | 0 | - | 102 | E | 6,817 | E |
| Total ready for sale real estate development | | | | 11,635 | | 8,388 | | 18,797 | |
| Total inventories | | | | 86,064 | | 77,439 | | 68,776 | |

Note 3. Trade and other receivables

| in thousands of euros | 30 June 2024 | 31 December 2023 | 30 June 2023 |
|--|--------------|------------------|--------------|
| Trade receivables | | | |
| Trade receivables | 530 | 342 | 392 |
| Allowance for doubtful receivables | 0 | 0 | -10 |
| Net trade receivables | 530 | 342 | 382 |
| Prepayments | | | |
| Tax prepayment | | | |
| Value added tax | 468 | 1,019 | 709 |
| Other taxes | 0 | 0 | 1 |
| Other prepayments for goods and services | 116 | 110 | 217 |
| Total prepayments | 584 | 1,129 | 927 |
| Other current receivables | | | |
| Interest receivables | 10 | 6 | 1 |
| Other current receivables | 46 | 67 | 62 |
| Other current receivables | 56 | 73 | 63 |
| Total trade receivables | 1,170 | 1,544 | 1,372 |

Note 4. Loans granted

| in thousands of euros | Unrelated legal entities | Related legal entities (Note 21) | Total |
|--|--------------------------|----------------------------------|--------------|
| 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 |
| <i>contractual/effective interest rate per annum</i> | 3% | 7% | |
| 2023 | | | |
| Loan balance as of 31 December 2022 | 0 | 1,766 | 1,766 |
| Loan granted | 1,778 | 0 | 1,778 |
| Loan balance as of 30 June 2023 | 1,778 | 1,766 | 1,766 |
| - current portion | 311 | 0 | 311 |
| - non-current portion | 1,467 | 1,766 | 3,233 |
| 01 July 2023-31 December 2023 | | | |
| Reclassification as a financial investment | -1,467 | 0 | -1,467 |
| Actual interest rate impact | 0 | -37 | -37 |
| Loan balance as of 31 December 2023 | 311 | 1,729 | 2,040 |
| - current portion | 311 | 0 | 311 |
| - non-current portion | 0 | 1,729 | 1,729 |
| <i>contractual/effective interest rate per annum</i> | 3% | 7% | |

Note 5. 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.

In 2023, the Group invested in two joint ventures in Canada: Weston Limited Partnership and Elysium Isabella Limited Partnership. In June 2024, the Group made an investment in the third Canadian joint venture Elysium Glenavy Limited Partnership in the amount of 472 thousand euros, in addition, the Group has invested 199 thousand euros in Elysium Isabella Limited Partnership in the reporting year. These joint ventures are accounted for using the equity method. As of 30.06.2024, the book value of the financial investment is 2,668 (31.12.2023: 2,005) thousand euros.

Note 6. Loans and borrowings

| in thousands of euros | Bank loans | Unrelated legal entities | Related legal entities (Note 21) | Total |
|--|---------------------------|--------------------------|----------------------------------|---------------|
| 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 |
| 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 |
| <i>Contractual interest rate per annum</i> | <i>EU6+4.4%-8%; 5.46%</i> | <i>0-12%</i> | <i>12%</i> | |
| 2023 | | | | |
| Loan balance as of 31 December 2022 | 30,129 | 16,145 | 2,306 | 48,580 |
| Received | 12,105 | 1,862 | 1,051 | 15,018 |
| Repaid | -15,061 | -834 | -1,500 | -17,395 |
| Actual interest rate impact | 0 | -3 | 0 | -3 |
| Total loan balance as of 30 June 2023 | 27,173 | 17,170 | 1,857 | 46,200 |
| - current loan payable | 6,279 | 3,053 | 1,724 | 11,056 |
| - non-current loan payable | 20,894 | 14,117 | 133 | 35,144 |
| 01 July 2023-31 December 2023 | | | | |
| Received | 18,230 | 7,126 | 38 | 25,394 |
| Repaid | -9,249 | -4,173 | 0 | -13,422 |
| Reclassified as a Group loan | 0 | 0 | -512 | -512 |
| Actual interest rate impact | 155 | -607 | 0 | -452 |
| Compound interest rate | 0 | -303 | 0 | -303 |
| Total loan balance as of 31 December 2023 | 36,309 | 19,213 | 1,383 | 56,905 |
| - current loan payable | 34,372 | 4,845 | 1,383 | 40,600 |
| - non-current loan payable | 1,937 | 14,368 | 0 | 16,305 |
| <i>Contractual interest rate per annum</i> | <i>EU6+3.75%-8%; 5.5%</i> | <i>0-12%</i> | <i>12%</i> | |
| <i>Effective interest rate per annum</i> | <i>7.6%</i> | <i>5.4%-11.8%</i> | <i>-</i> | |

In March 2024, Hepsor AS signed a addendum to the loan agreement with LHV Pank which increased the loan limit of the Group loan to EUR 9 million. 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)

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 2024, 87% (31 December 2023: 87%; 30 June 2023: 86%) 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 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 |
| Balance as of 31 December 2023 | | | | |
| Loans for development projects | 30,309 | 18,003 | 1,383 | 49,695 |
| Loans to headquarters to finance development projects | 6,000 | 1,210 | 0 | 7,210 |
| Total | 36,309 | 19,213 | 1,383 | 56,905 |
| Balance as of 30 June 2023 | | | | |
| Loans for development projects | 21,254 | 17,170 | 1,383 | 39,807 |
| Loans to headquarters to finance development projects | 5,919 | 0 | 474 | 6,393 |
| Total | 27,173 | 17,170 | 1,857 | 46,200 |

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 | 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+6.5% | Mortgage- Nõmme Road 57, Tallinn | 3,589 | - |
| LHV Pank AS | Estonia | 14,572 | 2026 | 17,500 | 6M Euribor+6.5% | Mortgage- Manufaktuuri 7 ja 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- Jurmala Gatve 74, Riga | 2,934 | 1,000 |
| Bigbank AS | Latvia | 0 | 2027 | 9,000 | 6M Euribor+4.4% | Mortgage- Ulbrokas 34, Riga; Commercial pledge | 2,907 | 450 |

As of 31 December 2023, 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 | Guarantee given |
|--------------|---------|--------------|---------------|------------|--------------------|--|------------------------------|-----------------|
| LHV Pank AS | Estonia | 4,784 | 2024 | 4,900 | 6M Euribor+3.75% | Mortgage - Meistri 14, Tallinn | 7,667 | - |
| LHV Pank AS | Estonia | 1,300 | 2025 | 1,300 | 6M Euribor+8% | Mortgage - Lembitu 4, Tallinn | 3,153 | - |
| LHV Pank AS | Estonia | 9,622 | 2025 | 13,900 | 6M Euribor+5.9% | Mortgage - Paldiski mnt 227c, Tallinn | 14,109 | - |
| LHV Pank AS | Estonia | 1,508 | 2026 | 3,006 | 6M Euribor+6.5% | Mortgage- Nõmme Road 57, Tallinn | 3,778 | - |
| LHV Pank AS | Estonia | 8,524 | 2026 | 17,500 | 6M Euribor+6.5% | Mortgage- Manufaktuuri 7 ja Manufaktuuri 12, Tallinn | 16,120 | - |
| Coop Pank AS | Estonia | 109 | 2025 | 1,504 | 6M Euribor+6% | Mortgage- Paevälja 11, Tallinn | 598 | 150 |
| Bigbank AS | Latvia | 1,937 | 2025 | 2,000 | 6M Euribor+4.5% | Mortgage -Ganību dambis 17A Riga; Commercial pledge | 4,120 | - |
| Bigbank AS | Latvia | 2,526 | 2026 | 4,000 | 6M Euribor+5.2% | Mortgage- Ranka Dambis 5, Riga | 3,902 | 1,200 |
| Bigbank AS | Latvia | 0 | 2026 | 4,000 | 6M Euribor+5.2% | Mortgage- Jurmala Gatve 74, Riga | 621 | 1,000 |

As of 30 June 2023, 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 | Guarantee given |
|--------------|---------|--------------|---------------|------------|--------------------|---|------------------------------|-----------------|
| LHV Pank AS | Estonia | 4,822 | 2024 | 4,900 | 6M Euribor+3.75% | Mortgage - Meistri 14, Tallinn | 7,615 | - |
| LHV Pank AS | Estonia | 1,254 | 2025 | 1,300 | 6M Euribor+8% | Mortgage - Lembitu 4, Tallinn | 3,015 | - |
| LHV Pank AS | Estonia | 3,114 | 2025 | 13,900 | 6M Euribor+5.9% | Mortgage - Paldiski mnt 227c, Tallinn | 8,514 | - |
| LHV Pank AS | Estonia | 1,519 | 2026 | 3,006 | 6M Euribor+6.5% | Mortgage- Nõmme tee 57, Tallinn | 3,438 | - |
| LHV Pank AS | Estonia | 0 | 2026 | 17,500 | 6M Euribor+8% | Mortgage- Manufaktuuri 7 and Manufaktuuri 12, Tallinn | 7,695 | - |
| Coop Pank AS | Estonia | 1,504 | 2025 | 1,504 | 6M Euribor+6% | Mortgage- Paevälja 11, Tallinn | 1,897 | 150 |
| Bigbank AS | Latvia | 3,885 | 2025 | 7,000 | 5.5% | Mortgage-Liela 45, Mārupe | 6,817 | - |
| Bigbank AS | Latvia | 578 | 2024 | 1,225 | 6M Euribor+4.5% | Commercial pledge; Mortgage- Strēlnieku 4b, Riga | 1,049 | - |
| Bigbank AS | Latvia | 1,745 | 2025 | 7,500 | 5.5% | Mortgage - Gregora 2a, Riga | 6,889 | 423 |
| Bigbank AS | Latvia | 1,973 | 2025 | 2,000 | 6M Euribor+4.5% | Mortgage- Ganību dambis 17A Riga; Commercial pledge | 4,010 | - |
| Bigbank AS | Latvia | 853 | 2026 | 4,000 | 6M Euribor+5.2% | Mortgage- Ranka Dambis 5, Riga | 1,536 | 1,200 |

Note 7. Trade and other payables

| in thousands of euros | 30 June 2024 | 31 December 2023 | 30 June 2023 |
|---------------------------------------|--------------|------------------|--------------|
| Trade payables | 2,532 | 2,961 | 2,906 |
| Taxes payable | | | |
| Value added tax | 134 | 503 | 2,833 |
| Personal income tax | 30 | 32 | 37 |
| Social security tax | 54 | 55 | 65 |
| Other taxes | 7 | 7 | 5 |
| Total taxes payable | 225 | 597 | 2,940 |
| Accrued expenses | | | |
| Payables to employees | 116 | 116 | 81 |
| Interest payable (Note 17) | 922 | 1,020 | 770 |
| Other accrued expenses | 50 | 52 | 36 |
| Total accrued expenses | 1,088 | 1,188 | 887 |
| Other current payables | | | |
| Embedded derivatives (Note 9) | 2,061 | 2,061 | 1,795 |
| Other payables | 320 | 381 | 42 |
| Total other current payables | 2,381 | 2,442 | 1,837 |
| Total trade and other payables | 6,226 | 7,188 | 8,570 |

Note 8. Other non-current liabilities

| in thousands of euros | 30 June 2024 | 31 December 2023 | 30 June 2023 |
|--|--------------|------------------|--------------|
| Non-current interest payables (Note 17) | 2,122 | 1,648 | 1,804 |
| Other non-current payables | 2,115 | 410 | 638 |
| Total other non-current liabilities | 4,237 | 2,058 | 2,442 |

The liability to the financial investors involved in the financing of the development project StokOfiss U34 in the total amount of 1.7 million euros is recorded under other non-current liabilities.

Note 9. Embedded derivatives

Liabilities assumed by the Group to minority shareholders in accordance with the concluded shareholders' agreements are recognized 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 realization of the business plan of the development project

| in thousands of euros | 30 June 2024 | 31 December 2023 | 30 June 2023 |
|--|--------------|------------------|--------------|
| Current liabilities arising from embedded derivatives balance as at 01.01 | 2,061 | 8 | 8 |
| Change in liabilities arising from embedded derivatives: | | | |
| <i>Commercial development project in Tooma 2/Tooma 4, Tallinn</i> | 0 | 311 | 311 |
| <i>Residential development project in Gregora iela 2a, Riga</i> | 0 | 1,025 | 1,090 |
| <i>Residential development project in Liela 45, Marupe</i> | 0 | 725 | 394 |
| <i>Commercial development project in Meistri 14, Tallinn</i> | 0 | -8 | -8 |
| Total change in liabilities arising from embedded derivatives | 0 | 2,061 | 1,795 |

Note 10. Contingent liabilities

10.1 Contingent liabilities arising from embedded derivatives

In accordance with the shareholders agreements between the Group and minority shareholders of subsidiaries (SPV's), the Group has an obligation as of 30 June 2024 to pay 11,565 thousand euros (31 December 2023: 11,535 thousand euros; 30 June 2023: 10,791 thousand euros) to the minority shareholders upon realization of the business plan. The obligations amounts are estimations calculated based on current business plans of the development projects as of statement of financial position dates. Contingent liabilities are estimated before the full realization of the development projects at each reporting date. As of 30 June 2024, the realization time of contingent liabilities remains between 2024 and 2028.

10.2 Based on the investor agreement signed in December 2022 regarding the 4b Strēlnieku development project, the investor will be paid interest depending on how successful the project is upon its completion. In the opinion of the Group's management, there is certain uncertainty arising from the macroeconomic environment both in terms of the interest depending on the success of the project and the time when the payment obligation arises, therefore it is not possible to reliably determine the amount of the interest obligation. As of 30.06.2024, there are still 6 apartments unsold in the development project.

10.3 Group guarantees given

Additional information on the guarantees is provided in Note 6.

Note 11. Revenue

| in thousands of euros | 6M 2024 | 6M 2023 | Q2 2024 | Q2 2023 |
|--|--------------|---------------|--------------|---------------|
| Revenue from sale of real estate | 6,679 | 19,707 | 4,814 | 14,153 |
| Revenue from project management services | 94 | 56 | 40 | 48 |
| Revenue from rent | 540 | 686 | 248 | 331 |
| Revenue from other services | 109 | 141 | 49 | 83 |
| Total | 7,422 | 20,590 | 5,151 | 14,615 |

Additional information on sales revenue is provided in Note 20.

Note 12. Cost of sales

| in thousands of euros | 6M 2024 | 6M 2023 | Q2 2024 | Q2 2023 |
|------------------------------|---------------|----------------|---------------|----------------|
| Cost of real estate sold | -5,908 | -14,456 | -4,157 | -10,062 |
| Personnel expenses (Note 15) | -431 | -504 | -249 | -285 |
| Interest expenses | -151 | -217 | -134 | -147 |
| Depreciation | -17 | -16 | -9 | -8 |
| Other costs | -538 | -606 | -262 | -257 |
| Total | -7,045 | -15,799 | -4,811 | -10,759 |

Note 13. Marketing expenses

| in thousands of euros | 6M 2024 | 6M 2023 | Q2 2024 | Q2 2023 |
|------------------------------|-------------|-------------|-------------|-------------|
| Personnel expenses (Note 15) | -67 | -58 | -36 | -30 |
| Depreciation | -23 | -23 | -11 | -12 |
| Other marketing expenses | -300 | -187 | -158 | -155 |
| Total | -390 | -268 | -205 | -197 |

Note 14. Administrative expenses

| in thousands of euros | 6M 2024 | 6M 2023 | Q2 2024 | Q2 2023 |
|----------------------------------|-------------|-------------|-------------|-------------|
| Personnel expenses (Note 15) | -571 | -413 | -273 | -225 |
| Depreciation | -65 | -55 | -33 | -28 |
| Traveling and transport expenses | -55 | -47 | -27 | -29 |
| Purchased service expenses | -132 | -242 | -88 | -133 |
| Other administrative expenses | -66 | -30 | -25 | -25 |
| Total | -889 | -787 | -446 | -440 |

Note 15. Personnel expenses

| in thousands of euros | 6M 2024 | 6M 2023 | Q2 2024 | Q2 2023 |
|---|---------------|-------------|-------------|-------------|
| Salaries | -790 | -717 | -414 | -395 |
| Social security and other payroll taxes | -279 | -258 | -144 | -145 |
| Total (Notes 12, 13, 14) | -1,069 | -975 | -558 | -540 |

As of 30 June 2024, the Group employed 29 (30 June 2023: 26) people, including the members of Management and Supervisory Boards. 16 of these people worked in Estonia (30 June 2023: 14) and 13 in Latvia (30 June 2023: 12).

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.

The members of the Management and Supervisory Boards include the members of the Management and Supervisory Boards of Hepsor AS, and the members of the Management Boards of Hepsor Latvia OÜ and Hepsor Finance OÜ. In May 2024, Estonian Country Manager Mihkel Mäger started working as a member of the board of Hepsor Finance.

Gross fees paid to the members of Management and Supervisory Boards during the period of January- June amounted to 271 thousand euros (6M 2023: 190 thousand euros).

Note 16. Financial income and expenses

16.1 Financial income

| in thousands of euros | 6M 2024 | 6M 2023 | Q2 2024 | Q2 2023 |
|--------------------------------------|------------|--------------|------------|------------|
| Interest incomes | 93 | 87 | 56 | 37 |
| Profit from the sale of a subsidiary | 0 | 959 | 0 | 959 |
| Financial income from discounting | 108 | 0 | 108 | 0 |
| Total | 201 | 1 046 | 164 | 996 |

In Q2 2023, the Group earned 959 thousand euros from the sale of the subsidiary Hepsor U30 SIA to the East Capital Real Estate IV real estate fund, of which 574 thousand euros from this sale of shares and the realised profit of the project was 385 thousand euros.

16.2 Financial expenses

| in thousands of euros | 6M 2024 | 6M 2023 | Q2 2024 | Q2 2023 |
|---|-------------|---------------|-------------|-------------|
| Interest expenses (Note 17) | -829 | -959 | -431 | -648 |
| Loss from associates of equity method (Note 19) | 0 | -174 | 0 | -60 |
| Loss from exchange rate changes | -4 | -36 | 0 | -36 |
| Other financial expenses | -38 | -15 | -2 | -15 |
| Total | -871 | -1,184 | -433 | -759 |

In 2024 borrowing costs in the amount of 2,224 thousand euros (6M 2023: 1,202 thousand euros) have been capitalized as the cost of inventories. Interest expenses of 151 thousand euros (6M 2023: 217 thousand euros) have been recognized in the cost of sales in 2024.

Note 17. Information about line item in the consolidated statement of cash flows

| in thousands of euros | 30 June 2024 | 30 June 2023 |
|--|---------------|---------------|
| Inventories | | |
| Reclassification of cash flows from operating activities to financing activities (Note 2) | 2,224 | 1,202 |
| Decrease (-)/ increase (+) of change inventories balances (Note 2) | -8,625 | 984 |
| Realised profit from the sale of the subsidiary | 0 | 385 |
| Change in inventories | -6,401 | 2,571 |
| Interest paid | | |
| Interest expense in statement of profit or loss and other comprehensive income (Note 16.2) | -829 | -959 |
| Reclassification of cash flows from operating activities to financing activities (Note 2) | -2,224 | -1,202 |
| Decrease (-)/ increase (+) of interest payables (Notes 7,8) | 376 | 370 |
| Conversion of interest into voluntary reserve | 5 | 0 |
| Interest paid total | -2,672 | -1,791 |

Note 18. Subsidiaries

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

In April, the owner of the non-controlling share Hepsor VT49 OÜ paid for a 50% 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% stake.

In June, Hepsor Latvia OÜ acquired a 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%.

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

| 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 |

Changes in Group structure in 2023 and impact on comprehensive income and cash flows are following:

| 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 Bal 9 OÜ | -11 | 11 | -1 |
| Hepsor Bal 9 SIA | -3 | 3 | 0 |
| Hepsor U30 SIA | 54 | 14 | 574 |
| Total | 40 | 28 | 573 |

In January 2023 the Group acquired a minority stake in Hepsor Bal 9 OÜ, as a result of the transaction, Hepsor Latvia OÜ became the 100% owner of the company.

In May 10, 2023, Hepsor Latvia OÜ signed a sales agreement for shares of Hepsor U30 SIA with the real estate fund East Capital Real Estate IV. The debt-free value of the company agreed upon in the transaction is 5.2 million euros, from which the company's debt obligations, including bank loans and owner loans, are to be deducted.

Note 19. Associates

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

| | Ownership and voting rights % | | |
|----------------|-------------------------------|------------------|--------------|
| | 30 June 2024 | 31 December 2023 | 30 June 2023 |
| Hepsor P113 OÜ | 45 | 45 | 45 |
| Hepsor N170 OÜ | 0 | 0 | 25 |

As of 31.12.2023, the fair value of the property was estimated at 9.4 million euros (31.12.2022: 13.1 million euros). The valuation has been performed using the discounted cash flow method, the best method for rent income-generating investment property. The valuation is based on existing cash flows or cash flows based on market averages, the investment yield and the appropriate discount rate, which takes into account the average expected yield of similar assets, taking into account the property's location, technical condition, risk levels of tenants, etc. The valuation as at the end of 2023 was based on 7.7% yield (31.12.2022: 6.3%) and 8.9% discount rate (2022: 7.7%). The strong drop in the value was mainly caused by the premature termination of the lease contract with the anchor tenant, Novel Clinic Assets OÜ, in September 2023. As of 30.06.2024, 26% of the building is covered by lease agreements, during the reporting period the company has signed three new lease agreements. At the end of July, 37% of the building is covered by lease agreements.

In 2023, the Group received loss from associate company, Hepsor P113 OÜ, by the equity method in the amount of 567 thousand euros, in the first half of the year 2023, the loss was 174 thousand euros (Note 16.2).

Financial information about associates:

| in thousands of euros | 30 June 2024 | 31 December 2023 | 30 June 2023 | |
|--------------------------------------|----------------|------------------|----------------|----------------|
| | Hepsor P113 OÜ | Hepsor P113 OÜ | Hepsor P113 OÜ | Hepsor N170 OÜ |
| Current assets | | | | |
| Cash and cash equivalents | 379 | 193 | 257 | 11 |
| Trade and other receivables | 6 | 52 | 83 | 11 |
| Current loan receivables | 0 | 0 | 0 | 1,611 |
| Inventories | 0 | 0 | 0 | 160 |
| Total current assets | 385 | 245 | 340 | 1,793 |
| Non-current assets | | | | |
| Investment property | 9,400 | 9,400 | 13,100 | 0 |
| Shares of subsidiaries | 3 | 0 | 0 | 0 |
| Trade and other receivables | 0 | 0 | 297 | 0 |
| Total non-current assets | 9,403 | 9,400 | 13,397 | 0 |
| Total assets | 9,788 | 9,645 | 13,737 | 1,793 |
| Current liabilities | | | | |
| Loans and borrowings | 7,213 | 8,260 | 82 | 0 |
| Trade and other payables | 22 | 44 | 253 | 0 |
| Total current liabilities | 7,235 | 8,304 | 335 | 0 |
| Non-current liabilities | | | | |
| Loans and borrowings | 5,787 | 3,708 | 12,165 | 0 |
| Other non-current liabilities | 565 | 373 | 365 | 0 |
| Total non-current liabilities | 6,352 | 4,081 | 12,530 | 0 |
| Total liabilities | 13,587 | 12,513 | 12,865 | 0 |
| Total equity | -3,799 | -2,868 | 872 | 1,793 |
| Total liabilities and equity | 9,788 | 9,645 | 13,737 | 1,793 |

Note 20. 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 2024 | 6M 2023 | Q2 2024 | Q2 2023 |
|-----------------------|--------------|---------------|--------------|---------------|
| Estonia | 6,725 | 9,990 | 4,685 | 4,228 |
| Latvia | 697 | 10,600 | 466 | 10,387 |
| Total | 7,422 | 20,590 | 5,151 | 14,615 |

Additional information on sales revenue is provided in Note 11.

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 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 |
|-------------------------|-------------------------|--------|--------|------------------------|--------|--------------|--------|---------------|
| 6M 2023 | Estonia | Latvia | Canada | Estonia | Latvia | Estonia | Latvia | |
| Revenue | 7,500 | 10,241 | 0 | 2,434 | 359 | 56 | 0 | 20,590 |
| incl. revenue from rent | 53 | 44 | 0 | 250 | 339 | 0 | 0 | 686 |
| Operating profit/-loss | 1,603 | 2,535 | -7 | 1,039 | 202 | -1,087 | -559 | 3,726 |
| Assets | 36,488 | 21,268 | 2,218 | 13,747 | 5,704 | 3,664 | 195 | 83,284 |
| Liabilities | 24,208 | 14,986 | 6 | 9,887 | 2,570 | 6,695 | 2,740 | 61,092 |

| 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 |

| in thousands of euros | Residential development | | | Commercial development | | Headquarters | | Total |
|-------------------------|-------------------------|--------|--------|------------------------|--------|--------------|--------|---------------|
| Q2 2023 | Estonia | Latvia | Canada | Estonia | Latvia | Estonia | Latvia | |
| Revenue | 1,929 | 10,218 | 0 | 2,251 | 169 | 48 | 0 | 14,615 |
| incl. revenue from rent | 36 | 21 | 0 | 125 | 149 | 0 | 0 | 331 |
| Operating profit/-loss | 500 | 2,564 | -7 | 1,011 | -8 | -547 | -301 | 3,212 |
| Assets | 36,488 | 21,268 | 2,218 | 13,747 | 5,704 | 3,664 | 195 | 83,284 |
| Liabilities | 24,208 | 14,986 | 6 | 9,887 | 2,570 | 6,695 | 2,740 | 61,092 |

Note 21. 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 2024 | 31 December 2023 | 30 June 2023 |
|---|--------------|------------------|--------------|
| Receivables | | | |
| Loans granted (Note 4) | | | |
| Associated companies | | | |
| Opening balance 01. January | 1,729 | 1,766 | 1,766 |
| Loans granted | 432 | 0 | 0 |
| Loans repaid | 0 | -37 | 0 |
| Balance at the end of period | 2,161 | 1,729 | 1,776 |
| Trade and other receivables | | | |
| Management and all companies directly or indirectly owned by them | 92 | 156 | 158 |
| Associated companies | 0 | 1 | 0 |
| Interest receivables | | | |
| Associated companies | 228 | 159 | 92 |
| Payables | | | |
| Prepayments from customers | | | |
| Management and all companies directly or indirectly owned by them | 560 | 560 | 560 |
| Loans and borrowings (Note 6) | | | |
| Associated companies | | | |
| Opening balance as at 01. January | 0 | 423 | 423 |
| Loans received | 0 | 89 | 51 |
| Loans repaid | 0 | 0 | 0 |
| | 0 | -512 | 0 |
| Balance at the end of period | 0 | 0 | 474 |
| Management and all companies directly or indirectly owned by them | | | |
| Opening balance as at 01. January | 1,383 | 1,883 | 1,883 |
| Loans received | 0 | 1,000 | 1,000 |
| Loans repaid | -1,250 | -1,500 | -1,500 |
| Balance at the end of period | 133 | 1,383 | 1,383 |
| Trade payables | | | |
| Management and all companies directly or indirectly owned by them | 1,968 | 2,960 | 3,361 |
| Interest payables | | | |
| Associated companies | 0 | 0 | 9 |
| Management and all companies directly or indirectly owned by them | 9 | 68 | 33 |

Purchases and sales of goods and services:

| in thousands of euros | 6M 2024 | 6M 2023 | Q2 2024 | Q2 2023 |
|---|---------------|---------------|--------------|--------------|
| Sales of goods and services | | | | |
| Associated companies | 67 | 38 | 23 | 38 |
| Management and all companies directly or indirectly owned by them | 84 | 99 | 24 | 31 |
| Total sales of goods and services | 151 | 137 | 47 | 69 |
| Purchases of goods and services | | | | |
| Management and all companies directly or indirectly owned by them | 11,139 | 15,585 | 5,147 | 8,913 |
| <i>incl. construction service</i> | <i>11,061</i> | <i>15,475</i> | <i>5,406</i> | <i>8,848</i> |
| Interest income earned | | | | |
| Associated companies | 69 | 61 | 37 | 31 |
| Interest expenses incurred | | | | |
| Associated companies | | | | |
| Accrued interest | 0 | 7 | 0 | 4 |
| Management and all companies directly or indirectly owned by them | | | | |
| Accrued interest | 44 | 97 | 5 | 41 |
| Interest paid | 103 | 231 | 84 | 13 |

Note 22. Events after the reporting period

On July 18, 2024, the subsidiary of Hepsor Latvia OÜ, Hepsor E18 SIA, acquired a property in Riga, Eiženijas iela 18. The development will include two apartment buildings with a total of 54 apartments and a total sellable area of 2,800 m². Construction is planned to start in the third quarter of 2025.

Note 23. 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 future 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 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 to which the Group is exposed. The main market risks are price risk and interest rate risk. The Group is exposed to price risk resulting from a decrease in the market values of the group's real estate development projects or a price increase due to a change in input prices. There can be no guarantee that the Group will be able to sell its development projects in future with prices that are similar to or higher than the expected market value of these projects. The Group cannot ensure it is able to sell its development projects with expected prices could have an unfavourable impact on the Group's statement of financial position and may have a material adverse effect on the Group's business, financial condition, prospects and results of operations and execution of its strategy. For mitigating the market risk, the management of the Group constantly monitors the changes and situation in the market when making development decisions.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group actively uses external and internal borrowings to finance its real estate development projects in Estonia, Latvia and Canada. A project's external financing is either in the form of a bank loan, investor loan or loan from minority interest holders.

The interest rates of investor loans are usually fixed, ie interest rates are not floating and do not depend on Euribor.

The Group's bank loans have both fixed and floating interest rates based on Euribor. Bank loans have a 0% floor clause as protection against a negative Euribor, meaning that in case of a negative Euribor, the Euribor is equalised to zero, and the margin of such loans does not decrease. The management constantly monitors the Group's exposure to interest rate risk, which arises from loans with floating interest rates. The management constantly monitors the Group's exposure to interest rate risk which arises from upward movement in Euribor for loans with floating interest rates. For undrawn borrowings the Group is charged commitment fee, which is based on the average balance of the undistributed loan amount thus having direct impact on the effective interest rate of the Group.

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 minimize credit risk, the Group is only dealing with creditworthy counterparties and deposits cash in banks well-recognized 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 notarized 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 core purpose of the Group's capital risk management is to ensure the most optimal capital structure to support the sustainability of the Group's business operations and shareholders' interests.

The Group uses the debt-to-equity ratio to monitor capital structure. The debt-to-equity ratio is calculated as the ratio of net debt to total capital. The management considers the Group's capital structure optimal.

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. The net loss from exchange rate changes for the first six months of 2024 was 4 thousand euros. The Group is not significantly exposed to currency risks, and therefore, the Group has not used instruments to hedge currency risks.

Geopolitical risk

Russia's military invasion and attack on Ukraine's independence, which began on 24 February 2022, is affecting businesses around the world and the length, impact and outcome of the ongoing military conflict remain unclear. The initial effects of the war have partially subsided – commodity prices have stabilized as a result of the development of new supply chains, energy prices and inflation are also returning to previous levels however, as a negative effect, economic growth has slowed down, and we expect the monetary policy tightened by central banks to continue for a longer period. Although the economic environment is stabilizing, there is still the risk of an escalation of a military conflict, which can have a wide impact on the Group daily activities if the risk materializes.

Management Board's Confirmation

The Management Board confirms that the unaudited interim report for second quarter and six months of 2024, 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, 30 July 2024