

hepsor



Manufaktuuri 12, Tallinn

2025 I quarter consolidated unaudited interim report

Corporate name:	Hepsor AS
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Reporting period:	01 January 2025-31 March 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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Management Report

2025 3 MONTHS UNAUDITED REVENUES AND NET PROFIT

8,2 M€

CONSOLIDATED
REVENUE

-0,2
M€

CONSOLIDATED NET
PROFIT ATTRIBUTABLE
TO OWNERS OF PARENT

LONG TERM OUTLOOK (31.12.2024 VS 31.12.2025)

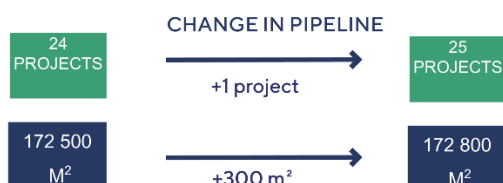
REVENUE POTENTIAL OF DEVELOPMENT PROJECTS

Start of period During the period At the end of period

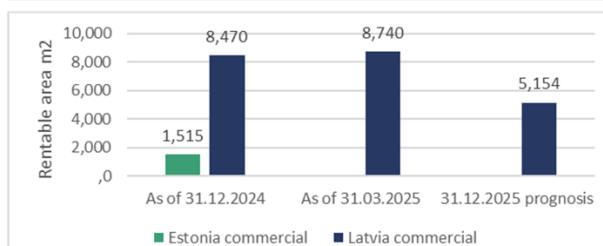
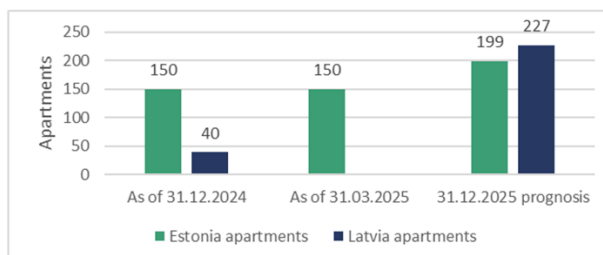


- Total revenue of all projects managed by Hepsor, including unconsolidated revenues from associated companies.

- Indicates the share of project revenues in future consolidated revenues.



IN CONSTRUCTION APARTMENTS AND COMMERCIAL BUILDINGS



As of 31.03.2025 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			Manufaktuuri 12	49 apartments
Stokofiss 34	8,740 m2 rentable area	Stokofiss 34	8,740 m2 rentable area	Eizenija 18	54 apartments
				Dzelzavas 74C	103 apartments
				Zala Jugla I stage	70 apartments
				Ganibu Dambis	5,154m2 rentable area

DEVELOPMENT PROJECTS FOR SALE AND UNDER CONSTRUCTION (31.03.2025)

PROJECT	Total number of apartments	Apartments sold*	Apartments sold %	Unsold apartments	Construction completed
Lilleküla homes	26	19	73%	7	2023
Ojakalda homes	101	60	59%	41	2024
Manufaktuuri 7	150	120	80%	30	2024
Nameja Rezidence	38	24	63%	14	2024
Annenhof Majas	40	24	60%	16	2025
Manufaktuuri 12	49	3	6%	46	2026
Eizenija 18	54	0	0%	54	2026
Dzelzavas 74C	103	3	3%	100	2026
Manufaktuuri 5 I stage	150	13	9%	137	2027
Zala Jugla I stage	70	2	3%	68	2027
Total	781	265	34%	359	
COMMERCIAL DEVELOPMENT PROJECTS IN PROCESS		Occupancy m²		Occupancy %	Construction completed
P113 Health center	3,851	3,165	82%		2023
Grüne Office building	3,430	302	96%		2023
Manufaktuuri 7	453	178	39%		2024
Stokofiss 34	8,740	4,134	47%		2025
Total	16,474	10,778	65%		

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

Dear shareholders of Hepsor



Hepsor's consolidated sales revenue for Q1 2025 was 8.2 million euros (Q1 2024: 2.3 million euros). The Group's net loss for the first quarter was 0.1 million euros (Q1 2024: 1.0 million euros), of which the net loss attributable to the owners of the parent was 0.2 million euros (Q1 2024: 0.9 million euros).

The Management Board of Hepsor has proposed to the General Meeting of Shareholders to distribute 1.0 million euros as dividends to the shareholders from the profits of previous periods for 2025, which amounts to 0.26 euros per share. Based on the share price as of 31.03.2025, this results in a dividend yield of 6.9%.

After the end of the first-quarter reporting period, in April 2025, Hepsor Finance OÜ signed a shareholders' agreement under which a 50% stake in Hepsor SOF OÜ was sold to the EFTEN Special Opportunities Fund. According to the shareholders' agreement, Hepsor SOF OÜ will acquire 5 properties from Hepsor's Group companies in Lasnamäe, with a total value of 9.0 million euros. Hepsor's shareholders will earn a total of approximately 3.7 million euros in profit from these transactions, of which 1.9 million euros will be realized in the results of the following quarters in 2025. The released capital will be directed to other development projects of Hepsor's Group in its current home markets. The cooperation project between Hepsor and EFTEN in Lasnamäe includes the construction of approximately 300 apartments along with smaller amount of commercial spaces. The development will be carried out in three stages, with around 100 new homes in each stage. Construction of the first stage is planned to begin in 2026.

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.

Development projects under construction and available for sale

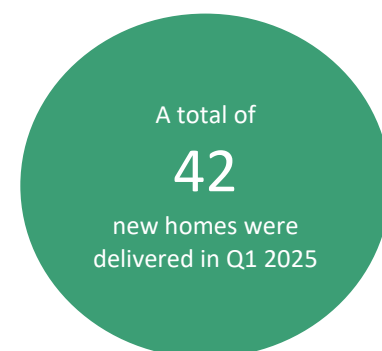
In the first quarter of 2025, we continued the construction and sales of projects in our development portfolio. Customer interest in Hepsor's developments has remained stable. In Latvia, the Annenhof Majas development project at Jūrmalas gatve 74 was completed at the beginning of the year, where customer interest in purchasing new apartments has been high. By the end of March, 60% of all apartments in the Annenhof Majas development project had been sold.

In the first quarter of 2025, we delivered 42 homes to customers (Q1 2024: 12 homes). In Tallinn, we delivered 26 homes, including 12 in the Manufaktuuri 7 development project, 10 in the Ojakalda Homes development project, and 4 in the Lilleküla Homes development project.

In Riga, we handed over 16 homes to customers, including 5 homes in the Rank Dambis development project, 10 homes in the Annenhof Maja development project, and the last home in the Strlneiku 4B development project.

In 2024, we started the construction of StokOfiss 34 at Ulbrokas 34 in Riga. StokOfiss 34 is a multifunctional commercial building with 8,740 m² of rental space. While in 2024, we had signed lease agreements for 6% of the total rental area, as of 31.03.2025, the leases cover nearly half, or 47%, of the total rental area. The planned completion of the construction is in the third quarter of 2025.

In the associate company Hepsor P113 OÜ, the leasing of the P113 Health Centre office building continued, and as of 31.03.2025, 82% of the rental space has been leased.





In the first quarter of 2025, Hepsor had the first phase of the former Baltic Cotton Spinning and Weaving Factory main building at Manufaktuuri 5 under construction and for sale. The first phase plans to develop 150 new homes.

Outlook for 2025

In 2025, we plan to start the construction of four new residential development projects. In Tallinn, at Manufaktuuri Quarter, we will begin the next development project at Manufaktuuri 12, where 49 new homes are planned. This will be Hepsor's fourth development in this area. We plan to start construction in the second half of 2025.

In Riga, Latvia, we plan to start the construction of a total of 227 new homes:

- At Eiženijas iela 18, we plan to start the construction of two apartment buildings, with a total of 54 new homes;
- In the Zala Jugla development project at Braila iela 23, Jugla, we will begin construction of the first phase, which will include 70 new homes;
- At Dzelzavas 74c, we plan to start the construction of an apartment building with 103 apartments.

During the reporting year, we aim to begin the construction of the first phase of the Veidema Quarter project at Ganibu Dambis 17a, a stock-office type development.

Interest rates are falling, and the macroeconomic environment is improving. The previous trend provides a favorable backdrop for moving development projects into the sales and construction phases.

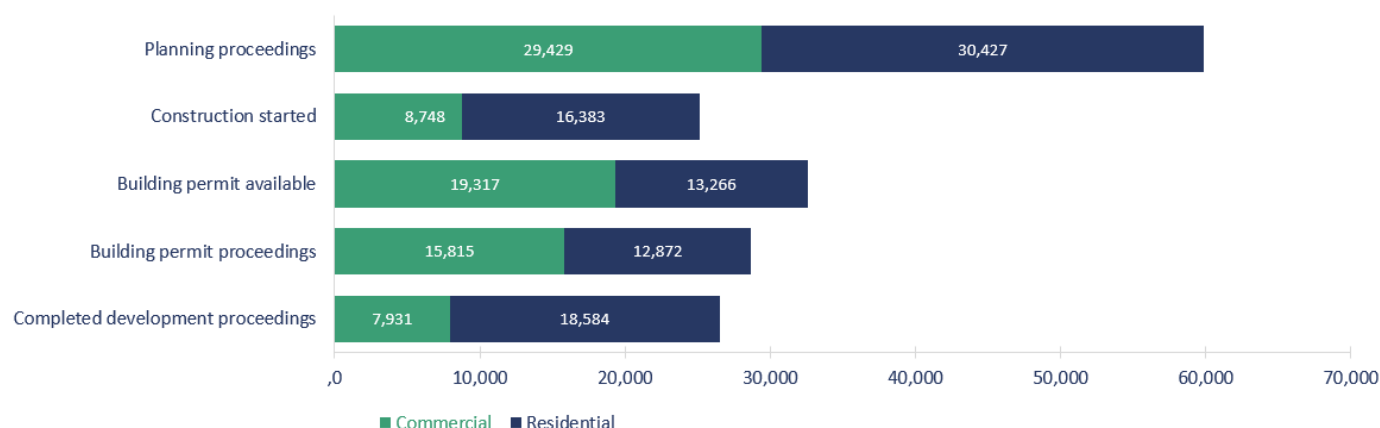
Henri Laks

Member of the Management Board

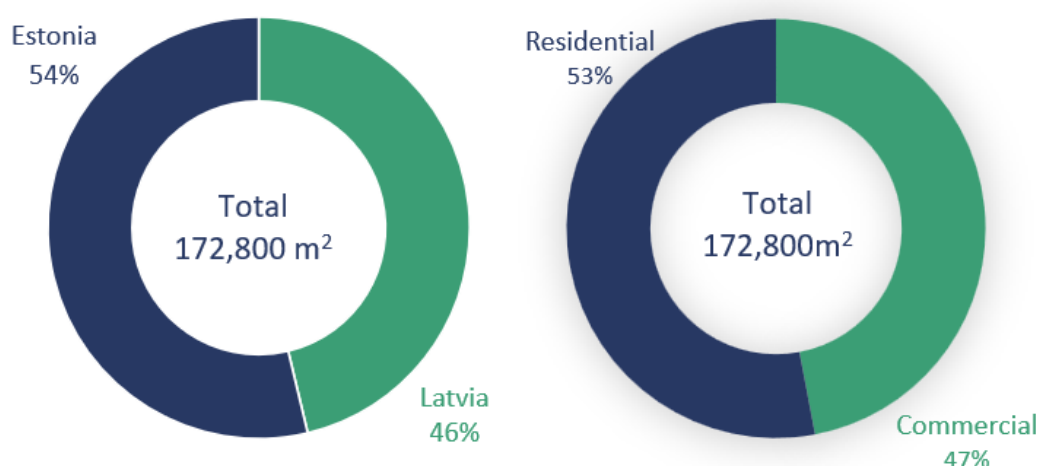
Overview of the Development Projects

As of 31 March 2025, the Group has a total of 25 active development projects in various phases (31 March 2024: 24 projects) and 173 thousand square meters of saleable area (31 March 2024: 171 thousand square meters).

Distribution of development portfolio between different development phases (as of 31 March 2025):



Distribution of development portfolio between countries and type (as of 31 March 2025):

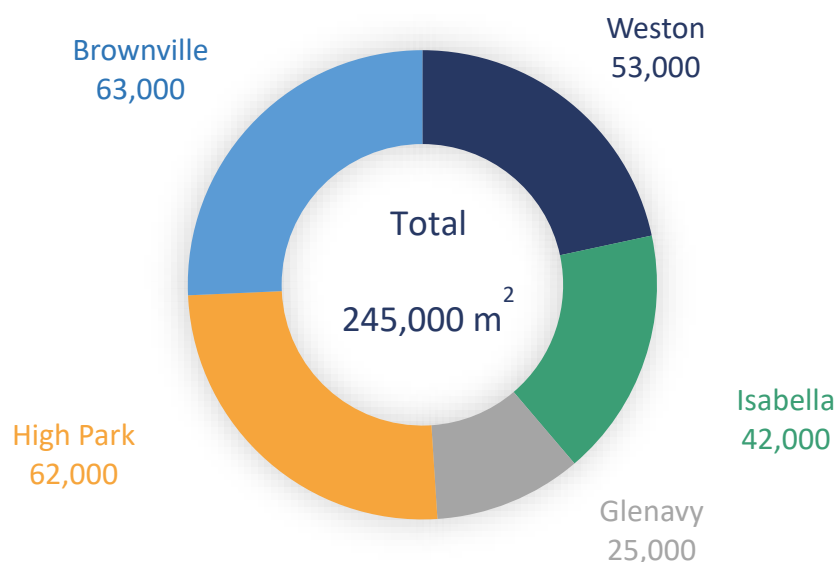


**Excluding Canadian projects*

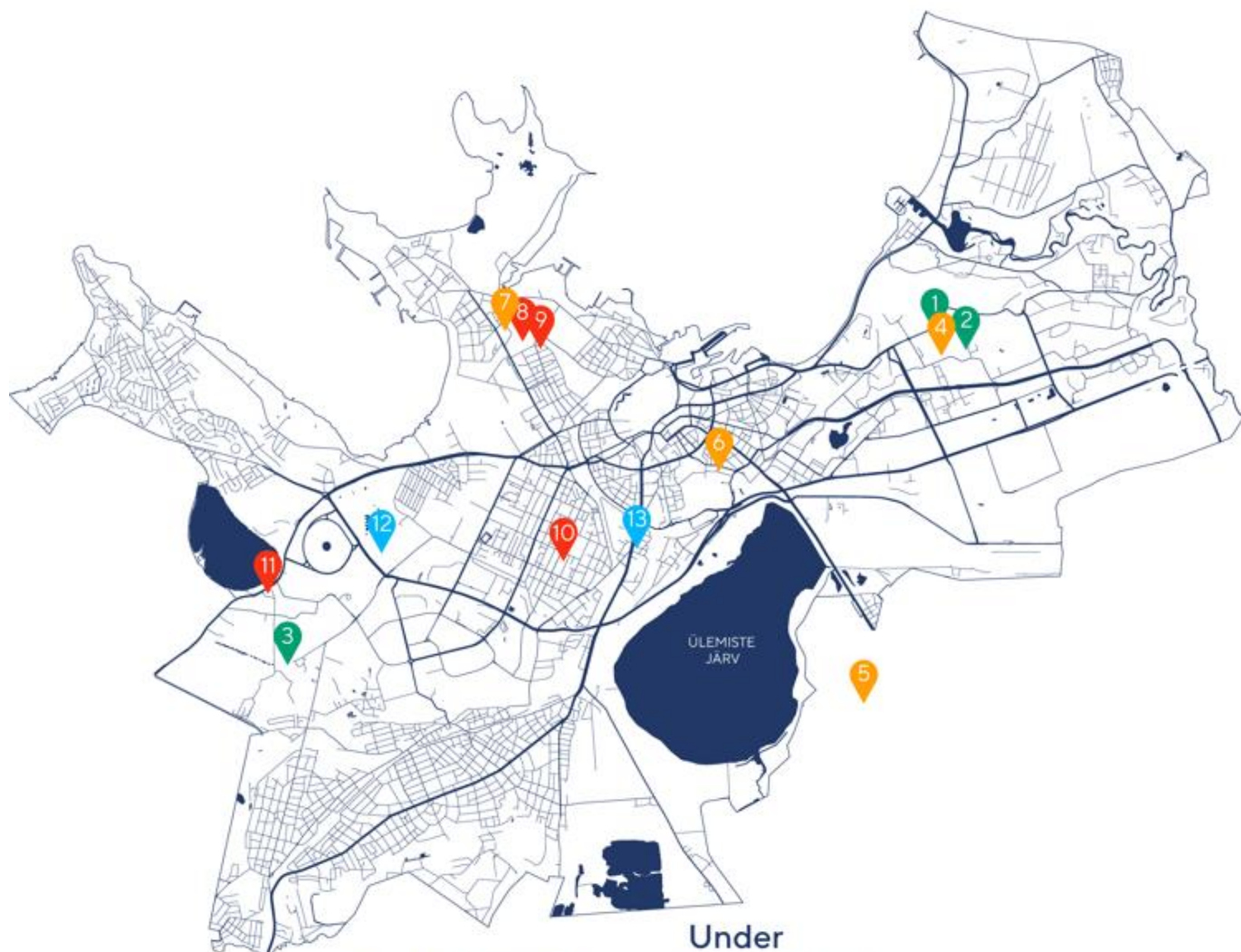
Development Projects in Canada (as of 31 March 2025)

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.

- Weston Road Project: The objective of the first phase is to increase the building volume of the property from 27,000 m² to approximately 53,000 m² and to obtain building rights for the construction of two residential buildings.
- Isabella Project: The goal of the first phase is to merge three properties located at 164 – 168 Isabella Street in Toronto and to plan a residential high-rise on the newly formed site with a building volume of approximately 42,000 m².
- Elysium Glenavy Project: In the second quarter of 2024, seven properties were acquired in the Leaside area of downtown Toronto, located at 17-29 Glenavy Avenue. The aim is to develop a future residential high-rise with rental apartments, with a building volume of approximately 25,000 m².
- High Park Project: In the third quarter of 2024, an 11-property development project was acquired at 21-29 Oakmount Rd & 26-36 Mountview Avenue. The development area will feature a two-tower residential high-rise with rental apartments and a total building volume of approximately 62,000 m².
- Brownville Avenue Project: On the last day of the third quarter, an agreement was signed to acquire a development project consisting of 17 properties on Brownville Avenue in Toronto. The project plans to develop a rental apartment building with a total area of 63,000 m².



Development projects in Tallinn (as of 31 March 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

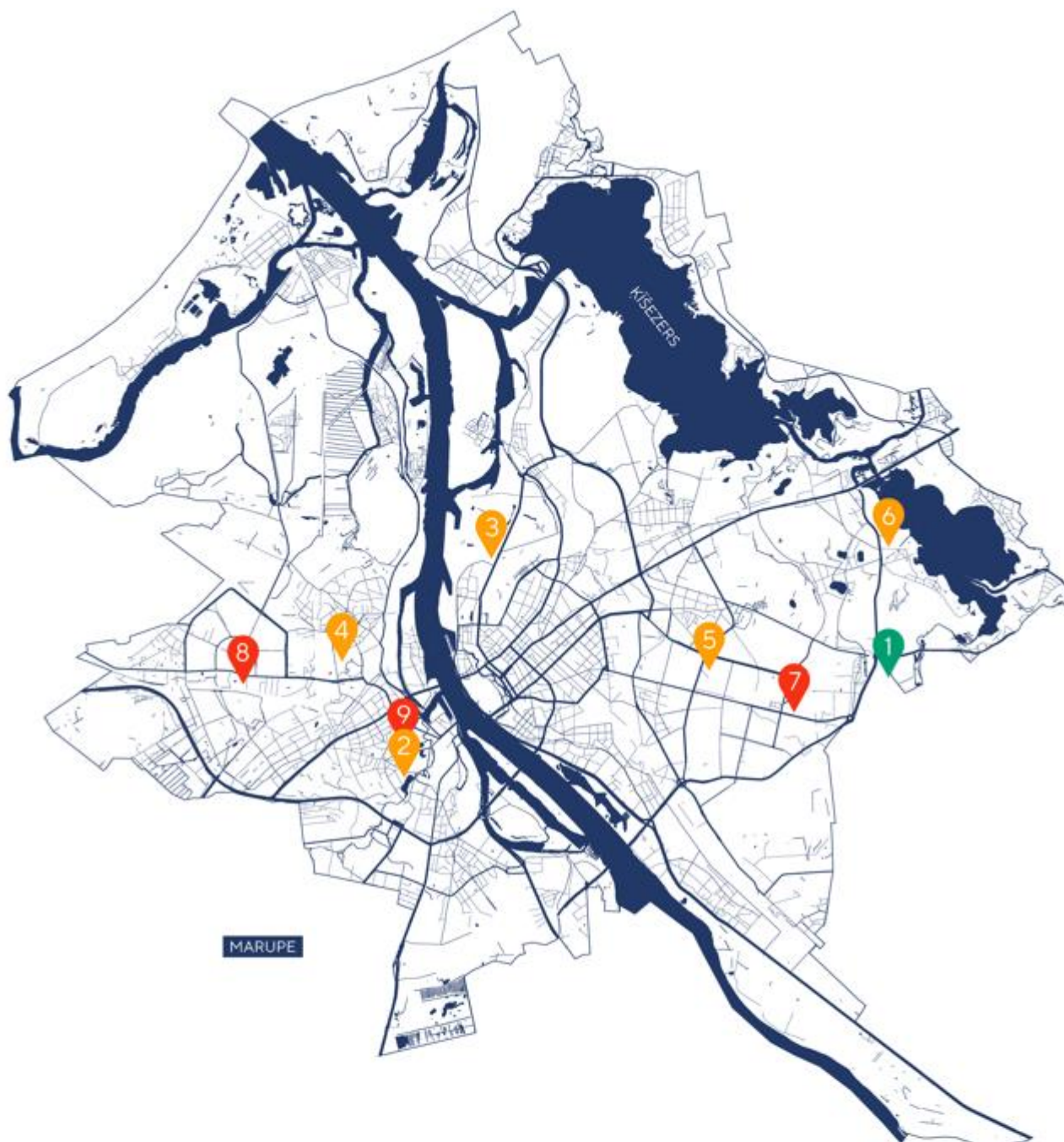
Under construction and/or available for sale

- 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 31 March 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 31 March 2025)



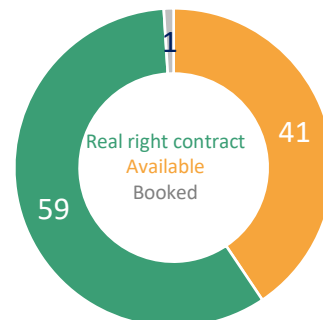
Land development projects

- 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

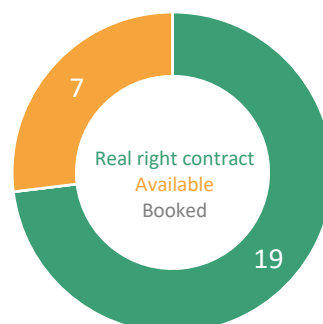
Completed development projects (as of 31 March 2025):



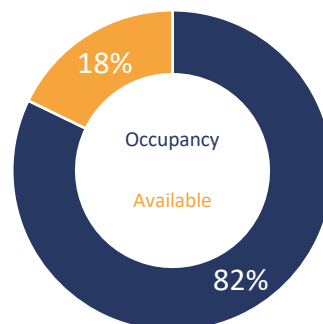
Project: Ojakalda Homes
 Development company: Hepsor 3TORNİ OÜ
 Address: Paldiski mnt 227c, Tallinn
 Apartments: 101
 Start of construction: III Q 2022
 End of construction: II Q 2024
 Website: hepsor.ee/ojakalda/en/



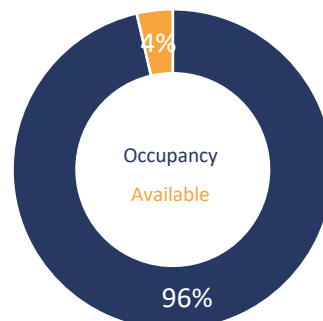
Project: Lilleküla Homes
 Development company: Hepsor N57 OÜ
 Address: Nõmme tee 57, Tallinn
 Apartments: 26
 Start of construction: IV Q 2022
 End of construction: I Q 2024
 Website: hepsor.ee/lillekylakodud/en/



Project: P113 Tervisemaja
 Development company: Hepsor P113 OÜ
 Address: Pärnu mnt 113, Tallinn
 Leasable area: 3,851 m²
 Occupancy: 82%
 End of construction: IV Q 2022
 Website: byroo113.ee/



Project: Grüne office building
 Development company: Hepsor M14 OÜ
 Address: Meistri 14, Tallinn
 Leasable area: 3,430 m²
 Start of construction: IV Q 2020
 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 Rezidence
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/



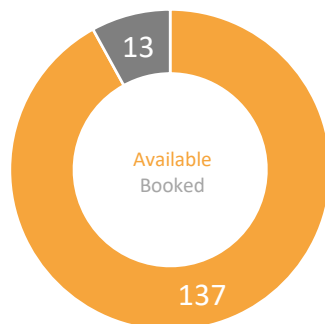
Project:	Annenhof Majas
Development company:	Hepsor JG SIA
Address:	Jurmallas Gatve/Imanta 8.
Apartments:	linija, Riga
Start of construction:	40
Estimated completion:	IV Q 2023 I Q 2025
Website:	hepsor.lv/annenhofmajas/en/



Development Projects Under Construction (as of 31 March 2025)

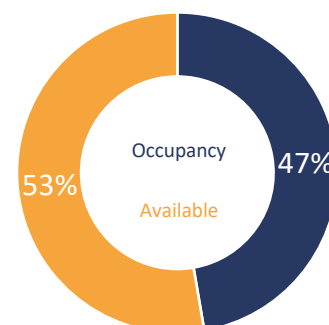


Project:	Manufaktuuri 5, I stage
Development company:	Hepsor Phoenix 3 OÜ
Address:	Manufaktuuri 5, Tallinn
Apartments:	150
Start of construction:	II Q 2024
Estimated completion:	2027
Website:	hepsor.ee/manufaktuur/?lang=en





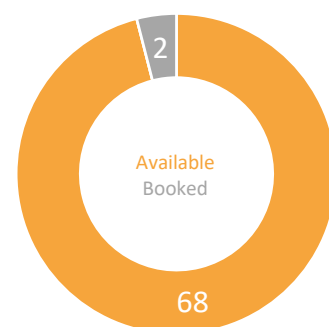
Project:	StokOfiss 34
Development company:	Hepsor U34 SIA
Address:	Ulbrokas 34, Riga
Leasable area:	8,740 m ²
Start of construction:	II Q 2024
Estimated completion:	II Q 2025
Website:	hepsor.lv/stokofissu34/en/



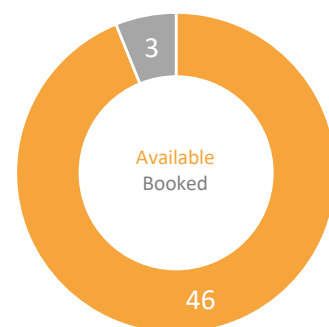
Development projects the construction of which starts in 2025 (as of 31 March 2025):



Project:	Zala Jugla I stage
Development company:	Hepsor Jugla SIA
Address:	Braila Str 23, Riga
Apartments:	70
Start of construction:	II Q 2025
Estimated completion:	II 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:	II Q 2025
Estimated completion:	II 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:	III Q 2025
Estimated completion:	III Q 2026



Project: Dzelzavas 74C

Address: Dzelzavas street 74C, Riga

Apartments: 103

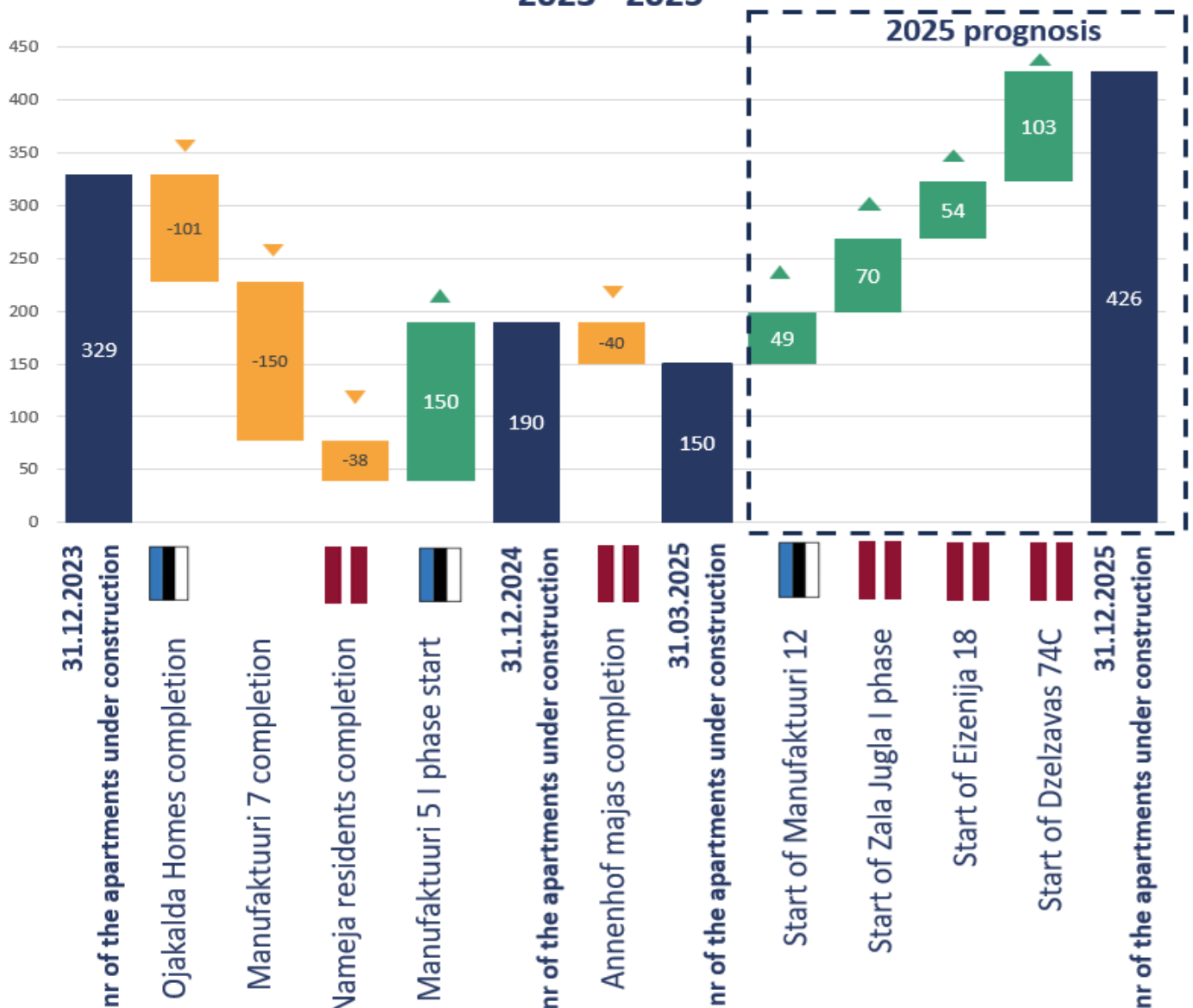
Start of construction: II Q 2025

Estimated completion: III Q 2026

Website: dzresidence.lv/en/



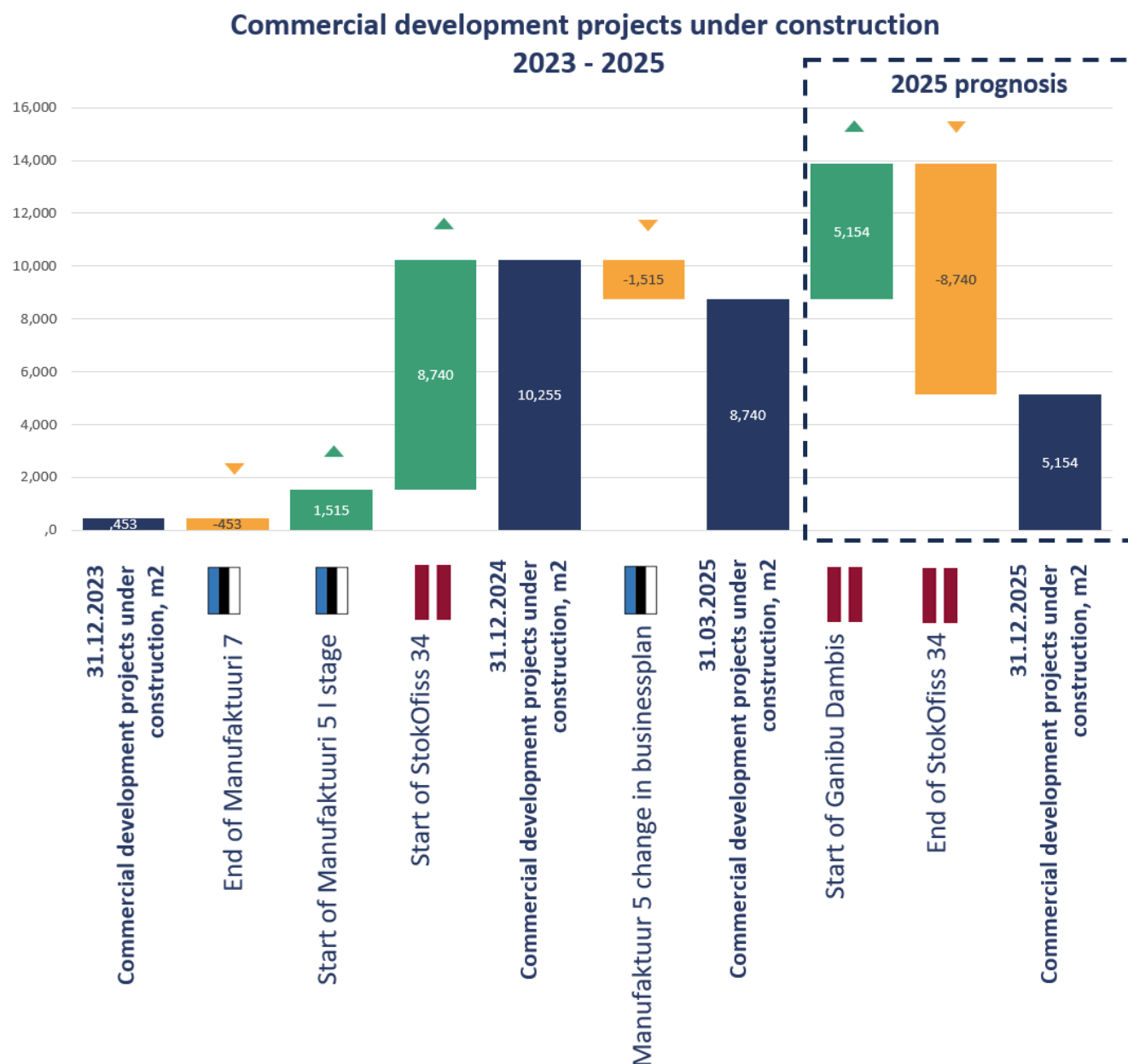
Under construction and completed apartments 2023 - 2025



Residential development projects under construction and available for sale (as of 31 March 2025):

Project	Status	Apartments	Apartments		Apartments %		Completion
			Sold*	Available	Sold*	Available	
Lilleküla Homes	Completed	26	19	7	73%	27%	Q4 2023
Ojakalda Homes	Completed	101	60	41	59%	41%	Q1 2024
Manufaktuuri 7	Completed	150	120	30	80%	20%	Q3 2024
Manufaktuuri 5	In construction	150	13	137	9%	91%	Q4 2027
Nameja Rezidence	Completed	38	24	14	63%	37%	Q3 2024
Annenhof Majas	Completed	40	24	16	60%	40%	Q1 2025
Manufaktuuri 12	Pre-sale	49	3	46	6%	94%	Q2 2026
Zala Jugla I stage	Pre-sale	70	2	68	3%	97%	Q2 2027
Eizenija 18	Pre-sale	54	0	54	0%	100%	Q3 2026
Dzelzavas 74C	Pre-sale	103	3	100	3%	97%	Q3 2026
Total		781	265	359	34%	46%	

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



In 2025, the Group plans to start the development of one new commercial property – Ganibu Dambis commercial building in Latvia.

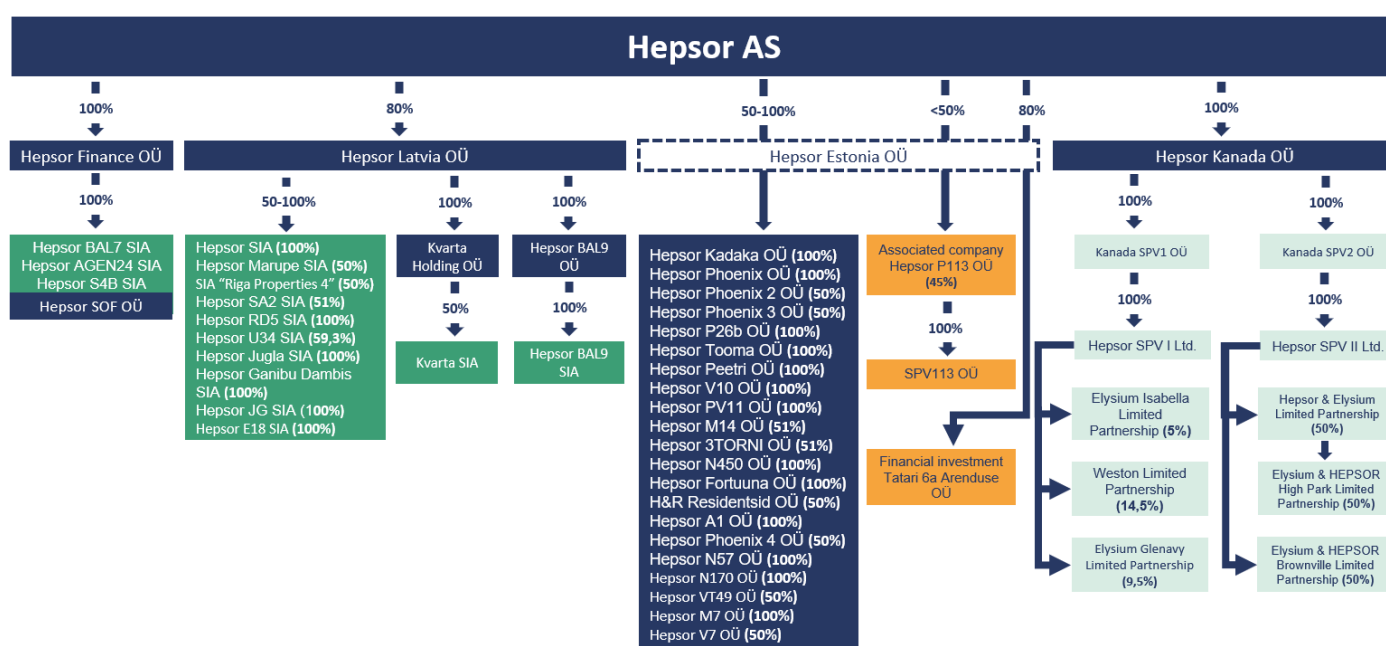
Occupancy of commercial development projects (as of 31 March 2025):

Project name	Rentable area sqm	Occupancy sqm	Occupancy %
Ulbokras 34 StokOfiss, Latvia	8,740	4,134	47%
P113 Health centre	3,851	3,165	82%
Grüne Office	3,430	3,302	96%
Manufaktuuri 7	453	178	39%
Total	16,474	10,778	65%

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

On 31 March 2025, the Group consisted of the parent company, 45 subsidiaries, and one associate company, along with its subsidiary (31 March 2024: parent company, 44 subsidiaries, 1 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 Q1 of 2025 the following changes took place in the structure of the Group:

- ✓ On 05.03.2024, Hepsor AS's subsidiary, Hepsor Finance OÜ, established a subsidiary, Hepsor SOF OÜ.

Operating Results

The Group's sales revenue in Q1 2025 was 8.2 million euros (Q1 2024: 2.3 million euros), of which 2.8 million euros (Q1 2024: 0.2 million euros) or 34.4% (Q1 2024: 10.2%) 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 the first quarter of 2025, the Group sold a total of 42 apartments (Q1 2024: 12 apartments) through real rights contracts of which 26 apartments in Tallinn, 10 apartments in Ojakalda Homes development project, 4 apartments in Lilleküla Homes development project and 12 apartments in Manufaktuuri 7 development project. During the reporting quarter a total of 16 apartments were sold in Latvia, 5 apartments in the Ranka Dambis 5 development project, 10 apartments in the Annehof Majas development project, and the last apartment was sold in the Strelneiku 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 total, other sales revenue amounted to 435 thousand euros (Q1 2024: 406 thousand euros) or 5.3% (Q1 2024: 17.9%) of the Group's total sales revenue.

Profitability

The gross profit of development projects sold during the reporting period was 1,099 thousand euros (Q1 2024: 97 thousand euros) and gross profit margin was 14.4% (Q1 2024: 5.2%). The Group's gross profit for Q1 2025 amounted to 1 017 thousand euros (Q1 2024: 37 thousand euros). In the first quarter the Group's gross profit margin was 12.4% (Q1 2024: 1.6%). The gross profit was most affected by the number of apartments sold with real rights contracts, which totalled 42 in the reporting quarter (Q1 2024: 12).

In the first quarter of 2025, the Group's operating profit was 332 thousand euros (Q1 2024 operating loss: 564 thousand euros) and operating profit margin was 4.0% (Q1 2024: -24.8%). The Group's net loss for the period amounted to 97 thousand euros (Q1 2024: 965 thousand euros) of which the net loss attributable to the owners of the parent amounted to 220 thousand euros (Q1 2024: net loss 879 thousand euros), while the net profit to non-controlling interest was 123 thousand euros (Q1 2024: net loss 86 thousand euros). The net profit margin attributable to the owners of the parent company was -2.7% during the reporting period (Q1 2024: -38.7%).

Balance Sheet

Total assets of the Group amounted to 83.9 million euros as of 31 March 2025 (31 March 2024: 96.8 million euros), which is 13.3% lower than at the end of the comparable period last year. Inventories made up 71.9% or 60.4 million euros of total assets (31 March 2024: 85.8% and 83.1 million euros). The decrease in inventories is due to the reclassification of inventories to investment property (Grüne Office), the sale of the company Hotel L4 OÜ (formerly known as Hepsor L4 OÜ), and the sale of apartments. During the period from 1 April 2024 to 31 March 2025, the Group has acquired two new development projects: an eight-apartment residential development project at Võistluse 7 in Tallinn, and a 54-apartment residential building project at Eizenija 18 in Riga. In 2024, the property at Lembitu Street 4, Tallinn, was sold along with the company, reducing the development portfolio by 4,250 square meters. Over the course of the year, 224 apartments were sold through real rights contracts.

As of 31 March 2025, cash and cash equivalents accounted for 3.9% or 3.2 million euros of the total assets. As at 31 March 2024, cash and cash equivalents accounted for 7.9% or 7.7 million euros of total assets.

The Group's loan obligations totalled 50.6 million euros as at 31 March 2025, compared to 64.1 million euros as at 31 March 2024. The Group's equity increased by 1.9% over the year to 21.6 million euros. Equity attributable to the owners of the parent increased by 1.9% to 20.5 million euros.

Cash Flows

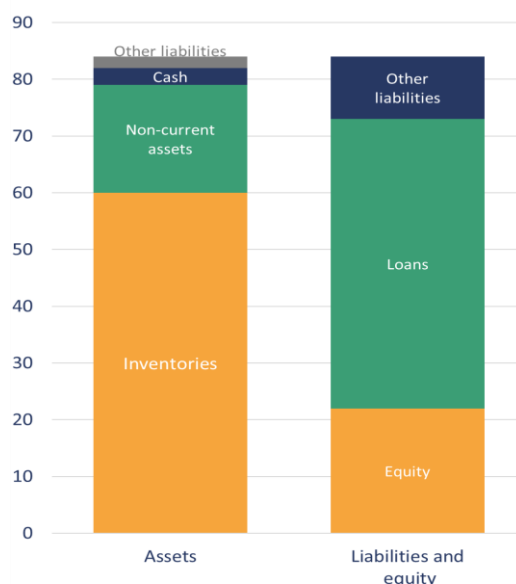
The Group's cash and cash equivalents amounted to 6.2 million euros at the beginning of Q1 2025 (beginning of Q1 2024: 7.6 million euros) and to 3.2 million euros as at 31 March 2025 (31 March 2024: 7.7 million euros). The negative cash flow for the period was 3.0 million euros (Q1 2024: positive 0.1 million euros).

Cash flow from operating activities for Q1 2025 was positive at 3.5 million euros (Q1 2024: negative 5.6 million euros). Cash flow from operating activities was most affected by the decrease in inventories. Due to the change in inventories, the positive cash flow for Q1 2025 was 4.2 million euros, whereas in the comparable period, inventories increased, resulting in a negative cash flow of 4.6 million euros due to the inventory growth.

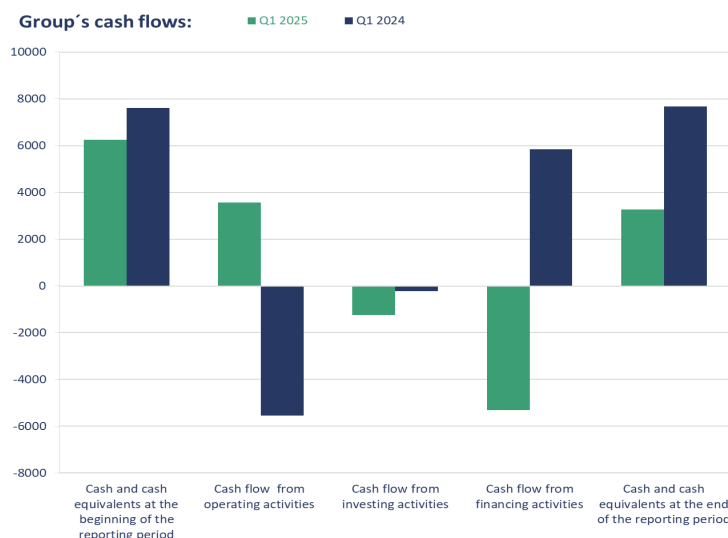
In Q1 2025 cash flow from investments was negative at 1 215 thousand euros (Q1 2024: 218 thousand euros). During the reporting period, the Group invested 1.1 million euros in Canadian projects and granted a loan totalling 156 thousand euros (Q1 2024: 218 thousand euros).

Cash flow from financing activities was negative at 5.3 million euros (Q1 2024: positive 5.8 million euros). The net amount of loans received in three months 2025 was -4.1 million euros (Q1 2024: 7.2 million euros). In the first quarter of 2025, the Group paid 1.2 million euros in interest (Q1 2024: 1.3 million euros).

Balance sheet structure 31.03.2025
(m€)



Group's cash flows:



Key financials

in thousands of euros	Q1 2025	Q1 2024	Q1 2023
Revenue	8 206	2,271	5,975
Gross profit/-loss	1 017	37	935
EBITDA	358	-512	560
Operating profit/-loss	332	-564	514
Net profit/-loss	-97	-965	139
Incl net profit/-loss attributable to the owners of parent	-220	-879	240
Comprehensive income/-loss	-408	-965	147
Incl comprehensive profit/-loss attributable to the owners of	-381	-879	226
Earnings per share	-0.06	-0.23	0.06

in thousands of euros	31 March 2025	31 March 2024	31 March 2023
Total assets	83,924	96,868	80,104
Incl inventories	60,355	83,086	73,610
Total liabilities	62,322	75,642	59,634
Incl total loan commitments	50,610	64,142	49,142
Total equity	21,602	21,196	20,470
Incl equity attributable to the owners of parent	20,531	20,114	20,092

Key Ratios

	Q1 2025	Q1 2024	Q1 2023
Gross profit margin	12.4%	1.6%	15.6%
Operating profit margin	4.0%	-24.8%	8.6%
EBITDA margin	4.4%	-22.5%	9.4%
Net profit margin	-1.2%	42.5%	2.3%
Net profit margin attributable to the parent company's owners	-2.7%	-38.7%	4.0%
General expense ratio	8.4%	27.7%	7.0%

	31.03.2025	31.03.2024	31.03.2023
Equity ratio	25.7%	21.9%	25.6%
Debt ratio	60.5%	66.2%	61.6%
Current ratio	2.6	2.1	2.5
Return of equity	11.4%	11.4%	7.3%
Return on equity attributable to the owners of the parent	14.0%	0.3%	8.4%
Return on assets	3.3%	2.5%	2.1%

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 = 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 31 March 2025, Hepsor AS had 9 199 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	385,000	10.01
Total	-	2,878,000	74.69

Shareholder structure by number of shares held as of 31 March 2025:

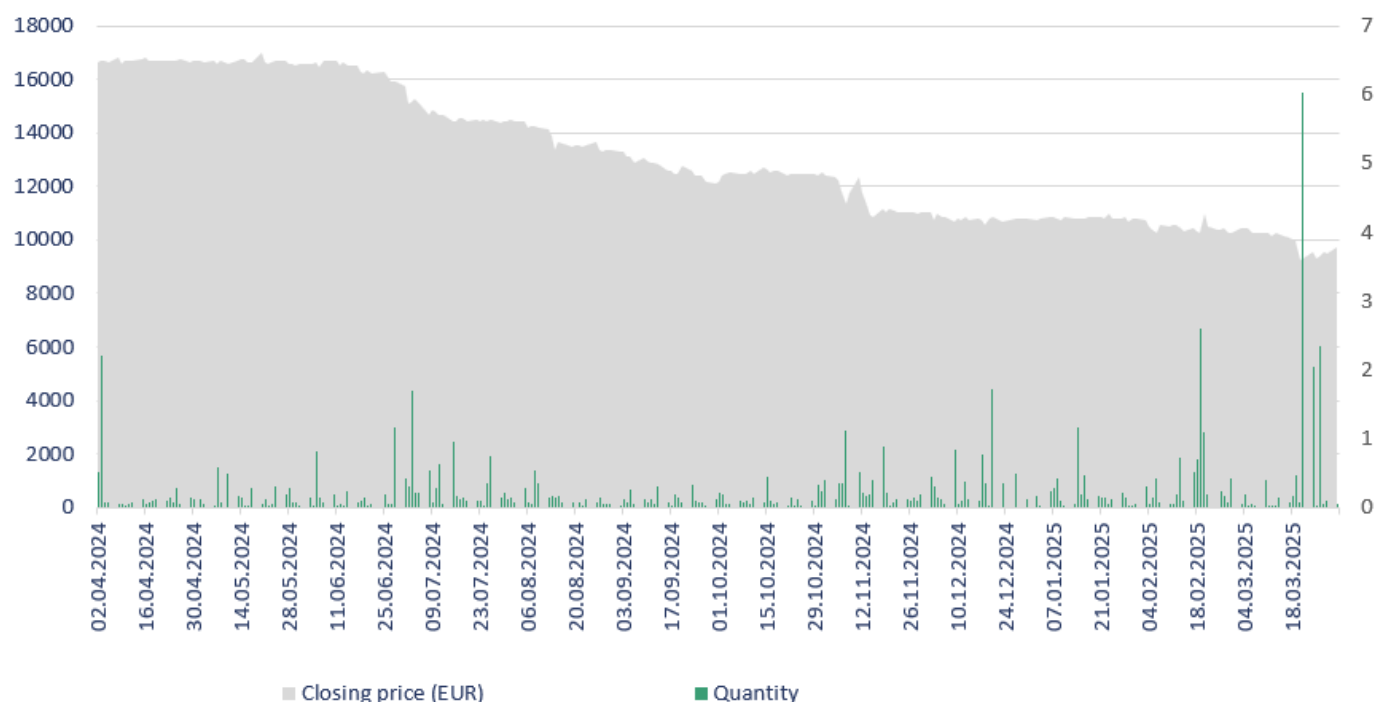
Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
100 001-...	6	0.07%	3,012,161	78.14%
10 001-100 000	8	0.09%	269,767	7.00%
1001-10 000	47	0.51%	136,782	3.55%
101-1000	791	8.60%	214,535	5.57%
1-100	8,347	90.74%	221,456	5.75%
Total	9,199	100.00%	3,854,701	100.00%

During the period from April 1, 2023, to March 31, 2024, a total of 7,318 transactions were carried out with Hepsor shares, during which 165,488 shares changed ownership for a total amount of 793,494 euros. The highest transaction price during the period was 6.6 euros and the lowest was 3.6 euros. As of March 31, 2024, the market capitalisation of the shares was 14.5 million euros and the Group's equity was 21,6 million euros.

Market cap at
31 March 2025

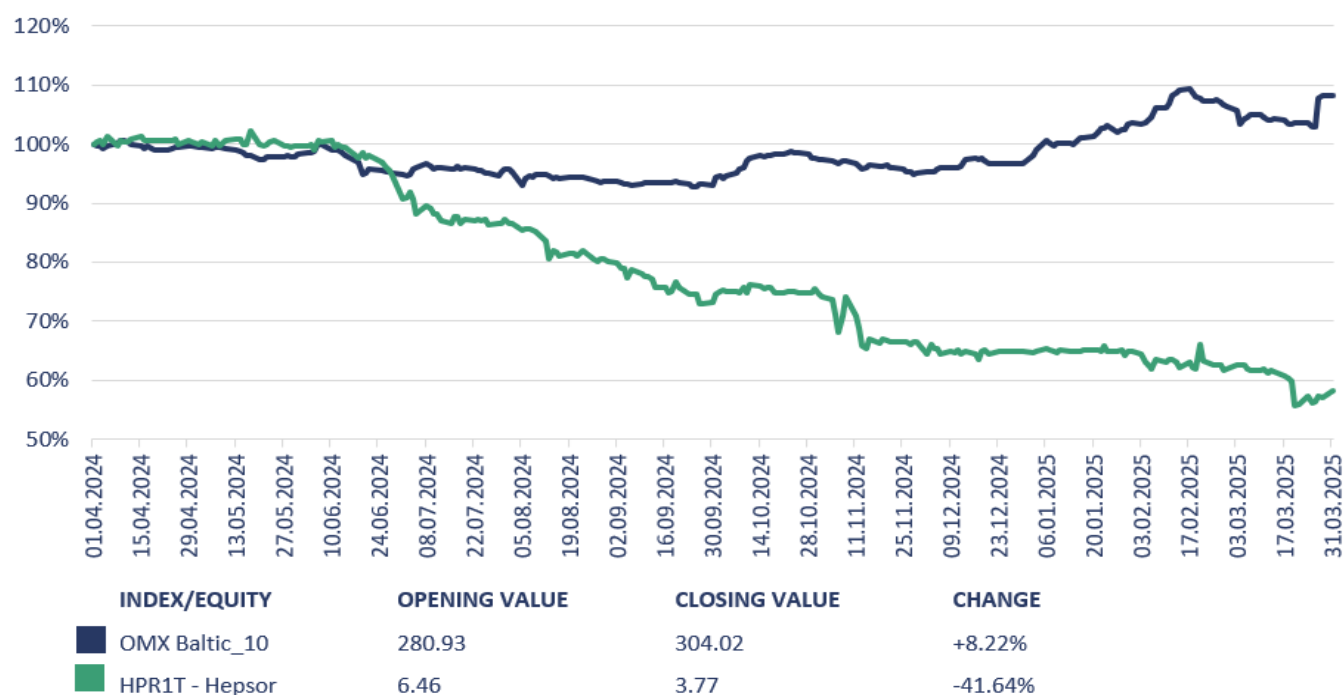
14,5
million euros

Trading volume and price range of Hepsor AS shares, 12 months (1 April 2024 - 31 March 2025):



Source: Nasdaq Baltic

Change in Hepsor share price in comparison with the benchmark OMX Tallinn index, 12 months (1 April 2024 – 31 March 2025):



Source: Nasdaq Baltic

Consolidated Financial Statements

Consolidated statement of financial position

in thousands of euros	Note	31 March 2025	31 December 2024	31 March 2024
Assets				
Current assets				
Cash and cash equivalents		3,262	6,249	7,674
Trade and other receivables	3	1,589	761	1,351
Current loan receivables	4	200	200	311
Inventories	2	60,355	64,141	83,086
Total current assets		65,406	71,351	92,422
Non-current assets				
Property, plant and equipment		324	288	230
Intangible assets		2	2	3
Investment properties	5	7,980	7,980	0
Financial investments	6	7,244	6,424	2,001
Non-current loan receivables	4	2,584	2,428	1,947
Other non-current receivables		384	340	235
Total non-current assets		18,518	17,462	4,416
Total assets	20	83,924	88,813	96,838
Liabilities and equity				
Current liabilities				
Loans and borrowings	7	17,942	23,336	35,546
Current lease liabilities		39	52	116
Prepayments from customers		562	724	2,916
Trade and other payables	8	6,184	6,542	6,150
Total current liabilities		24,727	30,654	44,728
Non-current liabilities				
Loans and borrowings	7	32,668	31,352	28,596
Non-current lease liabilities		162	162	29
Other non-current liabilities	9	4,765	4,635	2,289
Total non-current liabilities		37,595	36,149	30,914
Total liabilities	20	62,322	66,803	75,642
Equity				
Share capital		3,855	3,855	3,855
Share premium		8,917	8,917	8,917
Reserves		385	385	385
Retained earnings		8,445	8,853	8,039
Total equity		21,602	22,010	21,196
incl. total equity attributable to owners of the parent		20,531	20,912	20,114
incl. non-controlling interest		1,071	1,098	1,082
Total liabilities and equity		83,924	88,813	96,838

Consolidated statement of profit and loss and other comprehensive income

in thousands of euros	Note	Q1 2025	Q1 2024
Revenue	12, 20	8,206	2,271
Cost of sales (-)	13	-7,189	-2,234
Gross profit		1,017	37
Marketing expenses (-)	14	-279	-185
Administrative expenses (-)	15	-412	-443
Other operating income		23	45
Other operating expenses (-)		-17	-18
Operating profit (-loss) of the year	20	332	-564
Financial income	17.1	49	37
Financial expenses (-)	17.2	-478	-438
Profit before tax		-97	-965
Net profit (-loss) for the year		-97	-965
Attributable to owners of the parent		-220	-879
Non-controlling interest		123	-86
Other comprehensive income (-loss)			
Change in value of embedded derivatives with minority shareholders	10	-150	0
Exchange rate differences from foreign entities		-161	0
Other comprehensive income (-loss) for the period		-311	0
Attributable to owners of the parent		-161	0
Non-controlling interest		-150	0
Comprehensive income (-loss) for the period		-408	-965
Attributable to owners of the parent		-381	-879
Non-controlling interest		-27	-86
Earnings per share			
Basic (euros per share)		-0,06	-0,23
Diluted (euros per share)		-0,06	-0,23

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	-879	-86	-965
Balance of 31 March 2024	3,855	8,917	385	6,957	1,082	21,196
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	-220	123	-97
Other comprehensive income/ (loss) for the period	0	0	0	-161	-150	-311
Balance of 31 March 2025	3,855	8,917	385	7,374	1,071	21,602

Consolidated statement of cash flows

in thousands of euros	Note	Q1 2025	Q1 2024
Net cash flows from (to) operating activities			
Operating profit/(-loss) of the year	20	332	-564
Adjustments for:			
Depreciation of property, plant and equipment		26	52
Other adjustments		18	-2
Income tax paid		-41	0
Changes in working capital:			
Change in trade receivables		-826	193
Change in inventories	18	4,200	-4,572
Change in liabilities and prepayments		-165	-661
Cash flows from (to) operating activities		3,544	-5,554
Net cash flows to investing activities			
Payments for property, plant and equipment		0	-2
Payments for intangible assets		-1,061	0
Payments of for acquisition of subsidiaries		1	0
Interest received		1	2
Loans granted	4	-156	-218
Cash flows to investing activities		-1,215	-218
Net cash flows from (to) financing activities			
Loans raised	7	2,628	8,617
Loan repayments	7	-6,706	-1,380
Interest paid	18	-1,228	-1,321
Payments of finance lease principal		-2	-2
Payments of right to use lease liabilities		-10	-38
Other receipts from financing activities		3	0
Other payments from financing activities		-1	-34
Cash flows from financing activities		-5,316	5,842
Net cash flow		-2,987	70
Cash and cash equivalents at beginning of year		6,249	7,604
Increase / decrease in cash and cash equivalents		-2,987	70
Cash and cash equivalents at end of year		3,262	7,674

Notes to the consolidated interim financial statements

Note 1. General information

The Hepsor AS (hereinafter “the Group”) consolidated unaudited interim report for Q1 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 Q1 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 Q1 2024.

The Group has not made any changes to its critical accounting estimates which may affect the consolidated unaudited interim financial statements for Q1 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 ready for sale development projects once the project has been granted usage permit. As of 31 March 2025, usage permits have been issued for residential development projects at Nõmme tee 57 and Paldiski mnt 227c in Estonia, as well as Ranka Dambis 5 and Jūrmalas Gatve in Latvia. As of 31 March 2025, the Group had 89 unsold apartments (31 December 2024: 30; 31 March 2024: 12) in ready for sale development projects, of which 34 apartments are located in Riga and 45 in Tallinn.

In addition, a development project is ready for sale in Tallinn at Manufaktuuri 7, for which a usage permit has not been issued. As of 31 March 2025, 43 apartments remain unsold in the Manufaktuuri 7 development project, with real rights contracts in place.

As of 31 March 2025, the changes in inventories as stated in cash flow statements have been adjusted by loan interest expense. The capitalised loan interest amounted to 414 thousand euros (31 December 2024: 3,740 thousand euros; 31 March 2024: 1,076 thousand euros). Further information about interest expenses is provided in Note 17.

Project statuses are classified as following:

in thousands of euros	31 March 2025	31 December 2024	31 March 2024
A – planning proceedings	11,735	11,624	14,035
B – building permit proceedings	6,826	11,083	11,740
C – building permit available / construction not yet started	4,595	0	4,758
D – construction started / sale started	16,503	19,576	25,686
E – construction ready for sale	20,696	21,858	26,867
Total inventories	60,355	64,141	83,086

The following development projects are stated as inventories:

in thousands of euros				31 March 2025		31 December 2024		31 March 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	14,689	E
Narva mnt 150, Tallinn	Hepsor N450 OÜ	Estonia	Residential/Commercial	4110	A	4,071	A	3,923	A
Manufaktuuri 5, Tallinn	Hepsor Phoenix 3 OÜ	Estonia	Residential/Commercial	8,010	D	7,556	D	5,316	B
Manufaktuuri 7, Tallinn	Hepsor Phoenix 2 OÜ	Estonia	Residential/Commercial	5,565	E	7,260	E	19,174	D
Lembitu 4, Tallinn	Hepsor L4 OÜ	Estonia	Commercial	0	-	0	-	3,184	C
Alvari 2/Paevälja 9, Tallinn	Hepsor Fortuuna OÜ	Estonia	Residential	1,885	B	1,885	B	1,657	A
Alvari 1, Tallinn	Hepsor A1 OÜ	Estonia	Residential	2,022	A	2,022	A	2,022	A
Kadaka tee 197, Tallinn	H&R Residentsid OÜ	Estonia	Residential	1,325	A	1,305	A	1,245	A
Manufaktuuri 12, Tallinn	Hepsor Phoenix 4 OÜ	Estonia	Residential	1,211	B	1,131	B	961	B
Nõmme tee 57, Tallinn	Hepsor N57 OÜ	Estonia	Residential	0	-	0	-	3,628	E
Vana-Tartu mnt 49, Tallinn	Hepsor VT49 OÜ	Estonia	Commercial	1,191	B	1,153	B	1,062	A
Võistluse 7, Tallinn	Hepsor V7 OÜ	Estonia	Residential	441	B	425	B	0	-
Saules alley 2, Riga	Hepsor SA2 SIA	Latvia	Residential	1,079	B	1,079	B	725	B
Ranka Dambis 5, Riga	Hepsor RD5 SIA	Latvia	Residential	0	-	0	-	4,796	D
Ulbrokas 34, Riga	Hepsor U34 SIA	Latvia	Commercial	8,493	D	6,794	D	1,574	C
Braila 23, Riga	Hepsor Jugla SIA	Latvia	Residential	658	B	618	B	510	B
Ganibu Dambis 17a, Riga	Hepsor Ganibu Dambis SIA	Latvia	Commercial	4,595	C	4,431	B	4,228	B
Jūrmalas gatve 74, Riga	Hepsor JG SIA	Latvia	Residential	0	-	5,226	D	1,716	D
Smaidu, Dreilini	Riga Properties 4 SIA	Latvia	Commercial	4,277	A	4,226	A	4,108	A
Eiženijas 18, Riga	Hepsor E18 SIA	Latvia	Residential	361	B	361	B	0	-
- other properties		Estonia		1	A	0	-	18	A
Total work in progress				45,224		69,051		64,342	
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
Paevälja 11, Tallinn	Hepsor PV11 OÜ	Estonia	Residential	0	-	0	-	264	E
Nõmme tee 57, Tallinn	Hepsor N57 OÜ	Estonia	Residential	1,490	E	2,349	E	0	-
Paldiski mnt 227c, Tallinn	Hepsor 3Torni OÜ	Estonia	Residential	7,716	E	0	-	0	-
Strelnieku 4b, Riga	Hepsor S4B SIA	Latvia	Residential	0	-	77	E	603	E
Ranka Dambis 5, Riga	Hepsor RD5 SIA	Latvia	Residential	1,901	E	2,626	E	0	-
Jūrmalas gatve 74, Riga	Hepsor JG SIA	Latvia	Residential	4,008	E	0	-	0	-
Total ready for sale real estate development				15,131		5,068		8,550	
Total inventories				60,355		64,141		83,086	

Note 3. Trade and other receivables

in thousands of euros	31 March 2025	31 December 2024	31 March 2024
Trade receivables	1,196	463	570
Allowance for doubtful receivables	-13	-13	0
Net trade receivables	1,183	450	570
Prepayments			
Prepayments			
Tax prepayment			
Value added tax	116	147	626
Other prepayments for goods and services	149	113	81
Total prepayments	265	260	707
Other current receivables			
Interest receivables	3	2	8
Other current receivables	138	49	66
Other current receivables	141	51	74
Total trade receivables	1,589	761	1,351

Note 4. Loans granted

in thousands of euros	Unrelated legal entities	Related legal entities (Note 21)	Total
2025			
Loan balance as of 31 December 2024	200	2,428	2,628
Loan granted	0	156	156
Loan balance as of 31 March 2025	200	2,584	2,784
- current portion	200	0	200
- non-current portion	0	2,584	2,584
<i>contractual/effective interest rate per annum</i>	0%	7%	
2024			
Loan balance as of 31 December 2023	311	1,729	2,040
Loan granted	0	218	218
Loan balance as of 31 March 2024	311	1,947	2,258
- current portion	311	0	311
- non-current portion	0	1,947	1,947
01 April 2024-31 December 2024			
Loan granted	200	500	700
Division of subsidiary	-311	0	-311
Actual interest rate impact	0	-19	-19
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
<i>contractual/effective interest rate per annum</i>	0%	7%	

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.

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

As of 31 March 2025, the carrying amount of the financial investments is 7,244 thousand euros (31 December 2024: 6,424 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:

- 1) LHV Pank loan and equity ratio of maximum 55%,
- 2) 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 31 March 2025, the Group has the following loan obligations:

in thousands of euros	Bank loans	Unrelated legal entities	Related legal entities (Note 21)	Total
2025				
Loan balance as of 31 December 2024	33,828	19,489	1,371	54,688
Received	1,715	913	0	2,628
Repaid	-5,506	-1,200	0	-6,706
Loan balance as of 31 March 2025	30,037	19,202	1,371	50,610
- current loan payable	12,315	4,389	1,238	17,942
- non-current loan payable	17,722	14,813	133	32,668
<i>Contractual interest rate per annum</i>	<i>EU6+3.25%-9.5%; 5.46%</i>	<i>0-12%</i>	<i>7-12%</i>	
2024				
Loan balance as of 31 December 2023	36,309	19,213	1,383	56,905
Received	7,806	811	0	8,617
Repaid	-1,147	-233	0	-1,380
Total loan balance as of 31 March 2024	42,968	19,791	1,383	64,142
- current loan payable	29,552	4,611	1,383	35,546
- non-current loan payable	13,416	15,180	0	28,596
01 April 2024-31 December 2024				
Received	20,415	3,877	4,710	29,002
Repaid	-28,149	-4,618	-4,722	-37,489
Reclassified as a Group loan	-1,300	0	0	-1,300
Actual interest rate impact	-106	439	0	333
Total 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
<i>Contractual interest rate per annum</i>	<i>EU6+3.75%-5.9%; 5.5%</i>	<i>0-12%</i>	<i>7-12%</i>	
<i>Effective interest rate per annum</i>	<i>7.34-13,7%</i>	<i>5.6%-10.6%</i>	<i>8.9%</i>	

As of 31 March 2025, 89% (31 December 2024: 89%; 31 March 2023: 88%) 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 31 March 2025				
Loans for development projects	24,097	19,202	1,371	44,670
Loans to headquarters to finance development projects	5,940	0	0	5,940
Total	30,037	19,202	1,371	50,610
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 31 March 2024				
Loans for development projects	36,968	17,791	1,383	56,142
Loans to headquarters to finance development projects	6,000	2,000	0	8,000
Total	42,968	19,791	1,383	64,142

As of 31 March 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	Guarantee given
LHV Pank AS	Estonia	4,628	2027	4,900	5,46%	Mortgage - Meistri 14, Tallinn	7,980	-
LHV Pank AS	Estonia	3,035	2026	13,900	6M Euribor+4,5%	Mortgage - Paldiski mnt 227c, Tallinn	7,716	-
LHV Pank AS	Estonia	254	2026	2,450	6M Euribor+4,5%	Mortgage- Nõmme Road 57, Tallinn	1,490	-
LHV Pank AS	Estonia	4,178	2026	5,758	6M Euribor+4,5%	Mortgage- Manufaktuuri 7 ja Manufaktuuri 12, Tallinn	5,565	-
Bigbank AS	Latvia	1,887	2025	2,000	6M Euribor+4,5%	Mortgage - Ganību dambis 17A Riga; Commercial pledge	4,595	-
Bigbank AS	Latvia	1,411	2026	4,000	6M Euribor+5,2%	Mortgage - Ranka dambis 5, Riga	1,901	460
Bigbank AS	Latvia	3,316	2026	4,000	6M Euribor+5,2%	Mortgage - Jūrmalas gatve 74, Riga	4,008	1,000
Bigbank AS	Läti	5,426	2027	9,000	6M Euribor+4,4%	Mortgage - Ulbrokas 34, Riga; kommertspant	8,493	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	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 - Lembitu 4, Tallinn	9,530	-
LHV Pank AS	Estonia	1,105	2026	2,450	6M Euribor+4,5%	Mortgage - Paldiski mnt 227c, Tallinn	2,349	-
LHV Pank AS	Estonia	5,678	2026	5,758	6M Euribor+4,5%	Mortgage - Nõmme Road 57, Tallinn	7,260	-
LHV Pank AS	Estonia	1,900	2025	2,000	6M Euribor+4,5%	Mortgage - Manufaktuuri 7 ja Manufaktuuri 12, Tallinn	4,431	-
Bigbank AS	Latvia	2,138	2026	4,000	6M Euribor+5,2%	Mortgage - Ganību dambis 17A Riga; Commercial pledge	2,626	460
Bigbank AS	Latvia	3,945	2026	4,000	6M Euribor+5,2%	Mortgage - Ranka dambis 5, Riga	5,226	1,000
Bigbank AS	Latvia	3,765	2027	9,000	6M Euribor+4,4%	Mortgage - Jūrmalas gatve 74, Riga	6,794	890

As of 31 March 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	4,763	2027	-	5,46%	Mortgage - Meistri 14, Tallinn	7,667	-
LHV Pank AS	Estonia	1,300	2025	1,300	6M Euribor+8%	Mortgage - Lembitu 4, Tallinn	3,184	-
LHV Pank AS	Estonia	10,620	2025	13,900	6M Euribor+5,9%	Mortgage - Paldiski mnt 227c, Tallinn	14,689	-
LHV Pank AS	Estonia	1,324	2026	3,006	6M Euribor+6,5%	Mortgage - Nõmme tee 57, Tallinn	3,628	-
LHV Pank AS	Estonia	13,078	2026	17,500	6M Euribor+6,5%	Mortgage - Manufaktuuri 7 and Manufaktuuri 12, Tallinn	19,174	-
Bigbank AS	Latvia	1,937	2025	2,000	6M Euribor+4,5%	Mortgage - Ganību dambis 17A Riga; Commercial pledge	4,228	-
Bigbank AS	Läti	3,230	2026	4,000	6M Euribor+5,2%	Hüpotek - Ranka Dambis 5, Riga	4,796	1,200
Bigbank AS	Läti	726	2026	4,000	6M Euribor+5,2%	Jūrmalas gatve 74, Riga	1,716	1,000

Note 8. Trade and other payables

in thousands of euros	31 March 2025	31 December 2024	31 March 2024
Trade payables	1,141	1,138	2,189
Taxes payable			
Value added tax	684	663	278
Personal income tax	27	40	45
Social security tax	41	65	73
Corporate income tax	0	41	0
Other taxes	72	7	23
Total taxes payable	824	816	419
Accrued expenses			
Payables to employees	143	113	107
Interest payable (Note 17)	545	1,011	944
Other accrued expenses	60	67	46
Total accrued expenses	748	1,191	1,097
Other current payables			
Embedded derivatives (Note 10)	2,224	2,074	2,061
Other payables	1,247	1,323	384
Total other current payables	3,471	3,397	2,445
Total trade and other payables	6,184	6,542	6,150

Note 9. Other non-current liabilities

in thousands of euros	31 March 2025	31 December 2024	31 March 2024
Non-current interest payables (Note 17)	2,669	2,539	1,876
Other non-current payables	2,096	2,096	413
Total other non-current liabilities	4,765	4,635	2,289

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	31 March 2025	31 December 2024	31 March 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>	2,024	1,874	0
Total change in liabilities arising from embedded derivatives	2,224	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 31 March 2025, a contingent liability to pay 5,771 thousand euros (31 December 2024: 5,921 thousand euros; 31 March 2024: 11,535 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 31 March 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	Q1 2025	Q1 2024
Revenue from sale of real estate	7,771	1,865
Revenue from project management services	108	54
Revenue from rent	263	292
Revenue from other services	64	60
Total	8,206	2,271

Additional information on sales revenue is provided in Note 20.

Note 13. Cost of sales

in thousands of euros	Q1 2025	Q1 2024
Cost of real estate sold	-6,672	-1,768
Personnel expenses (Note 16)	-211	-182
Depreciation	-1	-8
Other costs	-305	-276
Total	-7,189	-2,234

Note 14. Marketing expenses

in thousands of euros	Q1 2025	Q1 2024
Personnel expenses (Note 16)	-60	-31
Depreciation	-12	-12
Other marketing expenses	-207	-142
Total	-279	-185

Note 15. Administrative expenses

in thousands of euros	Q1 2025	Q1 2024
Personnel expenses (Note 16)	-269	-298
Depreciation	-16	-32
Traveling and transport expenses	-10	-28
Purchased service expenses	-71	-44
Office expenses	-46	-41
Total	-412	-443

Note 16. Personnel expenses

in thousands of euros	Q1 2025	Q1 2024
Salaries	-416	-376
Social security and other payroll taxes	-124	-135
Total (Notes 13, 14, 15)	-540	-511

As of 31 March 2024, the Group, together with the members of the Management Board and the Supervisory Board, had 29 (31 March 2024: 24) employees, of which 14 in Estonia (31 March 2024: 13) and 15 in Latvia (31 March 2024: 11).

Gross fees paid to the members of Management and Supervisory Boards during the reporting period amounted to 130 thousand euros (Q1 2024: 148 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	Q1 2025	Q1 2024
Interest income	45	37
Other finance income	4	0
Total	49	37

17.2 Finance expenses

in thousands of euros	Q1 2025	Q1 2024
Interest expenses (Note 18)	-478	-398
Other finance expenses	0	-40
Total	-478	-438

In 2025 borrowing costs in the amount of 414 thousand euros (Q1 2024: 1,076 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	31 March 2025	31 March 2024
Inventories		
Reclassification of cash flows from operating activities to financing activities (Note 2)	414	1,075
Decrease (-)/ increase (+) of change inventories balances (Note 2)	3,786	-5,647
Change in inventories	4,200	-4,572
Interest paid		
Interest expense in statement of profit or loss and other comprehensive income (Note 17.2)	-478	-398
Reclassification of cash flows from operating activities to financing activities (Note 2)	-414	-1,075
Decrease (-)/ increase (+) of interest payables (Notes 8, 9)	-336	152
Interest paid total	-1,228	-1,321

Note 19. Associates

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

	Ownership and voting rights %		
	31 March 2025	31 December 2024	31 March 2024
Hepsor P113 OÜ	45	45	45

Financial information about associates:

in thousands of euros	31 March 2025	31 December 2024	31 March 2024
	Hepsor P113 OÜ	Hepsor P113 OÜ	Hepsor P113 OÜ
Current assets			
Cash and cash equivalents	430	210	279
Trade and other receivables	117	292	3
Total current assets	547	502	282
Non-current assets			
Investment property	10,610	10,610	9,400
Shares of subsidiaries	3	3	3
Trade and other receivables	88	0	0
Total non-current assets	10,701	10,613	9,403
Total assets	11,248	11,115	9,685
Current liabilities			
Loans and borrowings	0	0	8,228
Trade and other payables	78	178	11
Total current liabilities	78	178	8,239
Non-current liabilities			
Loans and borrowings	13,846	13,537	4,321
Other non-current liabilities	872	771	444
Total non-current liabilities	14,718	14,308	4,765
Total liabilities	14,796	14,486	13,004
Total equity	-3,548	-3,371	-3,319
Total liabilities and equity	11,248	11,115	9,685

The office building development project of Hepsor P113 OÜ at Pärnu mnt 113, Tallinn, was completed in the last quarter of 2022. The building is classified as an investment property, which is measured at fair value. The fair value assessment was carried out by Colliers International Advisors OÜ. The valuation was conducted using the discounted cash flow method. Since the purpose of the investment property is to generate rental income, the method used best reflects the fair value of the property. The valuation is based on existing cash flows or market-based cash flows, the yield rate, and an appropriate discount rate that takes into account the average expected returns of investors for similar assets, considering factors such as the property's location, technical condition, tenant risk levels, etc. At the end of 2024, a yield rate of 7.7% (31 December 2023: 7.7%) and a discount rate of 8.75% (31 December 2023: 8.9%) were applied for the property valuation. As of 31 December 2024, the fair value of the property was estimated at 10.6 million euros (31 December 2023: 9.3 million euros).

As of 31 March 2025, 82% of the building is covered by lease agreements.

As of 31 March 2025, Hepsor AS has provided a loan of 2,640 thousand euros to its associate, Hepsor P113 OÜ.

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	Q1 2025	Q1 2024
Estonia	5,382	2,040
Latvia	2,824	231
Total	8,206	2,271

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
Q1 2025	Estonia	Latvia	Canada	Estonia	Latvia	Estonia	Latvia	
Revenue	5,164	2,684	0	178	71	40	69	8,206
incl. revenue from rent	44	2	0	146	71	0	0	263
Operating profit/-loss	544	453	-10	146	32	-585	-248	332
Assets	31,800	9,510	7,673	12,748	17,982	3,277	934	83,924
Liabilities	19,727	6,700	3,674	9,359	11,828	7,553	3,481	62,322

in thousands of euros	Residential development			Commercial development		Headquarters		Total
Q1 2024	Estonia	Latvia	Canada	Estonia	Latvia	Estonia	Latvia	
Revenue	1,795	141	0	193	88	52	2	2,271
incl. revenue from rent	29	12	0	163	88	0	0	292
Operating profit/-loss	43	17	-2	158	43	-471	-352	-564
Assets	51,916	10,368	2,174	15,885	10,338	6,044	113	96,838
Liabilities	40,830	7,505	5	11,633	5,847	8,390	1,432	75,642

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	31 March 2025	31 December 2024	31 March 2024
Receivables			
Loans granted (Note 4)			
Associated companies			
Opening balance 01. January	2,428	1,729	1,729
Loans granted	156	718	218
Effective interest rate impact	0	-19	0
Balance at the end of period	2,584	2,428	1,947
Trade and other receivables			
Management and all companies directly or indirectly owned by them	10	9	167
Associated companies	0	1	0
Interest receivables			
Associated companies	353	309	191
Payables			
Prepayments from customers			
Management and all companies directly or indirectly owned by them	560	564	560
Loans and borrowings (Note 7)			
Management and all companies directly or indirectly owned by them			
Opening balance as at 01. January	1,371	1,383	1,383
Loans received	0	4,710	0
Loans repaid	0	-4,722	0
Balance at the end of period	1,371	1,371	1,383
Trade payables			
Management and all companies directly or indirectly owned by them	963	942	1,923
Interest payables			
Management and all companies directly or indirectly owned by them	27	27	88

Purchases and sales of goods and services:

in thousands of euros	Q1 2025	Q1 2024
Sales of goods and services		
Associated companies	16	44
Management and all companies directly or indirectly owned by them	51	60
Total sales of goods and services	67	104
Purchases of goods and services		
Management and all companies directly or indirectly owned by them	11,219	5,992
<i>incl. construction service</i>	<i>11,149</i>	<i>5,655</i>
Interest income earned		
Associated companies	44	32
Interest expenses incurred		
Management and all companies directly or indirectly owned by them		
Accrued interest	37	39
Interest paid	37	19

Note 22. Events after the reporting period

- Hepsor AS's subsidiary Hepsor Finance OÜ entered into a shareholders' agreement under which a 50% interest in Hepsor SOF OÜ was sold to the trust fund managed by EFTEN Capital, the EFTEN Special Opportunities Fund.
- A legal agreement was concluded between Hepsor Fortuuna OÜ and Hepsor SOF OÜ, under which the properties located at Paevälja pst 5, 7 and 9, Tallinn, were disposed of. The transaction value is 2.7 million euros (excluding VAT).
- A sale and purchase agreement was concluded between Hepsor N450 OÜ and Hepsor SOF OÜ, under which the properties located at Narva mnt 150 and 150a, Tallinn, will be sold. The transaction value is 6.3 million euros (excluding VAT).

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 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 31 March 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 first quarter 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 April 2025