

hepsor



Manufaktuuri quarter, Tallinn

Consolidated unaudited interim report for
the first quarter of 2026

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Reporting period: 01 January 2026 – 31 March 2026
Financial year: 01 January 2026 – 31 December 2026
Supervisory Board: Henri Laks, Andres Pärloja, Kristjan Mitt
Management Board: Martti Krass

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Hepsor Group

- ✓ Hepsor AS (hereinafter referred to as “the Group” or “Hepsor”) is an international real estate development company based on Estonian capital, with its headquarters in Tallinn. Since 2021, its shares have been listed on the Nasdaq Baltic Main List. In November 2025, the bonds issued by Hepsor were admitted to trading on the Baltic Bond List of Nasdaq Baltic.
- ✓ The company was founded in 2011 and currently operates in three markets – Estonia, Latvia, and Canada.
- ✓ Hepsor’s main activity is the development of sustainable and people-centred residential and business environments, combining innovative engineering solutions, environmental friendliness, and modern architecture. Hepsor was the first developer in the Baltics to implement several innovative engineering and technical solutions that make the buildings it develops more energy-efficient and, consequently, more environmentally friendly.
- ✓ Over its fifteen years of operation, Hepsor has developed a total of nearly 162,000 m² of real estate, including more than 2,000 homes and 44,000 m² of commercial space.
- ✓ Hepsor’s development portfolio in Estonia and Latvia includes 37 real estate projects with a total area of approximately 200 thousand m². In addition, the Group is involved in five projects in Canada, where its main activity is preparing new detailed land plans to secure increased building rights.
- ✓ The Group’s revenue and profit are directly dependent on the project development cycle, which lasts approximately 24–48 months. Revenue is generated only at the end of the cycle. Depending on the length of the development cycle and the start date of each project, more projects may be completed in some quarters than in others, meaning that both profit and revenue can vary significantly between quarters. As a result, some years or quarters may be weaker while others may be considerably stronger, both on an annual and quarterly basis.
- ✓ The Group’s consolidated financial statements comprise the financial statements of the parent company and all its subsidiaries as at the reporting date. Consolidation of a subsidiary begins when the parent company obtains control over the subsidiary and ends when the parent company loses control. The Group’s ownership interest in its subsidiaries ranges from 50% to 100%. Subsidiaries in which the Group holds a 50% interest are consolidated because the Group has control through the management of real estate development projects and/or shareholders’ agreements. Associates and joint ventures are accounted for using the equity method.

Management Report

UNAUDITED SALES REVENUE AND NET PROFIT FOR THE FIRST 3 MONTHS OF 2026

 3.8 M€ 3-MONTH SALES REVENUE	 -0.8 M€ 3-MONTH NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY OF 2026
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FINANCIAL RATIOS AND INDICATORS

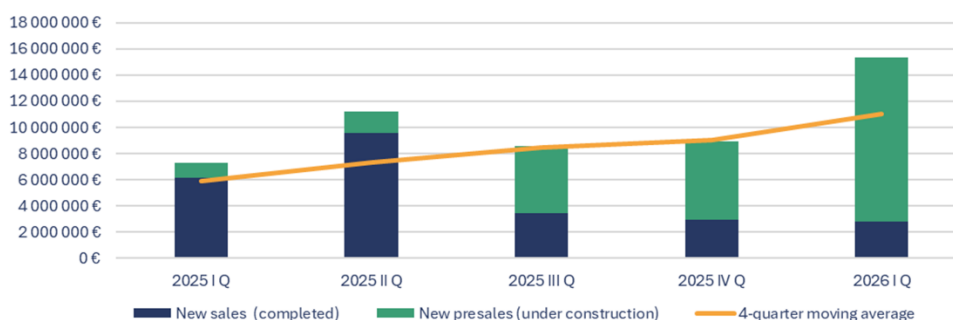
	31.03.2026	31.12.2025	31.03.2025
Assets total	97,288	91,835	83,294
Loans total	70,975	50,644	62,322
Including subordinated loans from subsidiaries' owners, total	16,279	16,070	16,580
Total equity	26,313	27,078	21,602
Including equity attributable to owners of the parent company	20,032	20,858	20,531
Adjusted equity	42,592	43,418	38,182
Equity ratio (%)	27.0%	29.5%	25.7%
Adjusted equity ratio (%)	43.8%	47.0%	45.5%

OVERVIEW OF DEVELOPMENT PROJECTS

RESIDENTIAL	Staatius	Developments	m ²	Apartments	Pre-agreements	Total potential sales revenue
	Completed	5 developments	562 m ²	10	0 M€	1,8 M€
	In construction	5 developments	26,453 m ²	428	13,2 M€	93,9 M€

BUSINESS	Status	Developments	m ²	Vacancy as at 31.03.26	Total rental income for the I quarter of 2026	2026 total rental income	12-month rental income forecast from signed lease agreements (01.01.2026-31.12.2026)
	Completed	4 developments	16,655 m ²	15%	0.6 M€	0.6 M€	2.4 M€

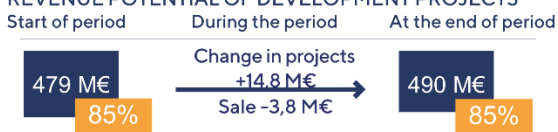
FIRST SALES



* First sales are recorded as contracts of obligation and property law concluded during the quarter. A property law contract that has not been preceded by an obligation contract is considered a first sale.

LONG TERM OUTLOOK (01.01.2026 VS 31.03.2026)

REVENUE POTENTIAL OF DEVELOPMENT PROJECTS

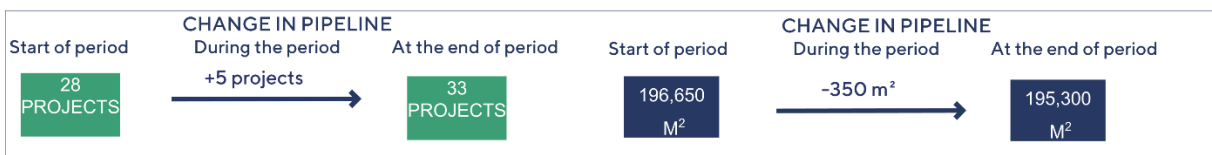


● Total revenue of all projects managed by Hepsor, including unconsolidated revenues from associated companies.

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

● Does not include Canadian projects, which are financial investments.

As of 31 March, €396 million (81%) of the sales potential is residential and €94 million (19%) is commercial.



Dear shareholders, investors and readers,

The first quarter of 2026 was an active period for Hepsor in terms of both sales and construction activity. The Group has a record number of apartments under construction and in sales. During the quarter, the Group made a total of 72 first-time home sales, of which 54 were homes under construction and 18 were homes in completed buildings. As a result of active construction activity, the Group's total assets increased to 97 million euros by the end of the first quarter, representing a 6% increase compared to the beginning of the reporting year. As at the end of the quarter, 428 new homes were under construction (31 March 2025: 152). Further growth in total assets is expected in the subsequent quarters, during which the Group plans to commence the construction of 207 new homes and 9,623 m² of new commercial premises.

In agreement with the Supervisory Board, the Management Board proposes to the General Meeting of Shareholders to distribute dividends in 2026 in the amount of 1,056 thousand euros (0.27 euros per share) from retained earnings of previous periods. The list of shareholders entitled to dividends will be fixed on 12 June 2026 (record date) at the end of the business day of the Nasdaq CSD Estonia settlement system. Accordingly, the date of change of rights attached to the shares (ex-date) is 11 June 2026. The dividend will be paid to shareholders on 19 June 2026 by transfer to the shareholder's bank account.

Operating results



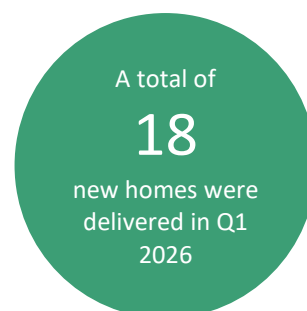
Hepsor's consolidated sales revenue for Q1 2026 was 3.8 million euros (Q1 2025: 8.2 million euros). The Group's net loss for the first quarter was 0.8 million euros (Q1 2025: 0.1 million euros), of which the net loss attributable to the owners of the parent was 0.8 million euros (Q1 2025: 0.2 million euros).

In the first quarter of 2026, the Group's revenue and profitability were affected by a decrease in the number of apartments delivered to customers compared to the same period last year – 18 apartments (Q1 2025: 42). The Group's operating expenses for the reporting quarter remained at the same level as in the comparable period.

Residential development projects

During the reporting quarter, the Group handed over 18 new homes to customers (Q1 2025: 42 new homes). As at 31 March 2026, the Group's inventory of completed apartments amounted to 10 units, meaning that 64% of the total inventory of completed apartments was sold during the first quarter.

Construction is scheduled to be completed and the handover of apartments to begin at the Manufaktuuri 12 development project in Tallinn in the third quarter of 2026, where a total of 49 new homes will be completed. In the fourth quarter, a residential building with 103 apartments will be completed at Dzelzavas 74C in Riga.



In the first quarter of 2026, the Group completed the initial sale of 72 homes under contracts of obligation and real rights, with a total value of 15 million euros, which is twice as much as in the same period of 2025 (39 homes and 7 million euros). As at the end of the reporting quarter, the average volume of initial sales over four quarters was 11 million euros (31 March 2025: 6 million euros). As at 31 March 2026, there were 11 projects in pre-sale and sale, of which 5 were completed development projects and 5 were under construction. In addition, we launched pre-sales for the first phase of the Paevälja quarter.

As at 31 March 2026, the Group has 428 new homes under construction (31 March 2025: 152), of which 201 apartments (31 March 2025: 152) are in Estonia and 227 apartments (31 March 2025: 0) are in Latvia.

Commercial Real Estate

As at 31 March 2026, 85% of the leasable area in Hepsor's completed commercial real estate portfolio – comprising four commercial real estate projects with a total area of 16,655 m² – is covered by lease agreements. In the second quarter of 2026, the Group plans to commence the construction of Veski Centre in Peetri.

Future outlook

In 2026, the Group plans to launch construction of five new development projects – three residential and two commercial real estate projects:

- ✓ In the second quarter of 2026, we plan to start construction of 88 apartments and 918 m² of commercial space in Phase I of the Paevälja quarter at Paevälja 7 and 9;
- ✓ In Rae Parish, at Vana-Tartu mnt 49, we will begin construction of the Veski Centre. The building is planned to have 3,551 m² of leasable space, of which 88% is already covered by lease agreements;
- ✓ Construction works will commence on Phase I of the Veidema quarter at Ganību dambis 17A in Riga, a stock-office type development project;
- ✓ In Riga, at Starta 17, we will begin construction of a residential development project, which will deliver a total of 255 new homes in multiple phases;
- ✓ In Riga, we will start construction of Phase II of a residential development project at Braila iela 23, which will deliver 35 new homes.

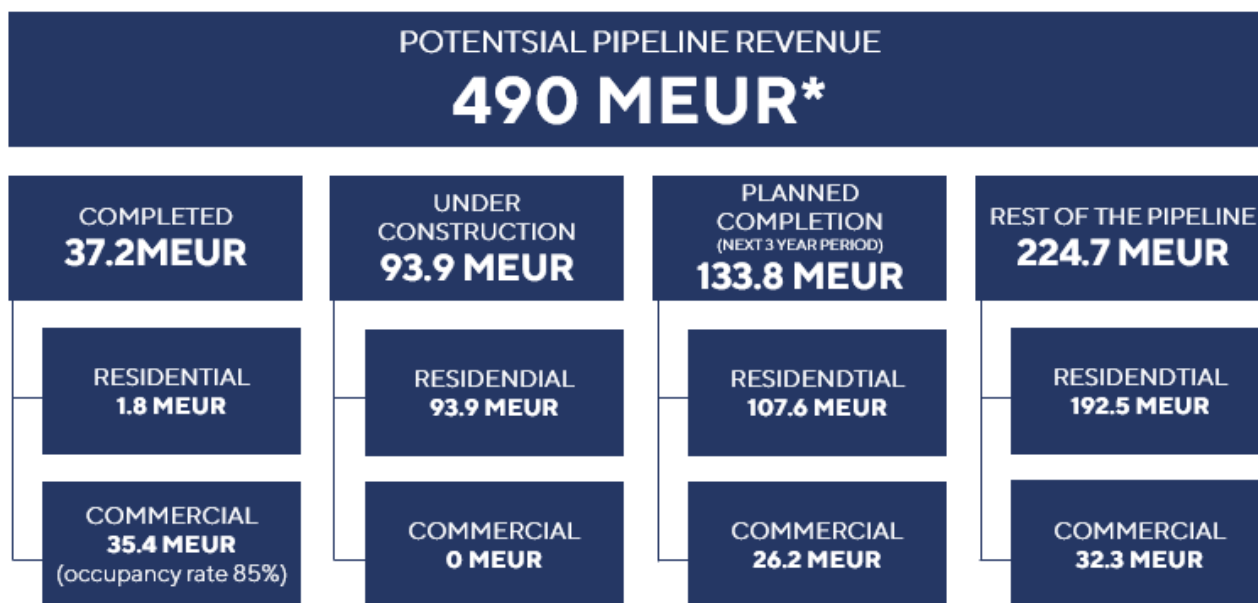
Martti Krass

Member of the Management Board

Development projects under construction and for sale

Sales Revenue Potential (as at 31 March 2026):

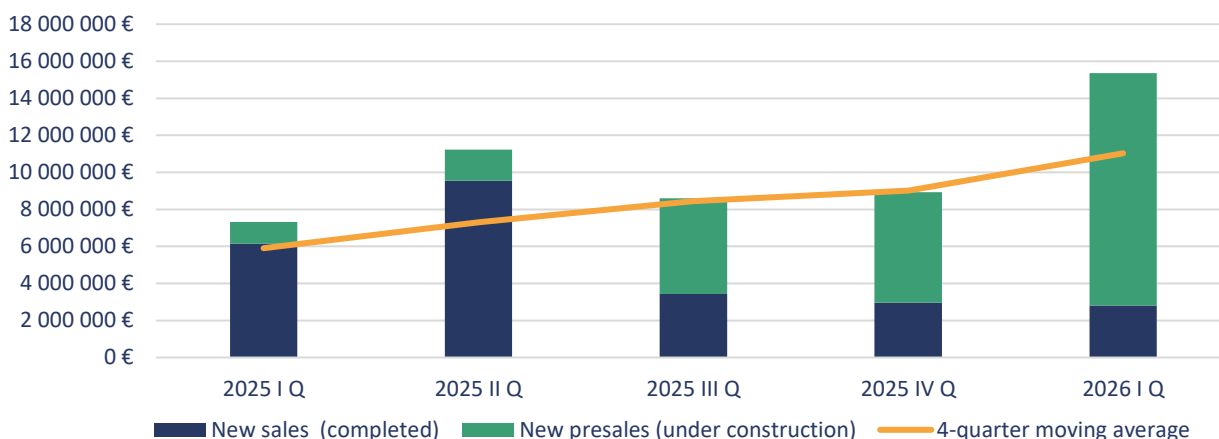
As at 31 March 2026, the sales revenue potential amounted to 490 million euros, of which 81% consists of residential real estate and 19% comprises commercial real estate.



*All sales figures are without VAT

Residential development projects in pre-sale and sale (as at 31 March 2026):

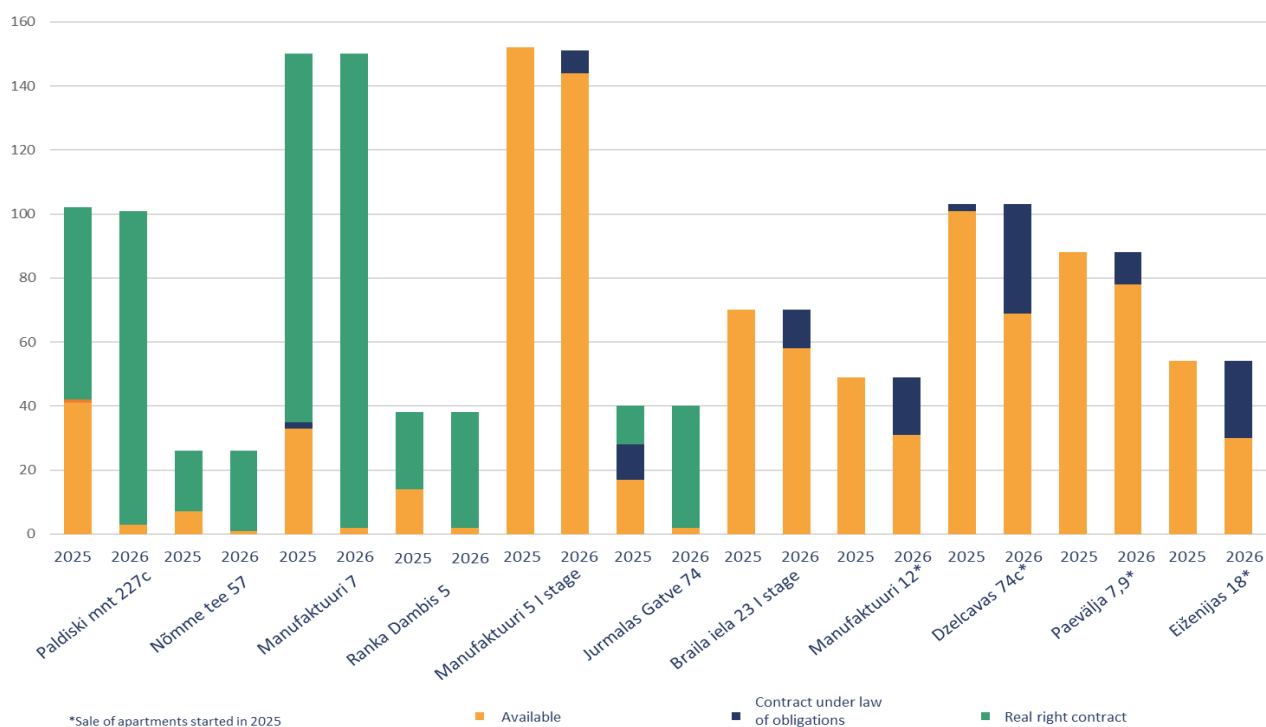
Initial sales include obligation-law and real-right contracts concluded during the quarter that were not preceded by an obligation-law contract. As at 31 March 2026, there are 11 projects in pre-sale and sale, of which 5 projects are completed, 5 are under construction, and 1 is in pre-sale.



The four-quarter rolling average of initial sales in Q1 2026 was 11 million euros (Q1 2025: 6 million euros), representing an annual increase of 83%.

	Total apartments	Sold as at 31 March 2026		Unsold
		Pre-sold	Sold	
Completed total	356	0	346	10
In construction total	428	92	0	336
In pre-sale	88	10	0	78
Total	872	102	346	424

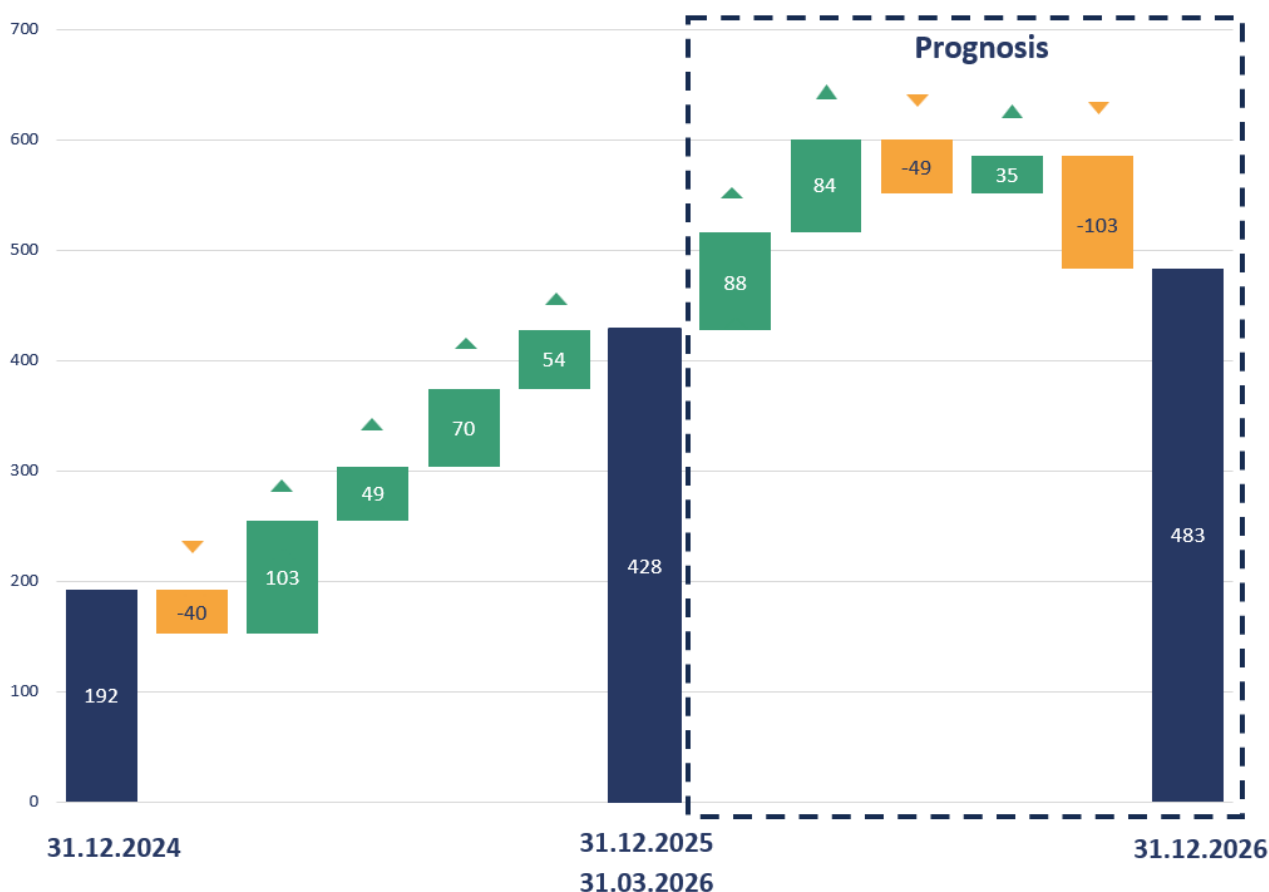
Residential development projects on sale as at 31 March 2026 compared to the status as at 31 March 2025:



Residential development projects under construction (as at 31 March 2026):

In the first quarter of 2026, the Group did not commence construction of any new development projects. As at 31 March 2026, the Group had 428 apartments under construction (31 March 2025: 152), of which 202 apartments (31 March 2025: 152) were in Estonia and 227 apartments (31 March 2025: 0) were in Latvia.

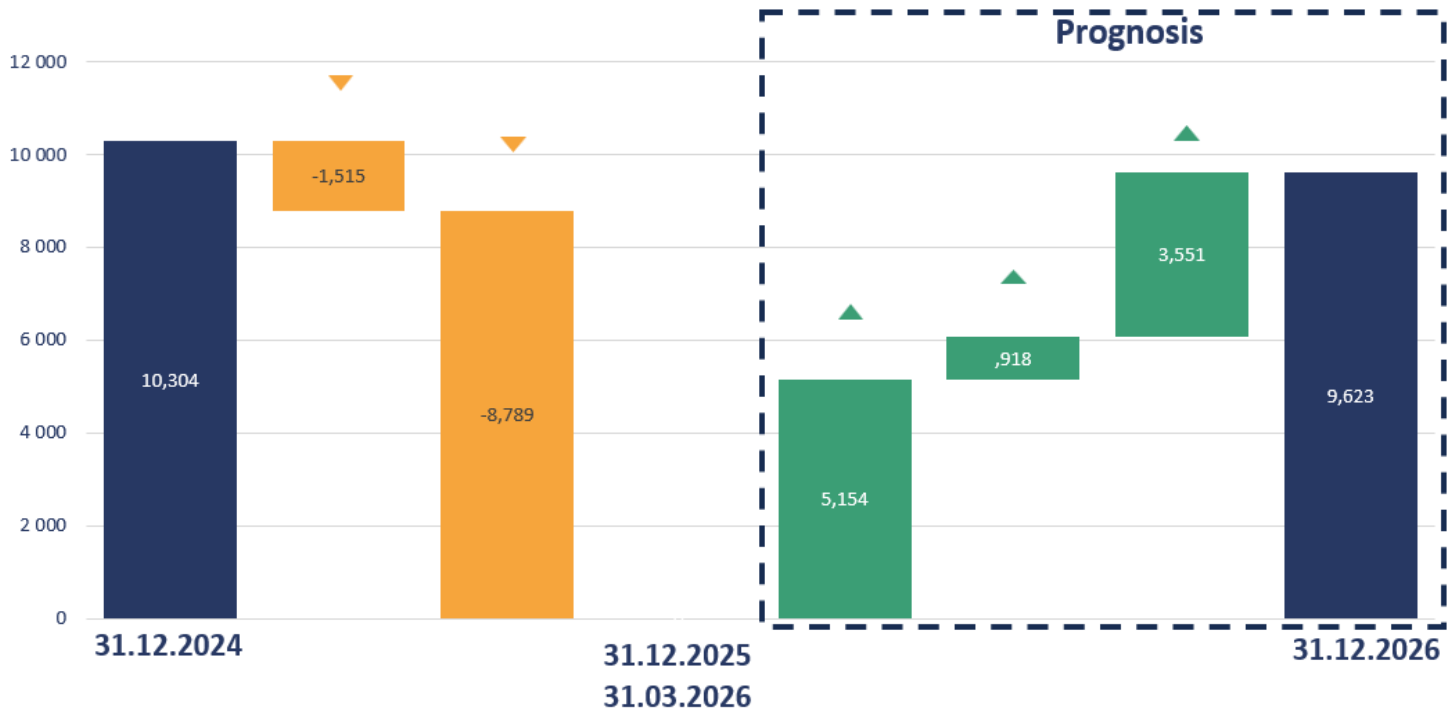
Change in the number of apartments under construction in 2024-2026 (as at 31 March 2026):



	Construction started (units)	Construction ended (units)	Number of apartments under construction
Jurmallas Gatve 74, Riga	40		
Manukatuuri 5 I stage, Tallinn	152		
As at 31 December 2024	192	0	192
Jurmallas Gatve 74, Riga		-40	
Dzelzavas 74C, Riga	103		
Manufaktuuri 12, Tallinn	49		
Braila iela 23 I stage, Riga	70		
Eizenija 18, Riga	54		
As at 31 December 2025 and 31 March 2026	276	-40	428
Paevälja 7,9, Tallinn	93		
Starta 17, Riga	84		
Manufaktuuri 12, Tallinn		-49	
Braila iela 23 II stage, Riga	35		
Dzelzavas 74C, Riga		-103	
Prognosis as at 31 December 2026	207	-152	483

Commercial spaces under construction change 2024-2026 (as at 31 March 2026):

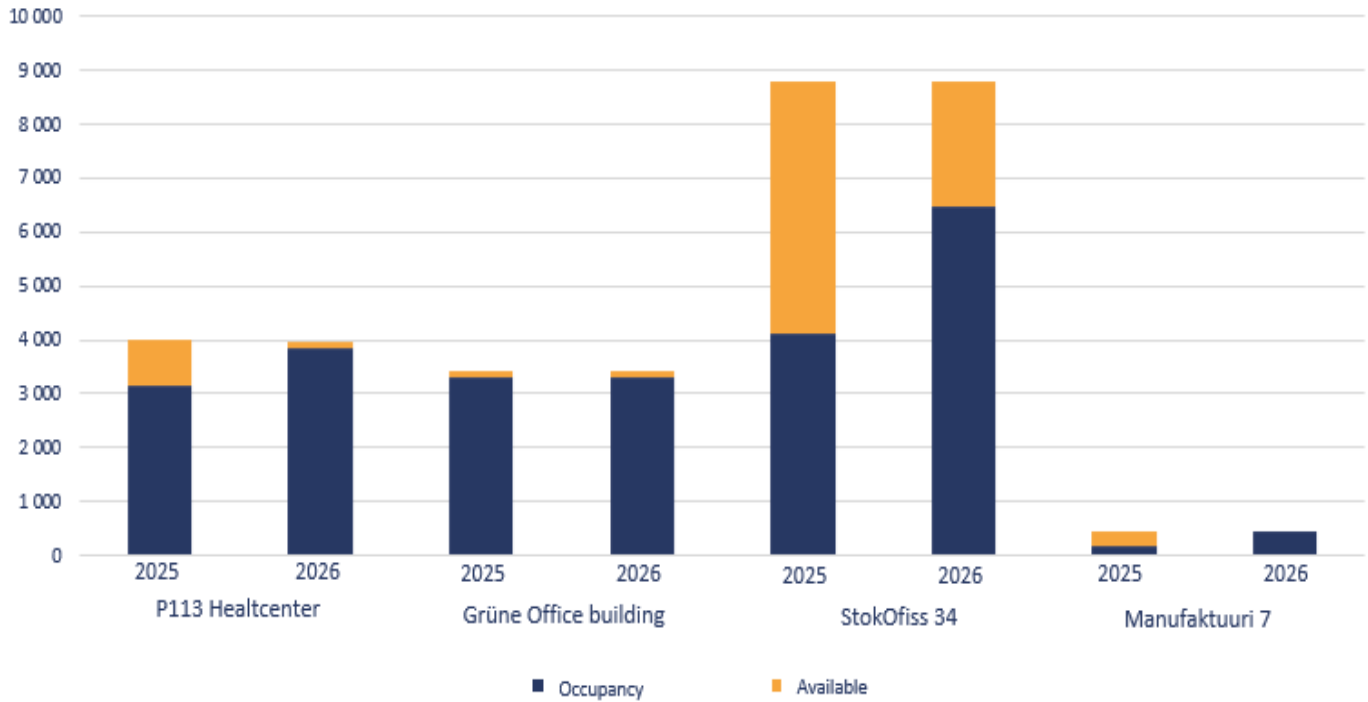
In the first quarter of 2026, the Group has not commenced construction of any new commercial real estate development projects.



Development project	Construction started (m²)	Construction ended (m²)	Under construction (m²)
Manufaktuuri Vabrik I stage, Tallinn	1,515		
StokOfiss 34, Riga	8,789		
As at 31 December 2024	10,264	0	10,264
Manufaktuuri Vabrik I stage, Tallinn		-1,515	
StokOfiss 34, Riga		-8,789	
As at 31 December 2025 / 31 March 2026	0	-10,264	0
Veidama quarter I stage, Riga	5,154		
Paevälja quarter I stage, Tallinn	918		
Veski Centre, Peetri	3,551		
Prognosis as at 31 December 2026	9,623	0	9,623

No commercial spaces will be built in the first stage of the Manufaktuuri quarter.

Occupancy of completed commercial real estate development projects (as at 31 March 2026):



*Lease negotiations began in 2024

Project	Leasable space (m ²)	As at 31.12.2025 leased		01.04.2025-31.03.2026	As at 31.03.2026		
		Leased m ²	Vacancy %	Signed lease agreements m ²	Total leased m ²	Vacancy m ²	Vacancy %
Completed projects	16,655	10,778	35%	3,315	14,094	2,562	15%

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.

Overview of development projects

As at 31 March 2026, the Group has a total of 38 active development projects in various development phases (31 March 2025: 25 projects) and 195,300 square metres of sellable area (31 March 2025: 172,800 square metres).



3
COUNTRIES



38
ONGOING PROJECTS



449,300
SQUARE METERS

COMPLETED:		IN PROGRESS:		IN PIPELINE:	
Commercial 16,700 SqM	Residential 600 sqm	Residential 26,100 sqm		Commercial 81,100 sqm	Residential 70,700 SqM

ESTONIA

Manufaktuuri Vabrik, Tallinn

23 PROJECTS – 97,300 sqm

READY DEVELOPMENTS:

Commercial	7,900 sqm
Residential	300 sqm (6 units)
Total	8,200 sqm

ACTIVE CONSTRUCTION:

Residential	13,600 sqm (201 units)
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IN PIPELINE:

Commercial	15,700 sqm
Residential	59,800 sqm (1003 units)
Total	75,500 sqm

LATVIA

Ulbrokas 34, Riga

9 PROJECTS – 98,000 sqm

READY DEVELOPMENTS:

Commercial	8,800 sqm
Residential	200 sqm (4 units)
Total	9,000 sqm

ACTIVE CONSTRUCTION:

Residential	12,500 sqm (227 units)
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IN PIPELINE:

Commercial	59,300 sqm
Residential	17,200 sqm (290 units)
Total	76,500 sqm

CANADA

Weston, Toronto

5 LAND DEVELOPMENT PROJECTS – 254,000 sqm

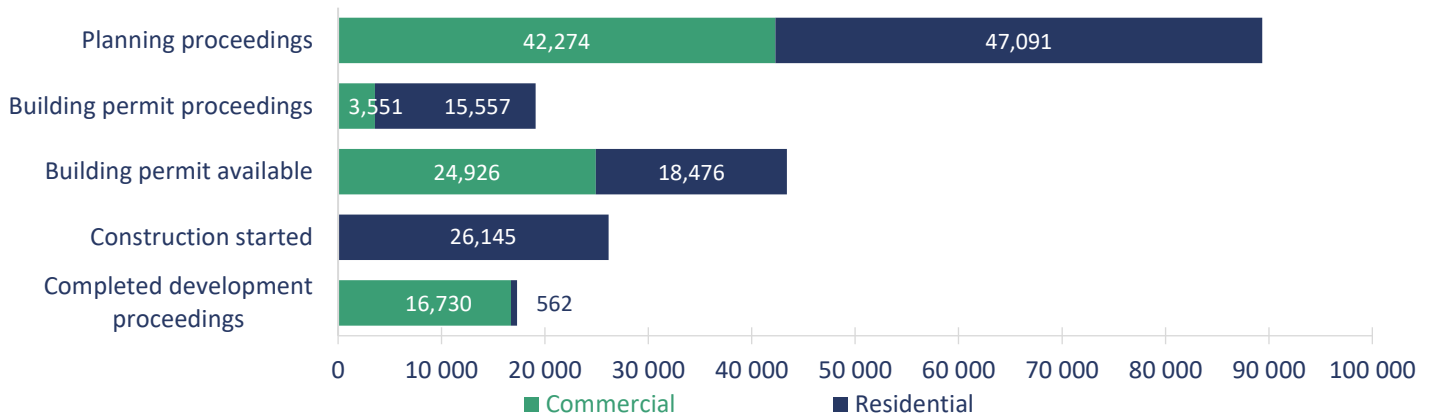
IN PIPELINE:

Construction rights for **3,000 purpose built** rental apartments

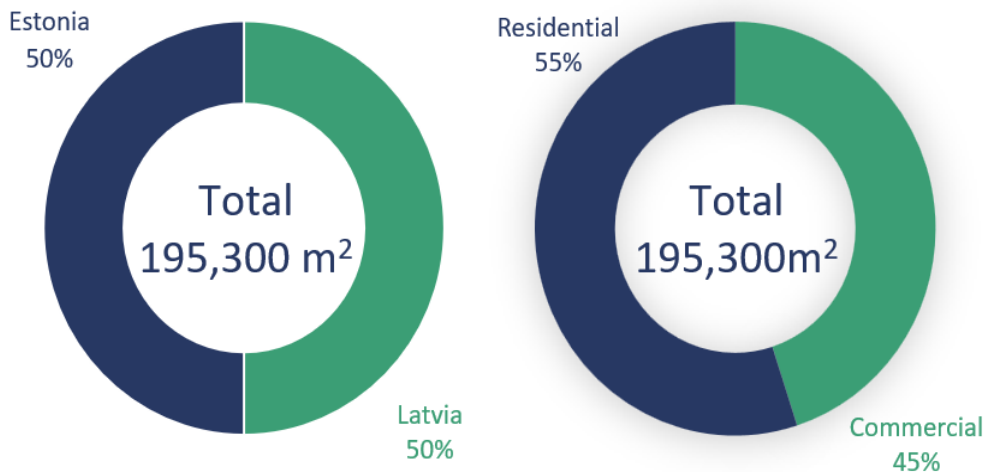
KEY INVESTMENT STRATEGY:

Acquiring land to expand property building rights, with the intention to sell the land.

Distribution of development portfolio between different development phases* (as at 31 March 2026):



Distribution of development portfolio between countries and type* (as at 31 March 2026):



*Excluding Canadian projects

Development Projects in Canada (as at 31 March 2026)

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

- ✓ The objective of the Weston Road project was to increase the development volume of the property and obtain building rights for the construction of two residential buildings. In August 2025, the decision of the Toronto City Council came into force, granting building rights for two apartment buildings of 35 and 39 storeys, with a total gross area of 62,000 m².
- ✓ The Isabella project aims to consolidate three properties located at 164–168 Isabella Street in Toronto and to plan a residential high-rise on the newly formed property with a development volume of approximately 42,000 m².
- ✓ The Elysium Glenavy project involves the acquisition of seven properties in the Leaside area of downtown Toronto, located at 17–29 Glenavy Avenue, with the goal of developing a residential high-rise with rental apartments and a development volume of approximately 25,000 m².
- ✓ The High Park project involves the acquisition of a development project consisting of 11 properties located at 21–29 Oakmount Road & 26–36 Mountview Avenue. The development area is planned for a two-tower residential high-rise with rental apartments and a total development volume of approximately 62,000 m².
- ✓ The Brownville Avenue project involves the acquisition of a development project consisting of 17 properties on Brownville Avenue in Toronto, Canada. The project envisions a residential building with rental apartments and a development volume of approximately 63,000 m².



Ongoing development projects:

Project address	Project name	Company name	Hepsor share	Project status	Units for sale		Projected sales revenue (MEUR)	Planned start of construction	Planned project completion
					Homes (units)	Commercial (m2)			
Nõmme tee 57, Tallinn	Lilleküla Homes	Hepsor N57 OÜ	100%	Under construction and/or available for sale	1	0	0.2	IV Q 2022	II Q 2026
Manufaktuuri 7, Tallinn	Manufaktuuri 7	Hepsor Phoenix 2 OÜ	50%	Under construction and/or available for sale	2	466	0.3	I Q 2023	II Q 2026
Paldiski mnt 227, Tallinn	Ojakalda Homes	Hepsor 3 Tornid OÜ	100%	Under construction and/or available for sale	3	0	0.6	III Q 2022	II Q 2026
Alvari 1,1a,5, Tallinn	Alvari 1, 1a,5	Hepsor A1 OÜ	100%	Planning proceedings	145	777	37.8	N/A	N/A
Manufaktuuri 12, Tallinn	M12	Hepsor Phoenix 4 OÜ	50%	Under construction and/or available for sale	49	0	12.6	III Q 2025	II Q 2027
Võistluse 7, Tallinn	V7	Hepsor V7 OÜ	50%	Building permit proceedings	8	0	2.6	I Q 2027	II Q 2028
Manufaktuuri 5, Tallinn	Manufaktuuri Vabrik	Hepsor Phoenix 3 OÜ	50%	Under construction and/or available for sale	152	0	48.6	III Q 2023	III Q 2028
Manufaktuuri 5, Tallinn	Manufaktuuri Vabrik II phase	Hepsor Phoenix 3 OÜ	50%	Building permit proceedings	18	676	7.7	II Q 2027	IV Q 2029
Manufaktuuri 5, Tallinn	Manufaktuuri Vabrik III phase	Hepsor Phoenix 3 OÜ	50%	Building permit proceedings	131	1,945	40.2	III Q 2028	I Q 2033
Manufaktuuri 5, Tallinn	Manufaktuuri Vabrik IV phase	Hepsor Phoenix 3 OÜ	50%	Building permit proceedings	0	1,233	N/A	II Q 2029	I Q 2033
Paevälja 7,9, Tallinn	Paevälja quarter I phase	Hepsor SOF OÜ	50%*	Building permit proceedings	87	918	20	II Q 2026	I Q 2028
Narva mnt 150,150a, Tallinn	Paevälja quarter II-III phase	Hepsor SOF OÜ	50%*	Planning proceedings	209	0	40.6	II Q 2027	II Q 2030
Kadaka tee 197, Tallinn	H&R residentsid I phase	H&R Residentsid OÜ	50%	Planning proceedings	47	0	9.7	N/A	N/A
Kadaka tee 197, Tallinn	H&R residentsid II phase	H&R Residentsid OÜ	50%	Planning proceedings	47	0	9.7	N/A	N/A
Meistri 14, Tallinn	Grüne Office	Hepsor M14 OÜ	51%	Completed earning cashflow	0	3,474	N/A	II Q 2023	N/A
Vana Tartu mnt 49, Tallinn	Veski Centre	Hepsor VT49 OÜ	50%	Building permit proceedings	0	3,551	N/A	II Q 2026	N/A
Pärnu mnt 113, Tallinn	P113 Health centre	Hepsor P113 OÜ	45%*	Completed earning cashflow	0	3,985	N/A	IV Q 2022	N/A
Narva mnt 150B, Tallinn	Narva mnt 150b	Hepsor N450 OÜ	100%	Planning proceedings	0	4,185	N/A	N/A	N/A
Ranka Dambis 5, Riga	Nameja Rezidence	Hepsor RD5 SIA	100%	Under construction and/or available for sale	2	0	0.3	III Q 2024	II Q 2026
Jurmala Gatve 74, Riga	Annenhof Mājas	Hepsor JG SIA	100%	Under construction and/or available for sale	2	0	0.3	I Q 2025	II Q 2026
Braila iela 23, Riga	Zajā Jugla	Hepsor Jugla SIA	100%	Under construction and/or available for sale	105	0	16.2	III Q 2025	III Q 2028
Eizenija 18, Riga	Kirsu Kalna Majas	Hepsor E18 SIA	100%	Building permit proceedings	54	0	7.6	IV Q 2025	II Q 2027
Dzelzavas iela 74C, Riga	360° Dzelzavas Residences	Hepsor DZ74 SIA	50%	Under construction and/or available for sale	103	0	14.3	II Q 2025	II Q 2027
Smaidu, Drelini	Smaidu park	SIA "Riga Properties 4"	50%	Planning proceedings	0	74,314	N/A	N/A	N/A

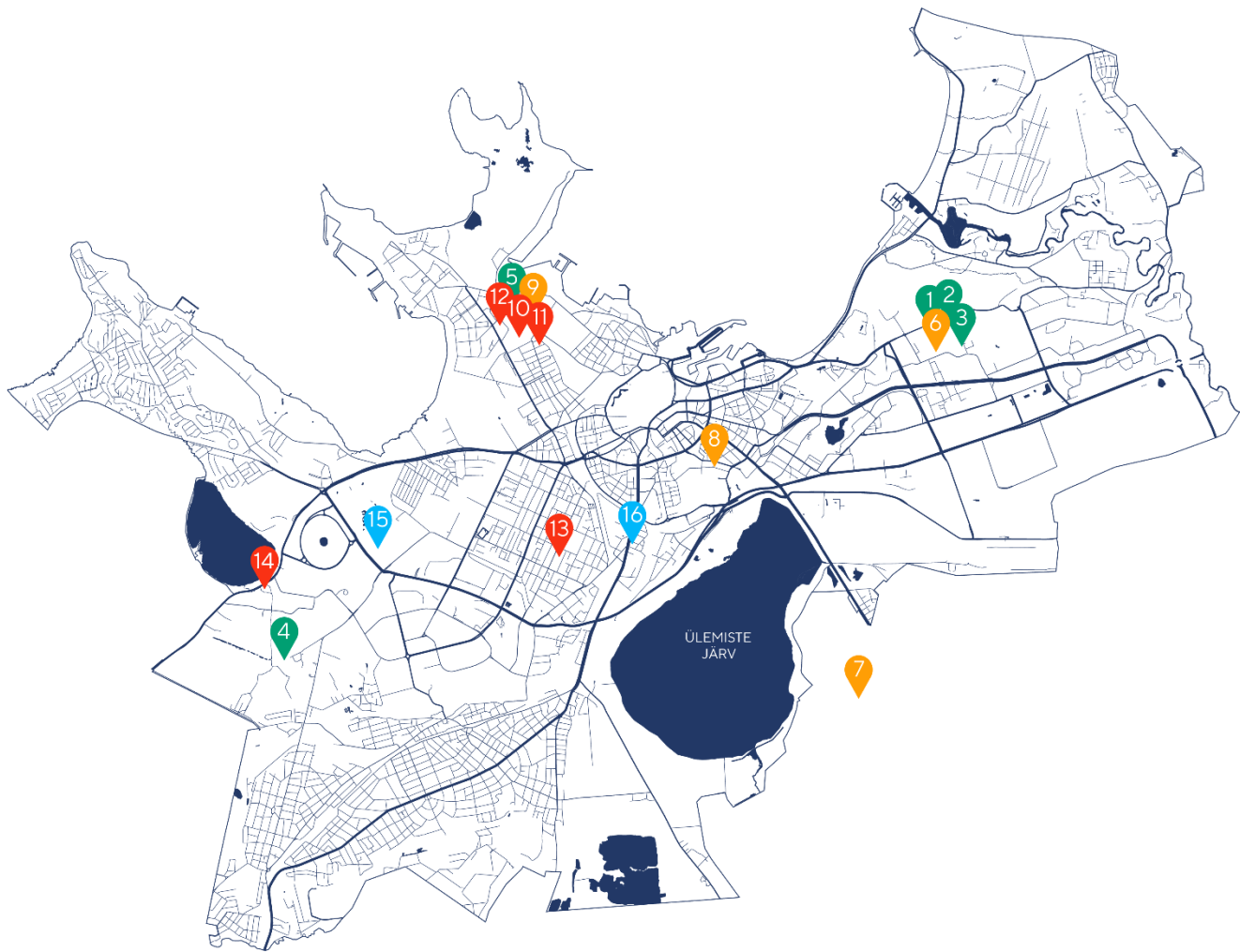
Project address	Project name	Company name	Hepsor share	Project status	Homes (units)	Commercial (m2)	Projected sales revenue (MEUR)	Planned start of construction	Planned project completion
Starta 17, Riga	Starta 17	Hepsor S17 SIA	100%	Building permit proceedings	255	0	39	II Q 2026	IV Q 2029
Ulbrokas 34, Riga	StockOffice U34	Hepsor U34 SIA	59,30%	Completed earning cashflow	0	8,747	N/A	II Q 2024	N/A
Ganibu Dambis 17, Riga	Veidama quarter I stage	Hepsor Ganibu Dambis SIA	100%	Building permit proceedings	0	5,154	N/A	II Q 2026	N/A
Ganibu Dambis 17a, Riga	Veidama quarter II stage	Hepsor Ganibu Dambis SIA	100%	Building permit proceedings	0	18,961	N/A	N/A	N/A
Saules aleja 2a, Riga	Saules aleja	Hepsor SA2 SIA	51%	Building permit proceedings	0	4,190	N/A	N/A	N/A
Manufaktuuri 3, Tallinn	Manufaktuuri 3 I phase	Hepsor PHX5 OÜ	50%	Planning proceedings	80	1,177	19.4	I Q 2029	I Q 2031
Manufaktuuri 3, Tallinn	Manufaktuuri 3 II phase	Hepsor PHX5 OÜ	50%	Planning proceedings	80	0	19.4	IV Q 2029	IV Q 2031
Manufaktuuri 3, Tallinn	Manufaktuuri 3 III phase	Hepsor PHX5 OÜ	50%	Planning proceedings	150	1,135	48.5	IV Q 2030	IV Q 2033
Total					1,731	134,930	396**		

*Associates and joint ventures

** As at 31 March, 396 million euros (81%) of the sales potential is residential and 93 million euros (19%) is commercial.

For revenue marked as N/A, commercial buildings are not included; in the timeline view, we plan time starting from the building permit application process.

Development projects in Tallinn (as at 31 March 2026)



Planning proceedings

- 1 Narva mnt 150, 150a
- 2 Narva mnt 150b
- 3 Alvari 1, 1a
- 4 Kadaka tee 197 I-II stage
- 5 Manufaktuuri 3 I-III stage

Building permit proceedings

- 6 Paevälja 5 , 9
- 7 Vana-Tartu mnt 49
- 8 Võistluse 7
- 9 Manufaktuuri 5 II-IV stage

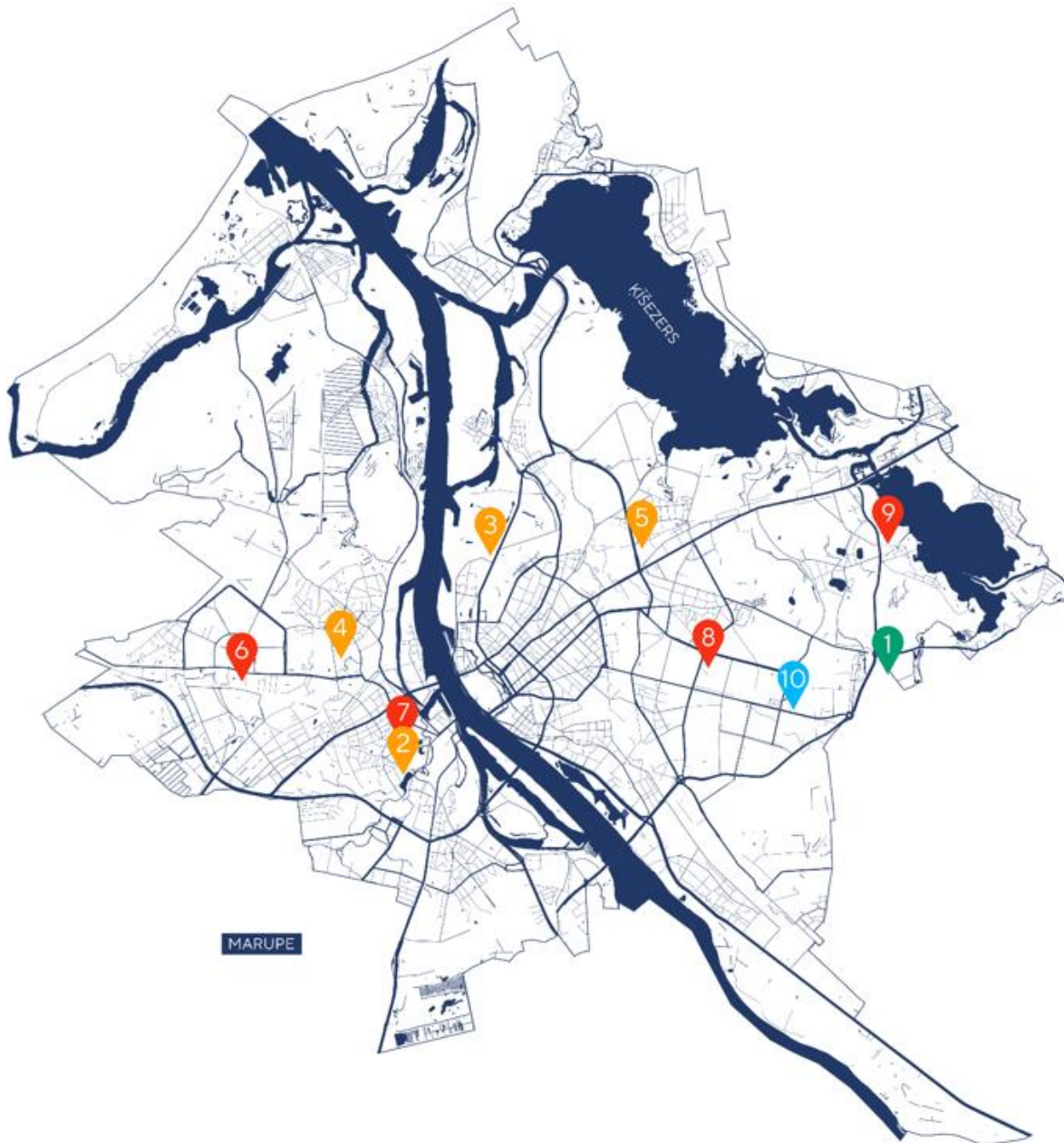
Under construction and/or available for sale

- 10 Manufaktuuri 5 I stage
- 11 Manufaktuuri 7
- 12 Manufaktuuri 12
- 13 Nõmme tee 57
- 14 Paldiski mnt 227c

Completed, earning cash flow

- 15 Meistri 14
- 16 Pärnu mnt 113

Development projects in Riga (as at 31 March 2026)



Planning proceedings

- 1 RP4 Drelini

Building permit proceedings / available

- 2 Saules aleja 2a
- 3 Ganibu Dambis 17a
- 4 Eizenija 18
- 5 Starta 17

Under construction and/or available for sale

- 6 Jurmalas Gatve 74
- 7 Ranka Dambis 5
- 8 Dzelzavas 74C
- 9 Braila 23

Completed, earning cash flow

- 10 Ulbrokas 34

Projects in Toronto (as at 31 March 2026)



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

Operating Result

Key financials

in thousands of euros	Q1 2026	Q1 2025	Q1 20243
Revenue	3,844	8,206	2,271
Gross profit/-loss	336	1,017	37
EBITDA	-313	358	-512
Operating profit/-loss	-333	332	-564
Net profit/-loss	-774	-97	-965
Incl net profit/-loss attributable to the owners of parent	-835	-220	-879
Comprehensive income/-loss	-765	-408	-965
Incl comprehensive profit/-loss attributable to the owners of parent	-826	-381	-879
Earnings per share	-0.21	-0.06	-0.23

in thousands of euros	31 March 2026	31 December 2025	31 March 2025
Total assets	97,288	91,835	83,924
Incl inventories	62,601	58,938	60,355
Total liabilities	70,975	64,757	62,322
Incl subordinated loans from subsidiary owners and other equity-like instruments classified as liabilities	16,279	16,070	16,580
Total interest-bearing loan liabilities	51,497	47,747	50,610
Incl subordinated loans from subsidiary owners	13,979	13,770	14,880
Total equity	26,313	27,078	21,602
Incl equity attributable to the owners of parent	20,032	20,858	20,531

Key Ratios

	Q1 2026	Q1 2025	Q1 20243
Gross profit margin	8.7%	12.4%	1.6%
Operating profit margin	-8.7%	4.0%	-24.8%
EBITDA margin	-8.1%	4.4%	-22.5%
Net profit margin	-20.1%	-1.2%	42.5%
Net profit margin attributable to owners of the parent	-21.7%	-2.7%	-38.7%
General expense ratio	17.5%	8.4%	27.7%

	31 March 2026	31 December 2025	31 March 2025
Equity ratio	27.0%	29.5%	25.7%
Adjusted equity ratio	43.8%	47.0%	45.5%
Debt ratio	52.9%	52.0%	60.5%
Adjusted debt ratio	38.6%	37.0%	42.6%
Current ratio	4.7	4.6	2.6
Return of equity	1.5%	4.2%	11.4%
Return on equity attributable to the owners of the parent	-1.0%	1.9%	14.0%
Return on assets	0.4%	1.2%	3.3%

Definitions of ratios

Gross profit margin = gross profit / revenue

Operating profit margin = operating profit / revenue

EBITDA margin = (operating profit + depreciation) / revenue

Net profit margin = net profit / revenue

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

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

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

Adjusted equity ratio = (equity at the end of the period + subordinated loans from subsidiary owners and other equity-like instruments classified as liabilities) / total assets

Debt ratio = interest-bearing liabilities / total assets

Adjusted debt ratio = (interest-bearing liabilities - subordinated loans from subsidiary owners)/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

Sales Revenue

The Group's sales revenue for the first quarter of 2026 amounted to 3.8 million euros (Q1 2025: 8.2 million euros), of which sales revenue generated in Estonia totalled 2.6 million euros (Q1 2025: 5.4 million euros), representing 68.4% (Q1 2025: 65.6%) of total sales revenue, while sales revenue generated in Latvia amounted to 1.2 million euros (Q1 2025: 2.8 million euros), accounting for 31.6% (Q1 2025: 34.4%) of the Group's total sales revenue.

In the first three months of 2026, the Group sold a total of 18 apartments under real right agreements (Q1 2025: 42 apartments), of which 12 apartments were sold in Estonia (Q1 2025: 26 apartments) and 6 apartments in Latvia (Q1 2025: 16 apartments).

In addition to apartment sales, the Group also provides project management services and earns rental income. During the reporting period, the Group generated other revenue of 0.6 million euros (Q1 2025: 0.4 million euros), which accounted for 15.8% (Q1 2025: 5.3%) of the Group's total sales revenue.

Profitability

The Group's gross profit for the reporting period amounted to 0.3 million euros (Q1 2025: 1.0 million euros), with a gross profit margin of 8.7% (Q1 2025: 12.4%). Gross profit was primarily affected by the number of apartments sold under real right agreements, which totalled 18 in the reporting quarter (Q1 2025: 42).

In the first quarter of 2026, the Group recognised an operating loss of 0.3 million euros (Q1 2025: operating profit of 0.3 million euros). The operating profit margin was -8.7% (Q1 2025: 4.0%). The Group's operating expenses for the reporting quarter remained at a similar level compared to the comparable period, while personnel expenses decreased by 57 thousand euros to 483 thousand euros (Q1 2025: 540 thousand euros).

The Group's net loss for the period was 0.8 million euros (Q1 2025: 0.1 million euros), of which a loss of 0.8 million euros was attributable to the owners of the parent company (Q1 2025: 0.2 million euros) and net profit of 0.1 million euros was attributable to non-controlling interests (Q1 2025: 0.1 million euros). The net profit margin attributable to the owners of the parent company was -21.7% for the reporting period (Q1 2025: -2.7%).

Balance Sheet

The Group's total assets increased by 15.9% over the year, amounting to 97.3 million euros as at 31 March 2026 (31 March 2025: 83.9 million euros). Inventories accounted for 64.3% or 62.6 million euros of total assets (31 March 2025: 71.9% and 60.3 million euros).

In addition to investments in the existing development portfolio, the increase in inventories over the year was driven by the addition of three new residential development projects to the Group's development portfolio: two in Riga — a 103-apartment project at Dzelzavas iela 74C and a 255-apartment project at Starta 17 — and one in Tallinn at Manufaktuuri 3. Inventories decreased due to the sale of the land plots at Paevälja 7 and 9 and Narva mnt 150, as well as the reclassification of the properties at Narva mnt 150b and Alvari 1, 1a and 5 to investment property.

During the period from 1 April 2025 to 31 March 2026, a total of 117 apartments were sold under real right agreements.

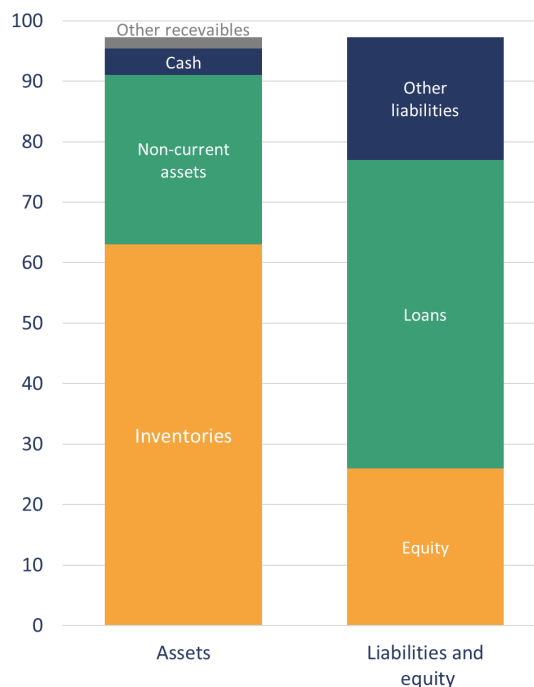
As at 31 March 2026, cash and cash equivalents accounted for 4.5% or 4.4 million euros of total assets. At the same date in the previous year, cash and cash equivalents accounted for 3.9% or 3.3 million euros of total assets.

The Group's loan liabilities totalled 51.5 million euros as at 31 March 2026, compared to 50.6 million euros at the same date in the previous year, and the debt ratio was 52.9% (31 March 2025: 60.3%). Loans granted by the shareholders of subsidiaries, which are related to the development project risk of the subsidiaries, amounted to 14.0 million euros as at 31 March 2026 (31 March 2025: 14.9 million euros). The adjusted debt ratio stood at 35.7% (31 March 2025: 42.6%).

The Group's total equity increased by 21.8% over the year, reaching 26.3 million euros. The main driver of the increase in the Group's equity was a non-cash contribution made by the non-controlling interest to the voluntary reserve of the subsidiary Hepsor PHX5 OÜ at the end of 2025. By the end of the reporting period, the non-controlling interest's equity in the Group's consolidated financial statements amounted to 6.3 million euros (31 March 2025: 1.1 million euros). As at 31 March 2026, the Group's equity ratio was 27.0% (31 March 2025: 25.7%). The adjusted equity ratio, reflecting the inclusion of loans and other equity-like instruments provided by non-controlling interests of subsidiaries in respect of development project risk within equity, amounted to 43.8% as at 31 March 2026 (31 March 2025: 45.5%).

The Group's equity attributable to the owners of the parent company decreased by 2.4% over the year, amounting to 20.0 million euros (31 March 2025: 20.5 million euros).

Balance sheet structure 31.03.2026
(m€)



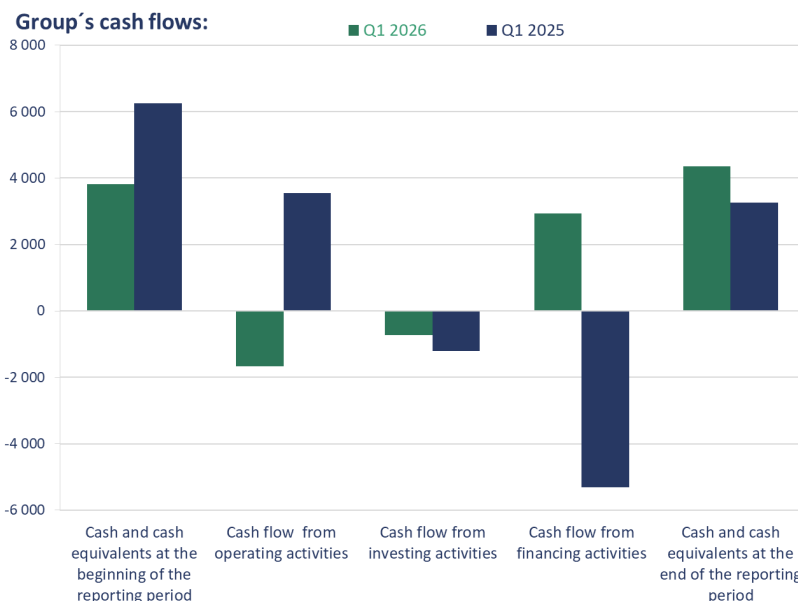
Cash Flows

The Group's cash and cash equivalents amounted to 3.8 million euros at the beginning of 2026 and to 4.4 million euros at the end of the reporting period. The positive cash flow for the period was 0.5 million euros (Q1 2025: negative 3.0 million euros).

Cash flow from operating activities was negative at 1.7 million euros in the first three months of 2026 (Q1 2025: positive 3.5 million euros). Operating cash flows were primarily affected by changes in inventories, driven by investments in development projects and the sale of apartments and land plots. The impact of inventory changes on operating cash flow was negative at 3.1 million euros in the first quarter of 2026 (Q1 2025: positive 4.2 million euros).

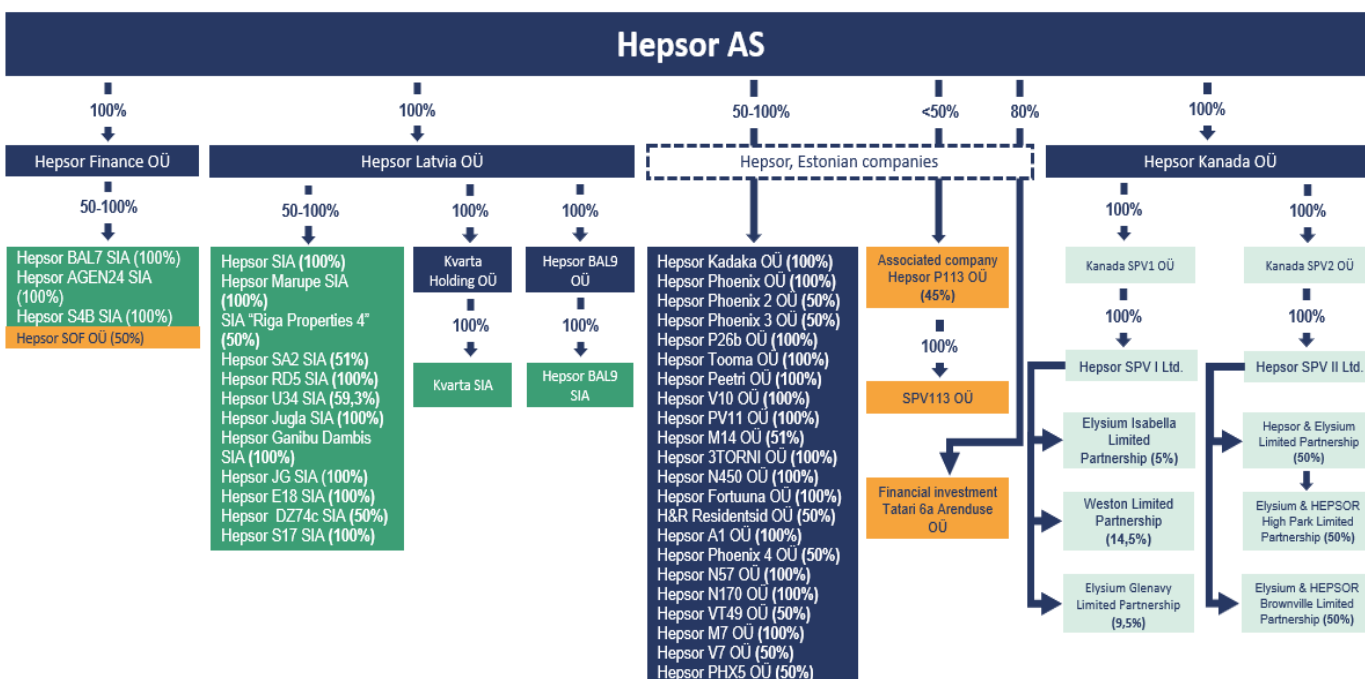
Cash flow from investing activities was negative at 0.7 million euros (Q1 2025: negative 1.2 million euros). During the reporting period, the Group invested 0.7 million euros in Canadian projects (Q1 2025: 1.1 million euros).

Cash flows from financing activities were positive at 2.9 million euros (Q1 2025: negative 5.3 million euros). The net amount of loans received during the reporting period was 3.7 million euros (Q1 2025: negative 4.1 million euros). In the first quarter of 2026, the Group paid interest of 0.8 million euros (Q1 2025: 1.2 million euros).



Group Structure

As at 31 March 2026, the Group consisted of the parent company, 48 subsidiaries, two associates, one joint venture, and one subsidiary of an associate (as at 31 March 2025, the Group consisted of the parent company, 45 subsidiaries, one associate and its subsidiary). Tatari 6a Arenduse OÜ, Weston Limited Partnership, Elysium Isabella Limited Partnership, Elysium Glenavy Limited Partnership, Hepsor & Elysium Limited Partnership, Elysium & Hepsor High Park Limited Partnership, and Elysium & Hepsor Brownville Limited Partnership are recognised as financial investments.



Main events

- ✓ On 11 February 2026, Hepsor E18 SIA and BluOr Bank AS signed a loan agreement in the amount of EUR 5.25 million. The purpose of the five-year loan is to finance the construction of the Ķiršu Kalna Mājas residential development project and the development of supporting infrastructure at Eiženijas iela 18, Dzirciems, Rīga.

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 3,912,522 shares with nominal value of 1 euro.

As at 31 March 2026, Hepsor AS had 8,381 shareholders (31 March 2025: 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 %
Martti Krass	Member of Management Board	59,109	1.51%
Henri Laks	Chairman of Supervisory Board	498,000	12.73%
Andres Pärloja	Member of Supervisory Board	997,500	25.49%
Kristjan Mitt	Member of Supervisory Board	997,500	25.49%
Total	-	2,552,109	65.23%

Shareholder structure by number of shares held as at 31 March 2026:

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
100 001-...	6	0.07%	3,012,161	76.99%
10 001-100 000	10	0.12%	355,747	9.09%
1001-10 000	52	0.62%	146,929	3.76%
101-1000	734	8.76%	197,826	5.06%
1-100	7,759	90.43%	199,859	5.11%
Total	8,381	100.00%	3,912,552	100.00%

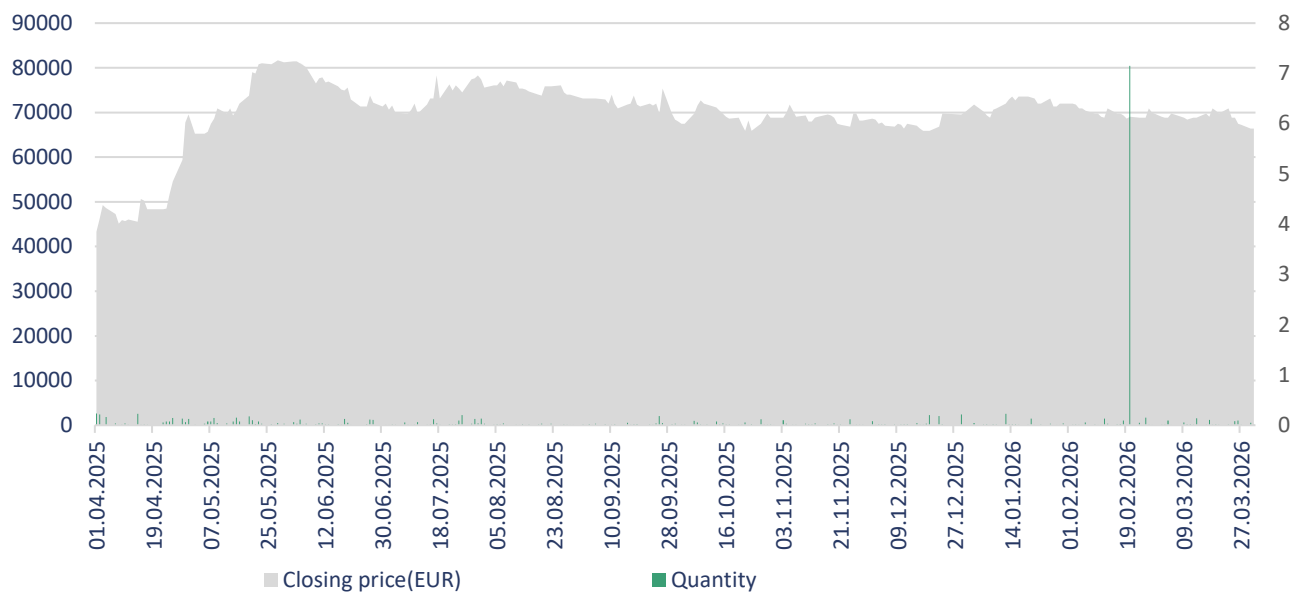
During the period from 1 April 2025 to 31 March 2026, a total of 5,983 transactions were carried out with Hepsor shares, during which 191,627 shares changed hands for a total amount of 1,175,505 euros. The highest transaction price during the period was 7.26 euros and the lowest was 3.85 euros. The market capitalization of the shares as of 31.03.2026 was 23.1 million euros and the equity attributable to the owners of the Group's parent company was 20 million euros (31.03.2025: 20.5 million euros).

Market cap at 31
March 2026

23.1

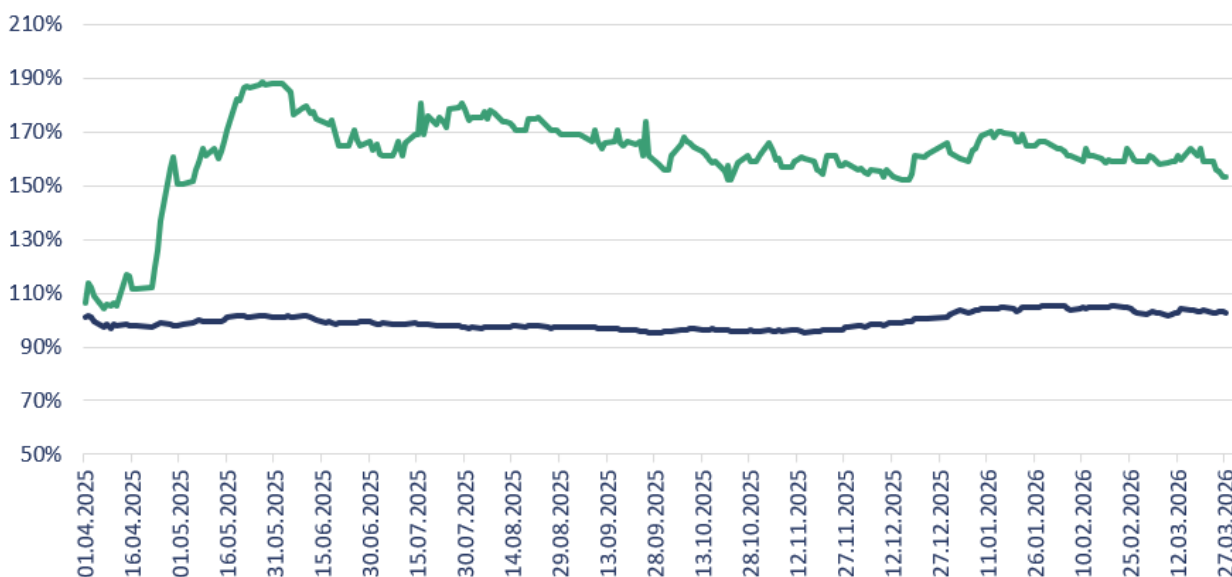
million euros

Trading volume and price range of Hepsor AS shares, 12 months (1 April 2025 – 31 March 2026):



Source: Nasdaq Baltic

Change in Hepsor share price in comparison with the benchmark OMX Tallinn index, 12 months (1 April 2025 – 31 March 2026):



INDEX/EQUITY	OPENING VALUE	CLOSING VALUE	CHANGE
OMX Baltic_10	304.02	310.80	2.23%
HPR1T - Hepsor	3.85	5.90	53.25%

Source: Nasdaq Baltic

Consolidated Financial Statements

Consolidated statement of financial position

in thousands of euros	Note	31 March 2026	31 December 2025	31 March 2025
Assets				
Current assets				
Cash and cash equivalents		4,352	3,821	3,262
Trade and other receivables	3	2,172	1,807	1,589
Current loan receivables	4	0	0	200
Inventories	2	62,601	58,938	60,355
Total current assets		69,125	64,566	65,406
Non-current assets				
Property, plant and equipment		240	260	324
Intangible assets		0	0	2
Investment properties	5	11,820	11,820	7,980
Financial investments	6	8,568	7,837	7,244
Investments in joint ventures		26	26	0
Non-current loan receivables	4	6,521	6,521	2,584
Other non-current receivables		988	805	384
Total non-current assets		28,163	27,269	18,518
Total assets	21	97,288	91,835	83,924
Liabilities and equity				
Current liabilities				
Loans and borrowings	7	4,235	5,687	17,942
Current lease liabilities		38	50	39
Prepayments from customers		2,778	1,544	562
Trade and other payables	8	7,746	6,832	6,184
Total current liabilities		14,797	14,113	24,727
Non-current liabilities				
Loans and borrowings	7	47,262	42,060	32,668
Non-current lease liabilities		112	112	162
Other non-current liabilities	9	8,804	8,472	4,765
Total non-current liabilities		56,178	50,644	37,595
Total liabilities	21	70,975	64,757	62,322
Equity				
Share capital	11	3,913	3,913	3,855
Share premium		8,917	8,917	8,917
Reserves		385	385	385
Retained earnings		13,098	13,863	8,445
Total equity		26,313	27,078	21,602
incl. total equity attributable to owners of the parent		20,032	20,858	20,531
incl. non-controlling interest		6,281	6,220	1,071
Total liabilities and equity		97,288	91,835	83,924

Consolidated statement of profit and loss and other comprehensive income

in thousands of euros	Note	Q1 2026	Q1 2025
Revenue	13, 21	3,844	8,206
Cost of sales (-)	14	-3,508	-7,189
Gross profit		336	1,017
Marketing expenses (-)	15	-277	-279
Administrative expenses (-)	16	-395	-412
Other operating income		17	23
Other operating expenses (-)		-14	-17
Operating profit (-loss) of the year	21	-333	332
Financial income	18.1	186	49
Financial expenses (-)	18.2	-627	-478
Profit before tax		-774	-97
Corporate income tax		0	0
Net profit (-loss) for the year		-774	-97
Attributable to owners of the parent		-835	-220
Non-controlling interest		61	123
Other comprehensive income (-loss)			
Change in value of embedded derivatives with minority shareholders		0	-150
The effects of changes in foreign exchange rates		9	-161
Other comprehensive income (-loss) for the period		9	-311
Attributable to owners of the parent		9	-161
Non-controlling interest		0	-150
Comprehensive income (-loss) for the period		-765	-408
Attributable to owners of the parent		-826	-381
Non-controlling interest		61	-27
Earnings per share			
Basic (euros per share)		-0,21	-0,06
Diluted (euros per share)		-0,21	-0,06

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 2024	3,855	8,917	385	7,755	1,098	22,010
2025						
Net profit/-loss for the period	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
Balance of 31 December 2025	3,913	8,917	385	7,643	6,220	27,078
2026						
Net profit/-loss for the period	0	0	0	-835	61	-774
Other comprehensive income/-loss for the period	0	0	0	9	0	9
Balance of 31 March 2025	3,913	8,917	385	6,817	6,281	26,313

Consolidated statement of cash flows

in thousands of euros	Note	Q1 2026	Q1 2025
Net cash flows from (to) operating activities			
Operating profit/(-loss) of the year	21	-333	332
Adjustments for:			
Depreciation of property, plant and equipment		20	26
Income tax paid		-69	-41
Changes in working capital:			
Change in trade receivables and prepayments		-365	-826
Change in inventories	19	-3,112	4,200
Change in liabilities and prepayments		2,187	-165
Other changes		-2	0
Cash flows from (to) operating activities		-1,674	3,544
Net cash flows from (to) investing activities			
Payments for property, plant and equipment		-1	0
Payments for financial investments		-730	-1,061
Proceeds from sale of subsidiaries		0	1
Loans granted		0	-156
Interest received		2	1
Cash flows from (to) investing activities		-729	-1,215
Net cash flows from (to) financing activities			
Loans raised	7	5,478	2,628
Loan repayments	7	-1,742	-6,706
Interest paid	19	-788	-1,228
Payments of finance lease principal		-2	-2
Payments of right to use lease liabilities		-10	-10
Other receipts from financing activities		0	3
Other payments from financing activities		-2	-1
Cash flows from (to) financing activities		2,934	-5,316
Net cash flow		531	-2,987
Cash and cash equivalents at beginning of year		3,821	6,249
Increase/decrease in cash and cash equivalents		531	-2,987
Cash and cash equivalents at end of year		4,352	3,262

Notes to the consolidated interim financial statements

Note 1. General information

Hepsor AS (hereinafter “the Group”) consolidated unaudited interim report for Q1 and three months 2026 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 2026 follows the same accounting principles and methods used in the 2025 audited consolidated financial statements. The interim financial statements contain the audited financial results for 2025 and unaudited comparative figures for Q1 2025.

The Group has not made any changes to its critical accounting estimates which may affect the consolidated unaudited interim financial statements for Q1 2026.

The Group has not made any changes to the valuation techniques applied for fair value measurement in 2026.

Note 2. Inventories

Inventories are classified as development projects ready for sale once a usage permit has been granted for the project. As at 31 March 2026, usage permits had been issued for residential development projects located at Manufaktuuri 7, Nõmme tee 57 and Paldiski mnt 227c in Estonia, and at Ranka dambis 5 and Jūrmalas gatve 74 in Latvia. In addition, a partial usage permit had been issued for the commercial real estate development project located at Ulbrokas 34, Latvia. As at 31 March 2026, the Group had 18 unsold apartments in development projects classified as ready for sale (31 December 2025: 36, 31 March 2025: 89), of which 4 were located in Riga and 14 in Tallinn.

As at 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 551 thousand euros (31 December 2025: 1,859 thousand euros, 31 March 2025: 414 thousand euros). Further information is provided in Note 19.

Project statuses are classified as following:

in thousands of euros	31 March 2026	31 December 2025	31 March 2025
A – planning proceedings	11,803	11,705	11,735
B – building permit proceedings	4,039	4,155	6,826
C – building permit available /construction not yet started	4,968	4,928	4,595
D – construction started / sale started	26,208	19,906	16,503
E – construction ready for sale	15,583	18,244	20,696
Total inventories	62,601	58,938	60,355

The following development projects are stated as inventories:

in thousands of euros				31 March 2026		31 December 2025		31 March 2025	
Address	Project company	Location	Segment	Acquisition cost	Project status	Acquisition cost	Project status	Acquisition cost	Project status
Work in progress									
Narva mnt 150b, Tallinn	Hepsor N450 OÜ	Estonia	Residential/Commercial	0	-	0	-	4,110	A
Manufaktuuri 5, Tallinn	Hepsor Phoenix 3 OÜ	Estonia	Residential/Commercial	12,845	D	10,776	D	8,010	D
Manufaktuuri 7, Tallinn	Hepsor Phoenix 2 OÜ	Estonia	Residential/Commercial	0	-	0	-	5,565	E
Alvari 2/Paevälja 9, Tallinn	Hepsor Fortuuna OÜ	Estonia	Residential	0	-	0	-	1,885	B
Alvari 1, 1a, 5, Tallinn	Hepsor A1 OÜ	Estonia	Residential	0	-	0	-	2,022	A
Kadaka tee 197, Tallinn	H&R Residentsid OÜ	Estonia	Residential	1,404	A	1,387	A	1,325	A
Manufaktuuri 12, Tallinn	Hepsor Phoenix 4 OÜ	Estonia	Residential	4,353	D	2,867	D	1,211	B
Vana-Tartu mnt 49, Tallinn	Hepsor VT49 OÜ	Estonia	Commercial	1,107	B	1,295	B	1,191	B
Võistluse 7, Tallinn	Hepsor V7 OÜ	Estonia	Residential	504	B	490	B	441	B
Manufaktuuri 3, Tallinn	Hepsor PHX5 OÜ	Estonia	Residential	5,847	A	5,834	A	0	-
Saules alley 2, Riga	Hepsor SA2 SIA	Latvia	Residential	1,082	B	1,082	B	1,079	B
Ulbrokas 34, Riga	Hepsor U34 SIA	Latvia	Commercial	0	-	0	-	8,493	D
Braila 23, Riga	Hepsor Jugla SIA	Latvia	Residential	2,186	D	1,681	D	658	B
Ganibu dambis 17a, Riga	Hepsor Ganibu Dambis SIA	Latvia	Commercial	4,968	C	4,928	C	4,595	C
Smaidu, Dreilini	Riga Properties 4 SIA	Latvia	Commercial	4,552	A	4,484	A	4,277	A
Eiženijas 18, Riga	Hepsor E18 SIA	Latvia	Residential	989	D	546	D	361	B
Dzelzavas 74c, Riga	Hepsor Dz74c SIA	Latvia	Residential	5,835	D	4,036	D	0	-
Starta 17, Riga	Hepsor S17 SIA	Latvia	Residential	1,346	B	1,288	B	0	-
- other properties		Estonia		0	-	0	-	1	A
Total work in progress				47 018		40,694		45,224	
Ready for sale real estate development									
Manufaktuuri 22, Tallinn (parking spaces)	Hepsor Phoenix OÜ	Estonia	Residential	16	E	16	E	16	E
Nõmme tee 57, Tallinn	Hepsor N57 OÜ	Estonia	Residential	122	E	122	E	1,490	E
Paldiski mnt 227c, Tallinn	Hepsor 3Torni OÜ	Estonia	Residential	598	E	1,884	E	7,716	E
Manufaktuuri 7, Tallinn	Hepsor Phoenix 2 OÜ	Estonia	Residential/Commercial	1,516	E	2,380	E	0	-
Ranka dambis 5, Riga	Hepsor RD5 SIA	Latvia	Residential	246	E	671	E	1,901	E
Jūrmalas gatve 74, Riga	Hepsor JG SIA	Latvia	Residential	287	E	578	E	4,008	E
Ulbrokas 34, Riga	Hepsor U34 SIA	Latvia	Commercial	12,798	E	12,593	E	0	-
Total ready for sale real estate development				15 583		18,244		15,131	
Total inventories				62,601		58,938		60,355	

Note 3. Trade and other receivables

in thousands of euros	31 March 2025	31 December 2025	31 March 2025
Trade receivables	1,133	1,001	1,196
Allowance for doubtful receivables	-13	-13	-13
Net trade receivables	1,120	988	1,183
Prepayments			
Tax prepayment			
Value added tax	303	320	116
Other prepayments for goods and services	254	59	149
Total prepayments	557	379	265
Other current receivables			
Interest receivables	0	2	3
Other current receivables	495	438	138
Other current receivables	495	440	141
Total trade receivables	2,172	1,807	1,589

Note 4. Loans granted

in thousands of euros	Unrelated legal entities	Related legal entities (Note 22)	Total
2026			
Loan balance as at 31 December 2025	0	6,521	6,521
- current portion	0	0	0
- non-current portion	0	6,521	6,521
Loan balance as at 31 March 2026	0	6,521	6,521
- current portion	0	0	0
- non-current portion	0	6,521	6,521
Contractual interest rate per annum		7-12%	
2025			
Loan balance as at 31 December 2024	200	2,428	2,628
Loan granted	0	156	156
Loan balance as at 31 March 2025	200	2,584	2,784
- current portion	200	0	200
- non-current portion	0	2,584	2,584
Contractual/effective interest rate per annum	0%	7%	

Note 5. Investment properties

Hepsor M14 OÜ's office building development project in Tallinn, Meistri 14 was completed in 2021. As at 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 2025, return rate of 7.7% and discount rate of 8.1% were used for the asset valuation. As at 31 March 2026, the fair value of the asset is 8.0 (31 December 2025: 8.0) million euros.

In 2025, the properties located at Alvari 1, 1a and 5 and Narva mnt 150b in Tallinn were reclassified from inventories to investment property. The Group does not plan to undertake development activities on these properties and holds them with the objective of earning returns from capital appreciation. In determining the fair value of the Alvari Street properties, which are designated as residential land, the Group relied on transaction prices of comparable properties in the vicinity during the reporting period. The fair value of the property located at Narva mnt 150b, which is designated as commercial land, was determined on the basis of a valuation prepared by an independent expert. As at 31 March 2026, the fair value of these properties is 3.8 (31 December 2025: 3.8) million euros.

Note 6. Financial investments

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

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

As at 31 March 2026, the carrying amount of the financial investments is 8,568 thousand euros (31 December 2025: 7,835 thousand euros, 31 March 2025: 7,244 thousand euros).

Note 7. Loans and borrowings

On 11 February 2026, Hepsor AS Group company Hepsor E18 SIA and BluOr Bank AS signed a loan agreement in the amount of 5.25 million euros. The five-year loan is intended to finance the construction and infrastructure development of the Ķiršu Kalna Mājas residential project at Eiženijas iela 18, Dzirciems, Riga.

As at 31 March 2026, 81% (31 December 2025: 79%, 31 March 2025: 89%) of all loans granted to the Group have been received against the risk of development projects.

in thousands of euros	Bank loans	Bonds	Unrelated legal entities	Related legal entities	Total
Balance as at 31 March 2026					
Loans for development projects	24,847	0	16,690	133	41,670
Loans to headquarters to finance development projects	2,000	7,827	0	0	9,827
Total	26,847	7,827	16,690	133	51,497
Balance as at 31 December 2025					
Loans for development projects	21,320	0	16,481	133	37,934
Loans to headquarters to finance development projects	2,000	7,813	0	0	9,813
Total	23,320	7,813	16,481	133	47,747
Balance as at 31 March 2025					
Loans for development projects	24,097	0	19,202	1,371	44,670
Loans to headquarters to finance development projects	5,940	0	0	0	5,940
Total	30,037	0	19,202	1,371	50,610

As at 31 March 2026, the Group has the following loan obligations:

in thousands of euros	Bank loans	Bonds	Unrelated legal entities	Related legal entities (Note 22)	Total
2026					
Loan balance as at 31 December 2025	23,320	7,813	16,481	133	47,747
- current loan payable	1,558	0	4,129	0	5,687
- non-current loan payable	21,762	7,813	12,352	133	42,060
Received	4,989	0	489	0	5,478
Repaid	-1,462	0	-280	0	-1,742
Effect of the effective interest rate	0	14	0	0	14
Loan balance as at 31 March 2026	26,847	7,827	16,690	133	51,497
- current loan payable	111	0	4,124	0	4,235
- non-current loan payable	26,736	7,827	12,566	133	47,262
Contractual interest rate per annum	EU6+3.2%-8%; 5.46%	9.50%	0-15%	0-12%	
2025					
Loan balance as at 31 December 2024	33,828	0	19,489	1,371	54,688
Received	1,715	0	913	0	2,628
Repaid	-5,506	0	-1,200	0	-6,706
Total loan balance as at 31 March 2025	30,037	0	19,202	1,371	50,610
- current loan payable	12,315	0	4,389	1,238	17,942
- non-current loan payable	17,722	0	14,813	133	32,668
Contractual interest rate per annum	EU6+3,25%- 9.5%; 5.46%		0-12%	7-12%	

As at 31 March 2026, the Group had the following bank loans under the following conditions:

Lender	Country	Loan balance	Contract term	Loan limit	Interest per annum	Collateral	Cost value of the collateral (Note 2, 5)	Guarantee given
LHV Pank AS	Estonia	4,485	2027	4,900	5.46%	Mortgage - Meistri 14, Tallinn	7,980	-
LHV Pank AS	Estonia	2,894	2026	7,600	6M Euribor+8%	Mortgage - Manufaktuuri 3, 5 and 12, Tallinn	23,045	3,000
LHV Pank AS	Estonia	0	2029	26,650	6M Euribor+6.5%			
LHV Pank AS	Estonia	2,273	2029	7,000	6M Euribor+5.5%			
Bigbank AS	Latvia	1,834	2028	2,000	6M Euribor+4.5%	Mortgage - Ganību dambis 17A Riga; Commercial pledge	4,968	-
Bigbank AS	Latvia	8,910	2027	9,000	6M Euribor+4.4%	Mortgage - Ulbrokas 34, Riga; Commercial pledge	12,798	890
Bigbank AS	Latvia	3,491	2028	8,600	6M Euribor+4.4%	Mortgage - Dzelzavas 74c, Riga	5,835	430
BluOr Bank AS	Latvia	841	2030	11,990	6M Euribor+3.4%	Mortgage - Braila 23, Riga	2,186	-
BluOr Bank AS	Latvia	119	2030	5,250	6M Euribor+3.2%	Mortgage - Eiženijas iela 18, Riga; Commercial pledge	989	-

As at 31 December 2025, the Group had the following bank loans under the following conditions:

Lender	Country	Loan balance	Contract term	Loan limit	Interest per annum	Collateral	Cost value of the collateral (Note 2, 5)	Guarantee given
LHV Pank AS	Estonia	4,523	2027	4,900	5.46%	Mortgage - Meistri 14, Tallinn	7,980	-
LHV Pank AS	Estonia	940	2026	13,900	6M Euribor+4.5%	Mortgage - Paldiski mnt 227c, Tallinn	1,884	-
LHV Pank AS	Estonia	166	2026	5,758	6M Euribor+4.5%	Mortgage - Manufaktuuri 12, Tallinn	1,884	-
LHV Pank AS	Estonia	1,549	2029	7,600	6M Euribor+8%	Mortgage - Manufaktuuri 3, 5 and 12, Tallinn	19,477	3,000
LHV Pank AS	Estonia	0	2029	25,650	6M Euribor+6.5%			
LHB Pank AS	Estonia	870	2029	7,000	6M Euribor+5.5%			
Bigbank AS	Latvia	1,850	2028	2,000	6M Euribor+4.5%	Mortgage - Ganību dambis 17A Riga; Commercial pledge	4,928	-
Bigbank AS	Latvia	168	2026	3,259	6M Euribor+4.9%	Mortgage - Ranka dambis 5, Riga	671	460
Bigbank AS	Latvia	136	2028	4,000	6M Euribor+4.6%	Mortgage - Jūrmalas gatve 74, Riga	578	430
Bigbank AS	Latvia	8,838	2027	9,000	6M Euribor+4.4%	Mortgage - Ulbrokas 34, Riga; Commercial pledge	12,593	890
Bigbank AS	Latvia	1,853	2028	8,600	6M Euribor+4.4%	Mortgage - Dzelzavas 74c, Riga	4,036	430
BluOr Bank AS	Latvia	429	2030	11,990	6M Euribor+3.4%	Mortgage - Braila 23, Riga	1,681	-

As at 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 tee 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	latvia	5,426	2027	9,000	6M Euribor+4.4%	Mortgage - Ulbrokas 34, Riga; Commercial pledge	8,493	890

Note 8. Trade and other payables

in thousands of euros	31 March 2026	31 December 2025	31 March 2025
Trade payables	2,292	1,588	1,141
Taxes payable			
Value added tax	345	274	684
Personal income tax	22	42	27
Social security tax	38	68	41
Corporate income tax	91	69	0
Other taxes	96	71	72
Total taxes payable	592	524	824
Accrued expenses			
Payables to employees	174	156	143
Interest payable (Note 19)	946	915	545
Other accrued expenses	713	628	60
Total accrued expenses	1,833	1,699	748
Other current payables			
Embedded derivatives (Note 10)	2,589	2,589	2,224
Other payables	440	432	1,247
Total other current payables	3,029	3,021	3,471
Total trade and other payables	7,746	6,832	6,184

As at 31 March 2026, other payables include 382 thousand euros (31 December 2025: 382 thousand euros, 31 March 2025: 624 thousand euros) related to the co-financing obligation of the Manufaktuuri kindergarten, for which a claim has been filed with the administrative court (Note 12.2).

Note 9. Other non-current liabilities

in thousands of euros	31 March 2026	31 December 2025	31 March 2025
Non-current interest payables (Note 19)	3,798	3,468	2,539
Other non-current payables	3,164	3,162	2,096
Deferred income	1,842	1,842	0
Total other non-current liabilities	8,804	8,472	4,635

As at 31 March 2025, other non-current liabilities include amounts payable to financial investors involved in the financing of the StokOfiss 34 development project totalling 1.7 million euros (31 December 2025: 1.7 million euros) and 0.6 million euros related to the Zaĵā Jugla development project.

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 at 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 2026	31 December 2025	31 March 2025
<i>Residential development project in Gregora iela 2a, Riga</i>	0	0	200
<i>Residential development project in Manufaktuuri 7, Tallinn</i>	2,589	2,589	1,874
Total change in liabilities arising from embedded derivatives	2,589	2,589	2,074

Note 11. Equity

According to the Articles of Association of Hepsor AS, the company's minimum share capital is 3 million euros and the maximum share capital is 12 million euros. On 8 July 2025, the Supervisory Board of Hepsor AS adopted a resolution to increase the share capital of Hepsor AS by 57,821 euros. As at 31 March 2026, the share capital of Hepsor AS amounted to 3,913 thousand euros. Hepsor AS has 3,912,522 shares with a nominal value of 1 euro each.

Note 12. Contingent assets and liabilities

12.1 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 at 31 March 2026, a contingent liability to pay 13,881 thousand euros (31 December 2025: 13,977 thousand euros, 31 March 2025: 5,771 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 at 31 March 2026, the expected realisation period for the contingent liabilities presented in the report is between 2026 and 2033.

12.2 Lawsuit

Subsidiaries of Hepsor AS, Hepsor Phoenix 2 OÜ, Hepsor Phoenix 3 OÜ and Hepsor PHX5 OÜ, together with AS PHOENIX LAND, have filed a joint claim with the administrative court to assess the legality of the co-financing agreement for the Manufaktuuri kindergarten concluded with the City of Tallinn on 28 April 2022. The claim seeks to have the co-financing obligation declared invalid and to recover amounts already paid. The disputed obligation amounts to 1,049 thousand euros. The claim is based on several decisions issued by the Supreme Court in 2025 concerning co-financing, which established principles that such co-financing arrangements must comply with. The dispute is complex, and the outcome of the claim is currently difficult to assess.

Further information on the co-financing obligation of the kindergarten is presented in Note 8.

Harju District Court has allowed the court claim for damages brought by seven apartment owners of Manufaktuuri 18 against Hepsor AS subsidiary Hepsor Phoenix OÜ to proceed. The court claim is based on the allegation that the apartment ownerships sold to the claimants from 2018–2019 have construction defects. The claimants seek compensation for the damage allegedly suffered by them in the amount of 467 thousand euros, together with late interest calculated on that amount. In the court proceedings, it will first be decided whether the buyers' claims have expired. The management of Hepsor Phoenix OÜ does not consider the court claim to be justified and, based on the circumstances presented so far, assesses the satisfaction of the claim as unlikely.

12.3 Group guarantees given

As at 31 March 2026, the Group has provided a guarantee to the City of Tallinn to secure the fulfilment of the kindergarten co-financing obligations of its subsidiaries in the amount of 1,294 thousand euros.

The Group is obliged to provide warranty services to customers during the warranty period. The Group outsources warranty period services for developed real estate projects to contracted construction service partners. Based on construction contracts and past experience, the Group has not recognised a warranty provision for construction works.

Further information on guarantees provided for bank loans is presented in Note 7.

Note 13. Revenue

in thousands of euros	Q1 2026	Q1 2025
Revenue from sale of real estate	3,242	7,771
Revenue from project management services	90	108
Revenue from rent	394	263
Revenue from other services	118	64
Total	3,844	8,206

Additional information on sales revenue is provided in Note 21.

Note 14. Cost of sales

in thousands of euros	Q1 2026	Q1 2025
Cost of real estate sold	-3,036	-6,672
Personnel expenses (Note 17)	-116	-211
Depreciation	-1	-1
Other costs	-355	-305
Total	-3,508	-7,189

Note 15. Marketing expenses

in thousands of euros	Q1 2026	Q1 2025
Personnel expenses (Note 17)	-112	-60
Depreciation	-2	-12
Other marketing expenses	-163	-207
Total	-277	-279

Note 16. Administrative expenses

in thousands of euros	Q1 2026	Q1 2025
Personnel expenses (Note 17)	-255	-269
Depreciation	-17	-16
Traveling and transport expenses	-11	-10
Purchased service expenses	-58	-71
Other administrative expenses	-54	-46
Total	-395	-412

Note 17. Personnel expenses

in thousands of euros	Q1 2026	Q1 2025
Salaries	-369	-416
Social security and other payroll taxes	-114	-124
Total (Notes 14, 15, 16)	-483	-540

As at 31 March 2026, the Group, together with the members of the Management Board and the Supervisory Board, had 28 (31 December 2025: 26) employees, of which 16 in Estonia (31 December 2025: 14) and 12 in Latvia (31 December 2025: 12).

Gross fees paid to the members of Management and Supervisory Boards during the reporting period amounted to 98 thousand euros (3M 2025: 130 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 18. Finance income and expenses

18.1 Finance income

in thousands of euros	Q1 2026	Q1 2025
Interest income	183	45
Proceeds from sale of subsidiaries	2	0
Other finance income	1	4
Total	390	49

18.2 Finance expenses

in thousands of euros	Q1 2026	Q1 2025
Interest expenses (Note 19)	-598	-478
Loss on foreign exchange	-13	0
Other finance expenses	-16	0
Total	-627	-1,159

In 2026, borrowing costs of EUR 551 thousand (Q1 2025: EUR 414 thousand) were capitalised as the cost of inventories.

Note 19. Information about line item in the consolidated statement of cash flows

in thousands of euros	31 March 2026	31 March 2025
Inventories		
Reclassification of cash flows from operating activities to financing activities (Note 2)	551	414
Decrease (-)/ increase (+) of change inventories balances (Note 2)	-3,663	3,786
Change in inventories	-3,112	4,200
Interest paid		
Interest expense in statement of profit or loss and other comprehensive income (Note 18)	-598	-478
Reclassification of cash flows from operating activities to financing activities (Note 2)	-551	-414
Decrease (-)/ increase (+) of interest payables (Notes 8, 9)	361	-336
Interest paid total	-788	-1,228

Note 20. Associates and joint ventures

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

	Ownership and voting rights %		
	31 March 2026	31 December 2025	31 March 2026
Hepsor P113 OÜ	45	45	45
Hepsor SOF OÜ	50	50	0

Financial information about associates and joint ventures:

in thousands of euros	31 March 2026	31 December 2025	31 March 2026	31 March 2026	31 December 2025
	Hepsor P113 OÜ	Hepsor P113 OÜ	Hepsor P113 OÜ	Hepsor SOF OÜ	Hepsor SOF OÜ
Current assets					
Cash and cash equivalents	237	188	430	401	106
Trade and other receivables	57	54	117	21	18
Inventories	0	0	0	11,066	10,603
Total current assets	294	242	547	11,488	10,727
Non-current assets					
Investment property	11,270	11,270	10,610	0	0
Investments in subsidiaries	3	3	3	0	0
Non-current receivables and prepayments	46	46	88	0	0
Total non-current assets	11,319	11,319	10,701	0	0
Total assets	11,613	11,561	11,248	11,488	10,727
Current liabilities					
Loans and borrowings	7,945	6,997	0	0	0
Trade and other payables	55	59	78	622	461
Total current liabilities	8,000	7,056	78	622	461
Non-current liabilities					
Loans and borrowings	5,957	6,948	13,846	9,626	9,354
Other non-current liabilities	1,331	1,230	872	1,164	860
Total non-current liabilities	7,288	8,178	14,718	10,790	10,214
Total liabilities	15,288	15,234	14,796	11,412	10,675
Total equity	-3,675	-3,673	-3,548	76	52
Total liabilities and equity	11,613	11,561	11,248	11,488	10,727

Hepsor AS's subsidiary, Hepsor Finance OÜ, entered into a shareholders' agreement under which a 50% ownership stake in Hepsor SOF OÜ was sold to the EfTEN Special Opportunities Fund, a trust fund managed by EfTEN Capital. The sale of the stake in Hepsor SOF OÜ established the basis for the joint implementation of a development project located in Lasnamäe. In April 2025, Hepsor SOF OÜ acquired from a subsidiary of the Hepsor Group the properties located at Paevälja pst 5, 7, and 9, Tallinn and in July, the properties located at Narva mnt 150 and 150a, Tallinn. As at 31 March 2026, the subsidiaries of Hepsor AS had granted loans to the associate Hepsor SOF OÜ in the total amount of 3,880 thousand euros.

As at 31 March 2026, 96% of P113 Tervisemaja owned by Hepsor P113 OÜ was covered by lease agreements. As at 31 March 2026, Hepsor AS had granted a loan of 2,748 thousand euros to its associate Hepsor P113 OÜ. P113 Tervisemaja is recognised as investment property. As at 31 March 2026, the fair value of the building is 11.2 million euros (31 December 2025: 11.2 million

euros). The valuation was performed using the discounted cash flow method. The valuation is based on existing cash flows or cash flows derived from market averages, the capitalisation rate and an appropriate discount rate reflecting the average return expectations of investors for similar assets, taking into account the location of the property, its technical condition, tenant risk profiles and other relevant factors. At the end of 2025, a capitalisation rate of 7.7% (31 December 2024: 7.7%) and a discount rate of 8.7% (31 December 2024: 8.75%) were applied in measuring the fair value of the property.

Note 21. Operating segments

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

The Group reports separately information about the following operating segments:

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

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

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

Revenue by geographical area:

in thousands of euros	Q1 2026	Q1 2025
Estonia	2,637	5,382
Latvia	1,207	2,824
Total	3,844	8,206

Additional information on sales revenue is provided in Note 13.

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 2026	Estonia	Latvia	Canada	Estonia	Latvia	Estonia		Latvia
Revenue		2,355	917	0	192	278	90	12	3,844
incl. revenue from rent		30	0	0	152	212	0	0	394
Operating profit/-loss		0	29	5	145	161	-469	-204	-333
Assets		33,842	13,278	8,929	13,595	22,627	4,504	513	97,288
Liabilities		17,779	9,110	5,166	9,803	15,473	10,209	3,435	70,975

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

Note 22. Related parties

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

Balances and loan transactions with related parties:

in thousands of euros	31 March 2026	31 December 2025	31 March 2025
Receivables			
Loans granted (Note 4)			
Associated companies			
Opening balance as at 1 January	6,521	2,428	2,428
Loans granted	0	4,144	156
Effective interest rate impact	0	-51	0
Balance at the end of period	6,521	6,521	2,584
Trade and other receivables			
Management and all companies directly or indirectly owned by them	98	14	10
Associated companies	25	3	0
Interest receivables			
Associated companies	964	783	353
Payables			
Prepayments from customers			
Management and all companies directly or indirectly owned by them	74	3	560
Loans and borrowings (Note 7)			
Management and all companies directly or indirectly owned by them			
Opening balance as at 1 January	133	1,371	1,371
Loans repaid	0	-1,238	0
Balance at the end of period	133	133	1,371
Bonds			
Management and all companies directly or indirectly owned by them	390	390	0
Trade payables			
Management and all companies directly or indirectly owned by them	3,199	300	963
Interest payables			
Management and all companies directly or indirectly owned by them	18	18	27

Purchases and sales of goods and services:

in thousands of euros	Q1 2026	Q1 2025
Sales of goods and services		
Associated companies	71	16
Management and all companies directly or indirectly owned by them	54	24
Total sales of goods and services	125	40
Purchases of goods and services		
Management and all companies directly or indirectly owned by them	5,944	2,122
<i>incl. construction service</i>	5,882	1,980
Interest income earned		
Associated companies	181	44
Interest expenses incurred		
Management and all companies directly or indirectly owned by them		
Accrued interest	9	37
Interest paid	9	37

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 well-recognised banks in Estonia, Latvia and Canada. 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 objective of the Group's capital risk management is to ensure the most optimal capital structure that supports the sustainability of the Group's business operations and the interests of its shareholders. The Group finances its activities through both debt and equity capital.

The Group considers loan capital and total equity as capital. The Group uses the debt-to-capital ratio to monitor its capital, which is calculated as the ratio of net debt to total capital. The Group also monitors the ratio of equity to total assets.

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 at 31 March 2026, 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 and three months of 2026, 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.

Martti Krass
Member of Management Board
Tallinn, 28 April 2026