hepsor

Braila iela 23, Riga

Consolidated unaudited interim report for the II quarter and 6 months of 2026

Corporate name:	Hepsor AS
Commercial Register No:	12099216
Address:	Järvevana tee 7b, 10112 Tallinn
E-mail:	info@hepsor.ee
Telephone:	+372 660 9009
Website:	www.hepsor.ee
Reporting period:	01 January 2026 – 30 June 2026
Financial year:	01 January 2026 – 31 December 2026
Supervisory Board:	Henri Laks, Andres Pärloja, Kristjan Mitt
Management Board:	Martti Krass
Auditor:	Grant Thornton Baltic OÜ

Contents

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 29 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

6 MONTH UNAUDITED SALES REVENUE AND NET PROFIT FOR THE YEAR 2026

6.2 M€ — 6 MONTH SALES REVENUE

-1.9 M€ — 6 MONTH NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

II QUARTER UNAUDITED SALES REVENUE AND NET PROFIT FOR THE YEAR 2026

2.4 M€ — II QUARTER SALES REVENUE

-1.1 M€ — NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY IN II QUARTER

FINANCIAL RATIOS AND INDICATORS

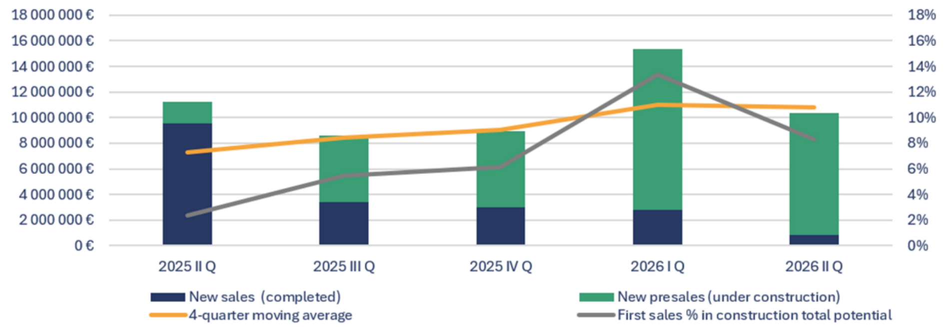
	30.06.2026	30.06.2025
Assets total	103,732	76,724
Loans total	58,699	47,747
Including subordinated loans from subsidiaries' owners, total	13,071	13,770
Total equity	23,948	20,570
Including equity attributable to owners of the parent company	17,896	19,373
Adjusted equity	39,319	38,403
Equity ratio (%)	23.1%	26.8%
Adjusted equity ratio (%)	37.9%	45.5%

OVERVIEW OF DEVELOPMENT PROJECTS

RESIDENDTIAL	Staatus	Developments	m²	Total apartments	Potentsial revenue	Presold apartments as at 30.06.2026	Presold revenue as at 30.06.2026	Pre-sale % of potential sales volume
	Completed	3 developments	306 m²	5	0.9 M€	0	0.0 M€	0%
	In construcion	6 developments	31 615 m²	513	115.1 M€	172	34.5 M€	30%

BUSINESS	Status	Developments	m²	Vacancy as at 30.06.26	Total rental income for the II 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	16,681 m²	13%	0.6 M€	1.1 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 30.06.2026)

REVENUE POTENTIAL OF DEVELOPMENT PROJECTS

Start of period	During the period	At the end of period
479 M€ / 85%	Change in projects +69.2 M€ / Sale -6.2M€	542 M€ / 87%

- 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 30 June, €462 million (85%) of the sales potential is residential and €79 million (15%) is commercial.

CHANGE IN PIPELINE

Start of period	During the period	At the end of period
28 PROJECTS	+1 projects	29 PROJECTS

CHANGE IN PIPELINE

Start of period	During the period	At the end of period
196,650 M²	- 1,650 m²	195,000 M²

Dear shareholders, investors and readers,

The first half of 2026 marked a transitional period for the Group's development projects within the investment cycle. Financial results for the reporting period were affected mainly by the small carryover of unsold completed apartments, while the Group continued to advance new development projects. In the first half of the year, the Group signed first-time home sale agreements for 129 homes with a total value of EUR 25.7 million, an increase of nearly 40% year-on-year. As at 30 June 2026, the Group had a record number of homes under construction – 513 new homes (30 June 2025: 255) – laying a strong foundation for revenue and profitability growth in the coming periods.

Operating results

Revenues
6.2
million euros

The Group's sales revenue for the first half of 2026 was 6.2 million euros (H1 2025: 22.1 million euros), and revenue for the second quarter of the reporting year was 2.4 million euros (Q2 2025: 13.9 million euros).

The Group's net loss for the first six months of the reporting year was 2.2 million euros (6 months 2025: net profit of 0.3 million euros), of which the net loss attributable to the owners of the parent was 1.9 million euros (6 months 2025: 0.2 million euros).

Residential development projects

During the reporting period, we handed over 23 new homes to customers (6 months 2025: 102 new homes). As at 30 June 2026, the Group's inventory of completed apartments amounted to 5 units. Construction is scheduled to be completed and the handover of apartments to begin in the third quarter of 2026 at the Manufaktuuri 12 development project in Tallinn, where a total of 49 new homes will be completed, of which 27 homes have been sold under contracts of obligation. In the fourth quarter, a 103-apartment building will be completed at Dzelzavas 74C in Riga, of which 42 apartments have been sold under contracts of obligation.

A total of
23
new homes were delivered in 2026

Under construction
513
new homes

In the first half of 2026, the Group signed first-time home sale agreements under contracts of obligation and real right contracts for 129 homes with a total value of 25.7 million euros, an increase of 36% and 39% respectively compared to the same period last year (H1 2025: 95 homes and 18.5 million euros). In the second quarter, first-time home sale agreements were signed for 57 homes with a total value of 10.8 million euros. Compared to the same period last year, the number of homes sold decreased by 3%, while the total value of first-time sales increased by 6% (Q2 2025: 59 homes and 10.2 million euros).

As at the end of the reporting quarter, the four-quarter moving average of first-time sales reached 10.8 million euros, up 48% year-on-year (30 June 2025: 7.3 million euros).

The Group has 9 development projects in pre-sale and sale, of which 3 are completed development projects and 6 are under construction.

As at 30 June 2026, the Group had 513 new homes under construction (30 June 2025: 255), of which 290 apartments (30 June 2025: 152) were in Estonia and 223 apartments (30 June 2025: 103) were in Latvia.

Commercial Real Estate

As at 30 June 2026, 87% of the leasable area in Hepsor's completed commercial real estate portfolio – comprising four development projects with a total area of 16,681 m² – is covered by lease agreements.

Future outlook

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

- ✓ 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;
- ✓ 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.

We are in the process of revising the development concept for the Veidema quarter development project at Ganību dambis 17A, Riga. Instead of the originally planned stock-office type commercial development, we now intend to build apartment buildings on the property. This change is driven by a significant shift in market conditions compared to our original development plan. We currently see strong growth in demand in the residential segment, and the property is well suited for residential development. At the same time, the feasibility of commercial real estate projects has been affected by rising construction costs, while rental prices have largely remained at previous levels and the cost of borrowing has increased. As a result, the expected return on the commercial development project has declined. In light of the above, we have reassessed the project's development concept and are proceeding with the implementation of a residential development.

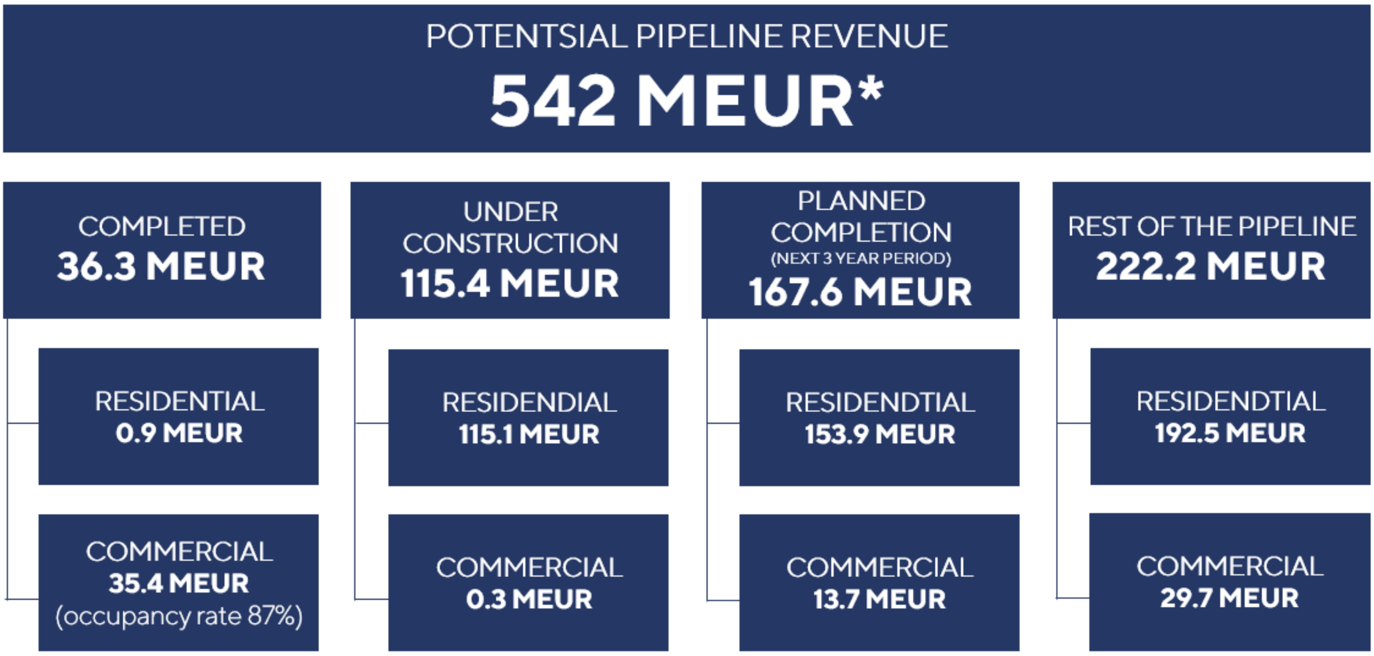
In addition, we are actively seeking new properties in both Estonia and Latvia for residential development. On 20 July 2026, Hepsor SIA and SIA "AF 2" (registration number 40203600778) signed a preliminary purchase agreement for the properties located at Meža iela 6-1, Meža iela 6-2, Meža iela 6-3 and Meža iela 6-4. The transaction supports the Group's objective of growing its development portfolio with new development projects. The Group plans to build a 48-apartment residential building on the properties. Construction of the development project is planned to start in the second half of 2027.

Martti Krass
Member of the Management Board

Development projects under construction and for sale

Sales Revenue Potential (as at 30 June 2026):

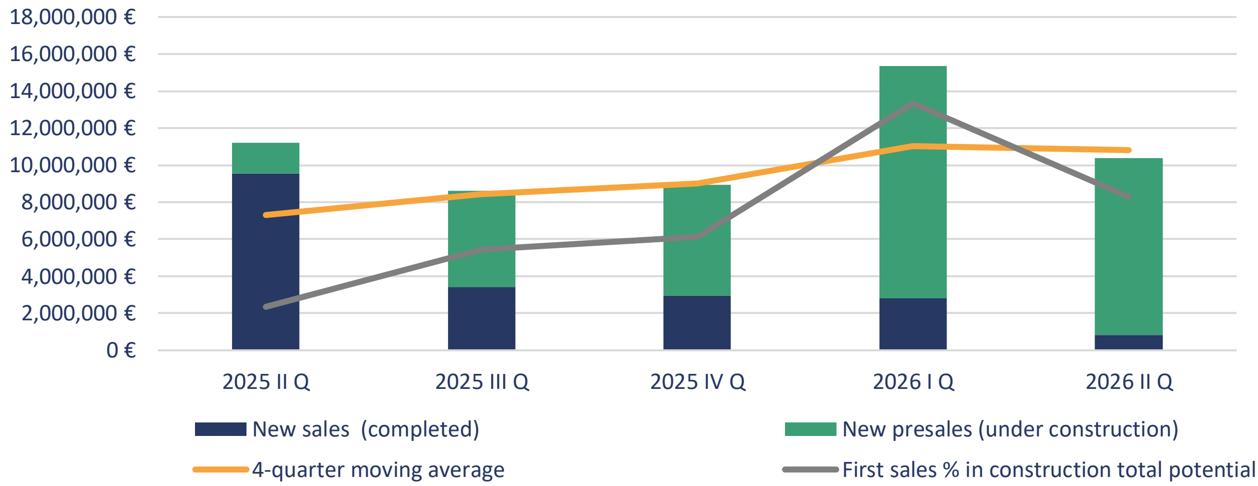
As at 30 June 2026, the sales revenue potential amounted to 542 million euros, of which 85% consists of residential real estate and 15% comprises commercial real estate.



*All sales figures are without VAT

Residential development projects in pre-sale and sale (as at 30 June 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 30 June 2026, there are 9 projects in pre-sale and sale, of which 3 projects are completed, 6 are under construction.



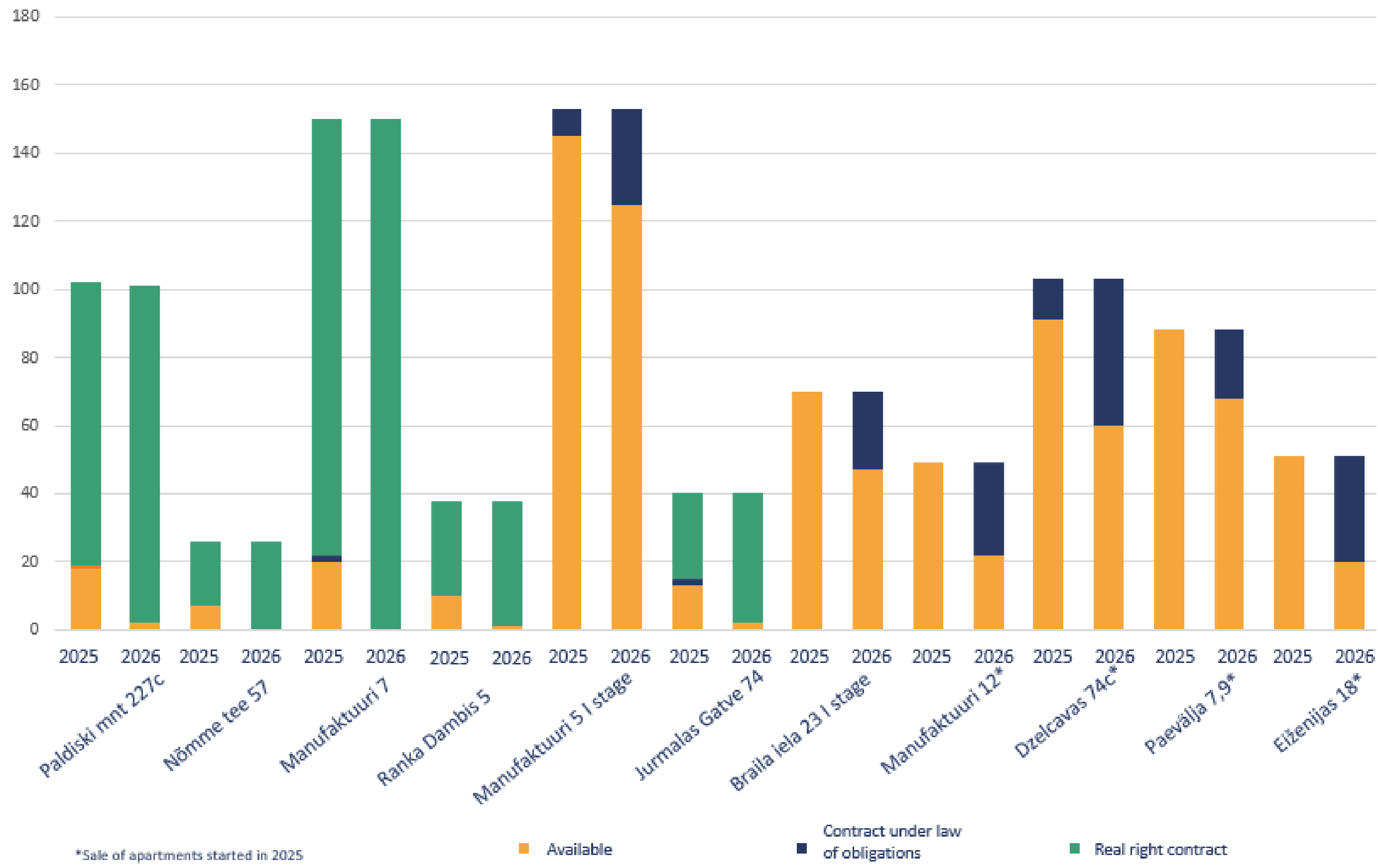
The four-quarter rolling average of initial sales in Q2 2026 was 10,8 million euros (Q2 2025: 7,3 million euros), representing an annual increase of 48%.

The Group's aim is to sell residential development projects for which construction has commenced within an average of 12 quarters, i.e., 8% per quarter. In the second quarter of 2026, 8% of the residential development portfolio under construction was sold based on preliminary sale-purchase agreements, compared to 2% of the residential development portfolio under construction at that time in the same period a year earlier.

Sold apartments as at 30.06.2026

	Total apartments	Sold as at 30 June 2026		Unsold
		Pre-sold	Sold	
Completed total	179	0	174	5
In construction total	513	**172**	0	341
Total	**692**	**172**	**174**	**346**

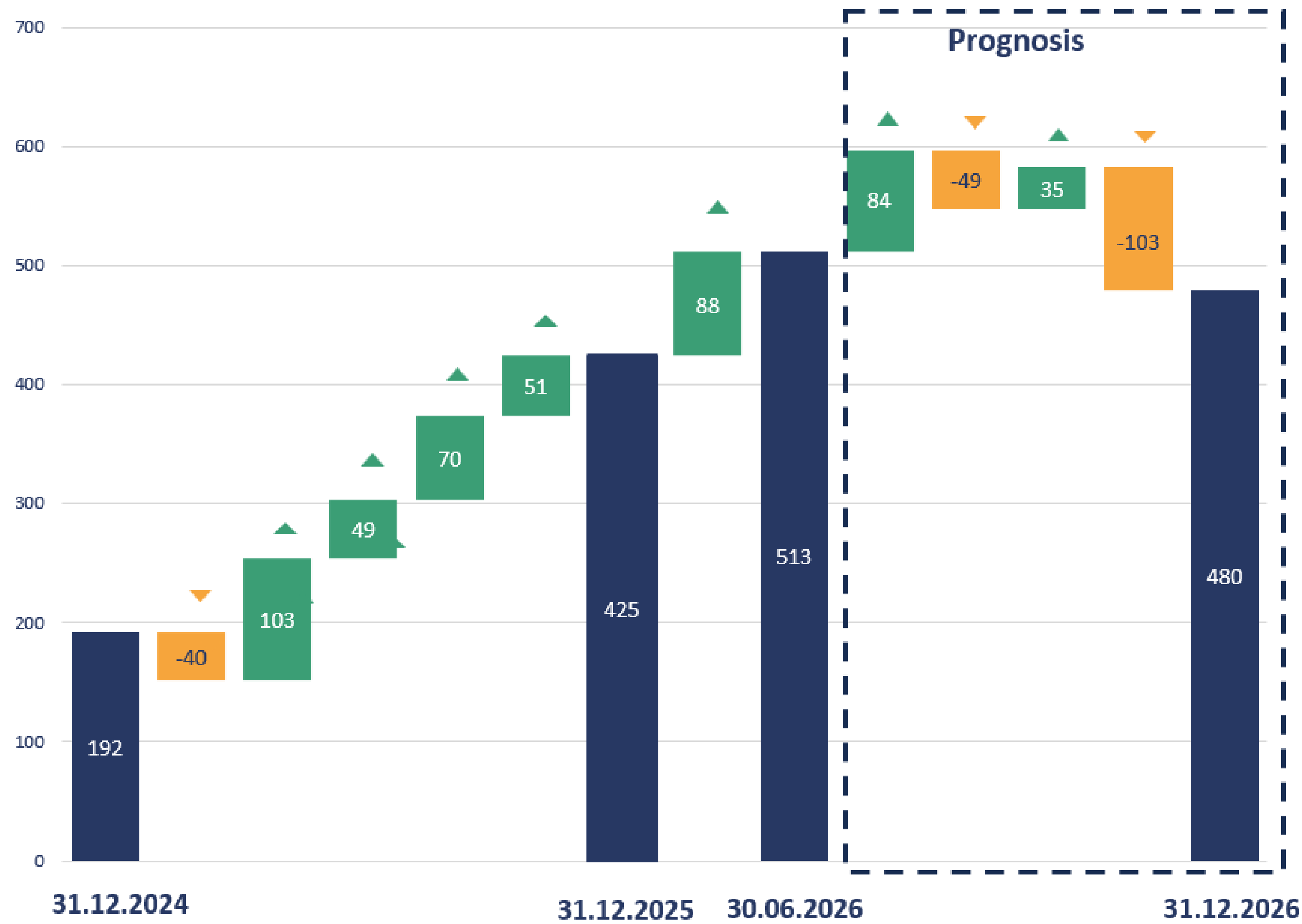
Residential development projects on sale as at 30 June 2026 compared to the status as at 30 June 2025:



Residential development projects under construction (as at 30 June 2026):

In the second quarter of 2026, the Group commenced construction of Paevälja Stage I. As at 30 June 2026, the Group had 513 apartments under construction (30 June 2025: 255 apartments), of which 290 apartments (30 June 2025: 152) were in Estonia and 223 apartments (30 June 2025: 103) were in Latvia.

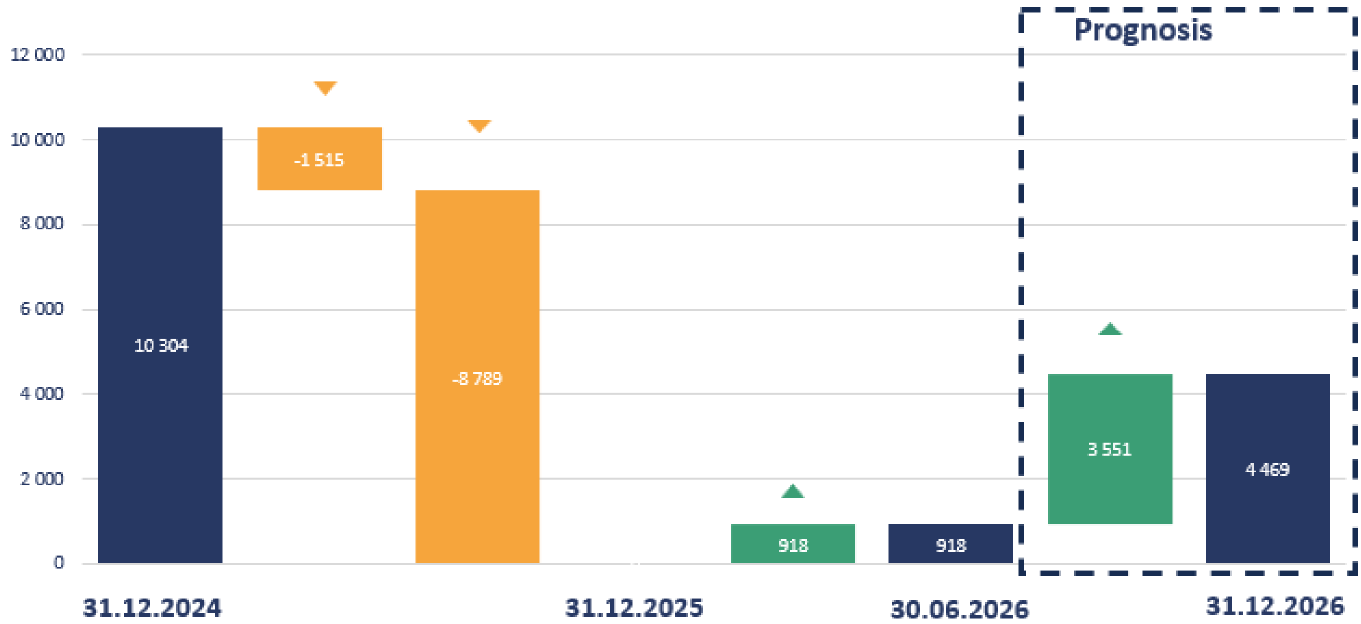
Change in the number of apartments under construction in 2024-2026 (as at 30 June 2026):



	Construction started (units)	Construction ended (units)	Number of apartments under construction
Jurmalas Gatve 74, Riga	40		
Manukatuuri 5 I stage, Tallinn	152		
As at 31 December 2024	**192**	**0**	**192**
Jurmalas Gatve74, Riga		-40	
Dzelzavas 74C, Riga	103		
Manufaktuuri 12, Tallinn	49		
Braila iela 23 I stage, Riga	70		
Eizenija 18, Riga	51		
As at 31 December 2025	**273**	**-40**	**425**
Paevälja 7,9, Tallinn	88		
As at 30 June 2026	**88**		**513**
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	**119**	**-152**	**480**

Commercial spaces under construction change 2024-2026 (as at 30 June 2026):

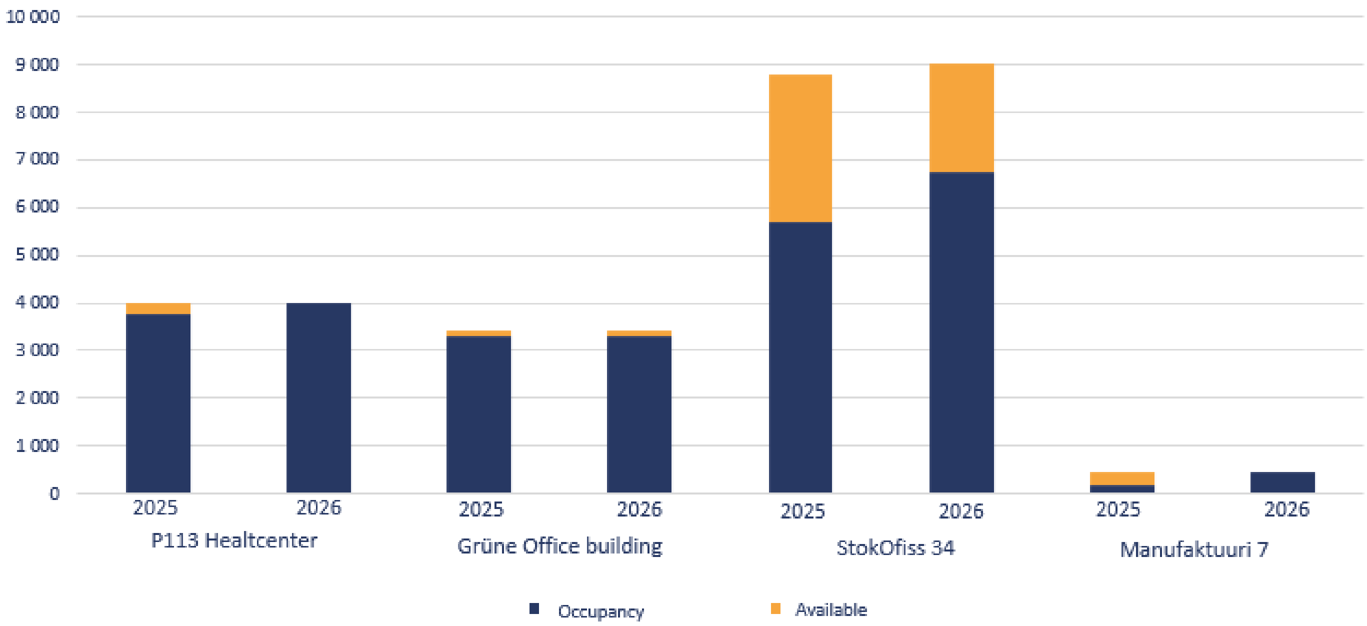
In the second quarter of 2026, the Group commenced construction of the Paevälja Stage I commercial real estate development project.



Development project	Construction started (m²)	Construction ended (m²)	Under construction (m²)
Manufaktuuri Vabrik I stage, Tallinn	1,515		
StokOfiss 34, Riga	8,740		
As at 31 December 2024	**10,255**	**0**	**10,255**
Manufaktuuri Vabrik I stage, Tallinn		-1,515	
StokOfiss 34, Riga		-8,740	
As at 31 December 2025	**0**	**-10,255**	**0**
Paevälja quarter I stage, Tallinn	918		
As at 30 June 2026	**918**		**918**
Veski Centre, Peetri	3,551		
Prognosis as at 31 December 2026	**3,551**	**0**	**4,469**

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

Occupancy of completed commercial real estate development projects (as at 30 June 2026):



Project	Leasable space (m²)	As at 30.06.2025 leased		01.07.2025-30.06.2026	As at 30.06.2026		
		Leased m²	Vacancy %	Signed lease agreements m²	Total leased m²	Vacancy m²	Vacancy %
Completed projects	16,681	12,933	22%	1,540	14,474	2,207	13%

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 30 June 2026, the Group has a total of 29 active development projects in various development phases (30 June 2025: 25 projects) and 195,000 square metres of sellable area (30 June 2025: 178,200 square metres).

3
COUNTRIES

34
ONGOING PROJECTS

449,000
SQUARE METERS

COMPLETED:		IN PROGRESS:		IN PIPELINE:	
Commercial	Residential	Commercial	Residential	Commercial	Residential
16,700 Sqm	**300** sqm	**900** sqm	**31,600** sqm	**49,700** sqm	**95,700** Sqm

ESTONIA

Manufaktuuri Vabrik, Tallinn

20 PROJECTS – 97,150 sqm

READY DEVELOPMENTS:

Commercial	**7,900 sqm**
Residential	**150 sqm** (2 units)
Total	**8,050 sqm**

ACTIVE CONSTRUCTION:

Commercial	**900 sqm**
Residential	**19,100 sqm** (290 units)
Total	**20,000 sqm**

IN PIPELINE:

Commercial	**15,700 sqm**
Residential	**59,800 sqm** (907 units)
Total	**75,500 sqm**

LATVIA

Ulbrokas 34, Riga

11 PROJECTS – 97,760 sqm

READY DEVELOPMENTS:

Commercial	**8,800 sqm**
Residential	**160 sqm** (3 units)
Total	**8,960 sqm**

ACTIVE CONSTRUCTION:

Commercial	**0 sqm**
Residential	**12,500 sqm** (224 units)
Total	**12,500 sqm**

IN PIPELINE:

Commercial	**35,000 sqm**
Residential	**41,300 sqm** (707 units)
Total	**76,300 sqm**

CANADA

Weston, Toronto

5 LAND DEVELOPMENT PROJECTS – 254,000 sqm

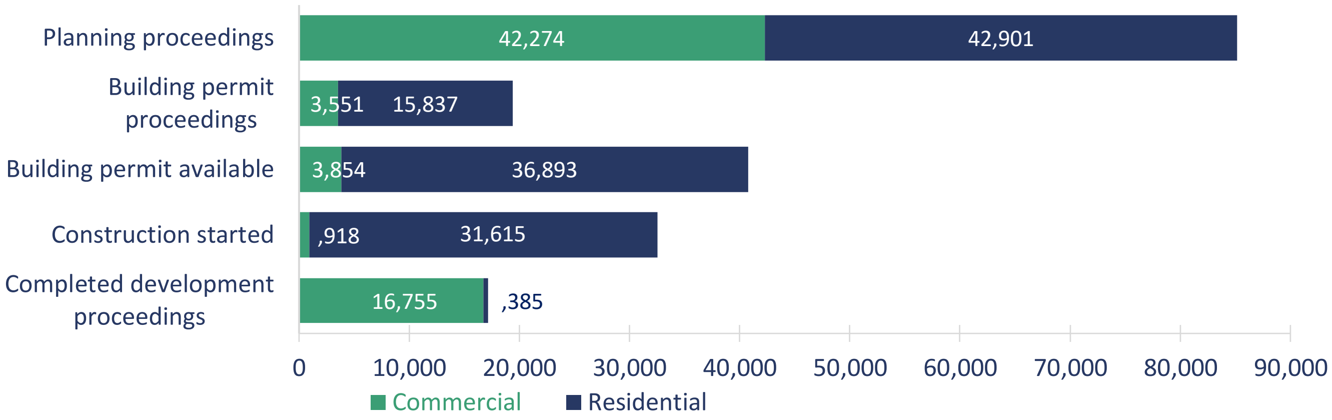
IN PIPELINE:

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

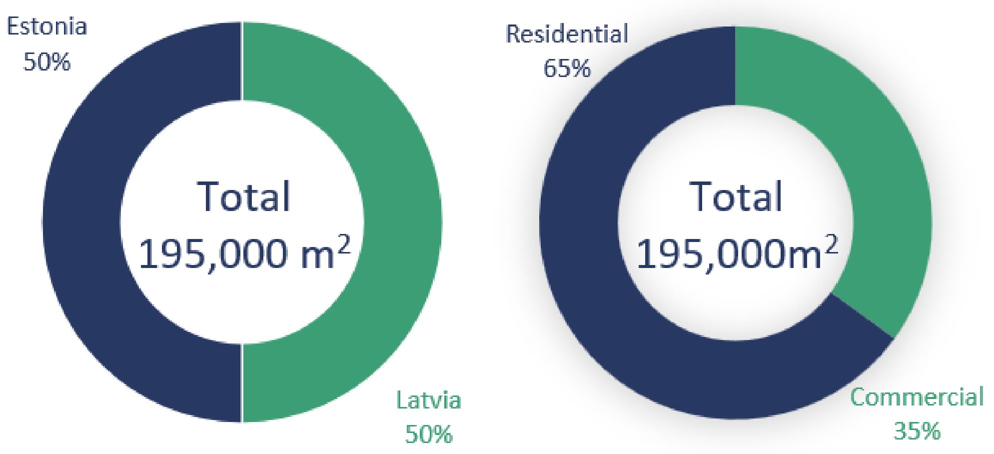
KEY INVESTMENT STRATEGY:

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

Distribution of development portfolio between different development phases* (as at 30 June 2026):



Distribution of development portfolio between countries and type* (as at 30 June 2026):



**Excluding Canadian projects*

Development Projects in Canada (as at 30 June 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.

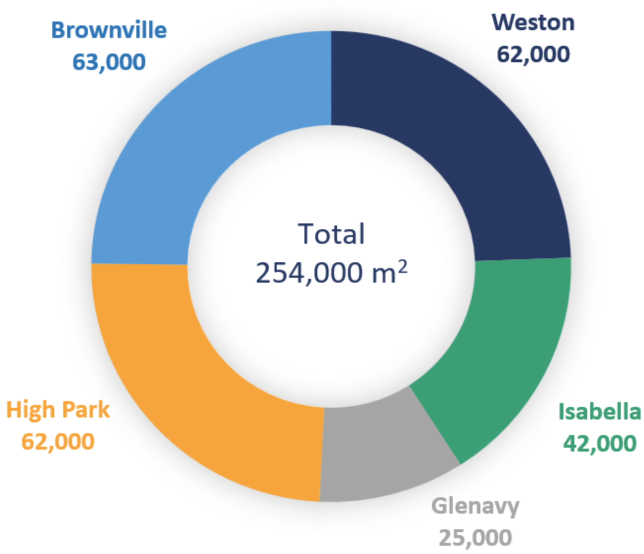
- ✓ The objective of the Weston Road project was to increase the development volume of the property and obtain building rights for the construction of two residential buildings. In August 2025, the decision of the Toronto City Council came into force, granting building rights for two apartment buildings 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)			
Manufaktuuri 7, Tallinn	Manufaktuuri 7	Hepsor Phoenix 2 OÜ	50%	Under construction and/or available for sale	0	466	N/A	I Q 2023	N/A
Paldiski mnt 227, Tallinn	Ojakalda Homes	Hepsor 3 Torni OÜ	100%	Under construction and/or available for sale	2	0	0.4	III Q 2022	III 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	12.3	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	153	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	88	918	20,9	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	III 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	1	0	0.1	III Q 2024	III Q 2026
Jurmalas Gatve 74, Riga	Annenhof Mājas	Hepsor JG SIA	100%	Under construction and/or available for sale	2	0	0.3	I Q 2025	III Q 2026
Braila iela 23, Riga	Zaļā Jugla	Hepsor Jugla SIA	100%	Under construction and/or available for sale	105	0	16.8	III Q 2025	III Q 2028
Eizenija 18, Riga	Kirsu Kalna Majas	Hepsor E18 SIA	100%	Building permit proceedings	51	0	7.7	IV Q 2025	II Q 2027
Dzelzavas iela 74C, Riga	360° Dzelzavas Residences	Hepsor Dz74c SIA	50%	Under construction and/or available for sale	103	0	14.4	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
Starta 17, Riga	Starta 17	Hepsor S17 SIA	100%	Building permit proceedings	252	0	44.4	III Q 2026	IV Q 2029
Ulbrokas 34, Riga	StockOffice U34	Hepsor U34 SIA	59,30%	Completed earning cashflow	0	8,813	N/A	II Q 2024	N/A
Ganibu Dambis 17, Riga	Veidama quarter I stage	Hepsor Ganibu Dambis SIA	100%	Building permit proceedings	420	0	60.7	II Q 2027	I Q 2033
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	2,141	106 649	462**		

Associates and joint ventures

*** As at 30 June, total sales potential is 542 million euros, 462 million euros (85%) of the sales potential is residential and 79 million euros (15%) 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 30 June 2026)

Planning proceedings

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

Building permit proceedings

6. Vana-T[illegible]u mnt 49
7. Võistluse 7
8. Manufaktuuri 5 II-IV etapp

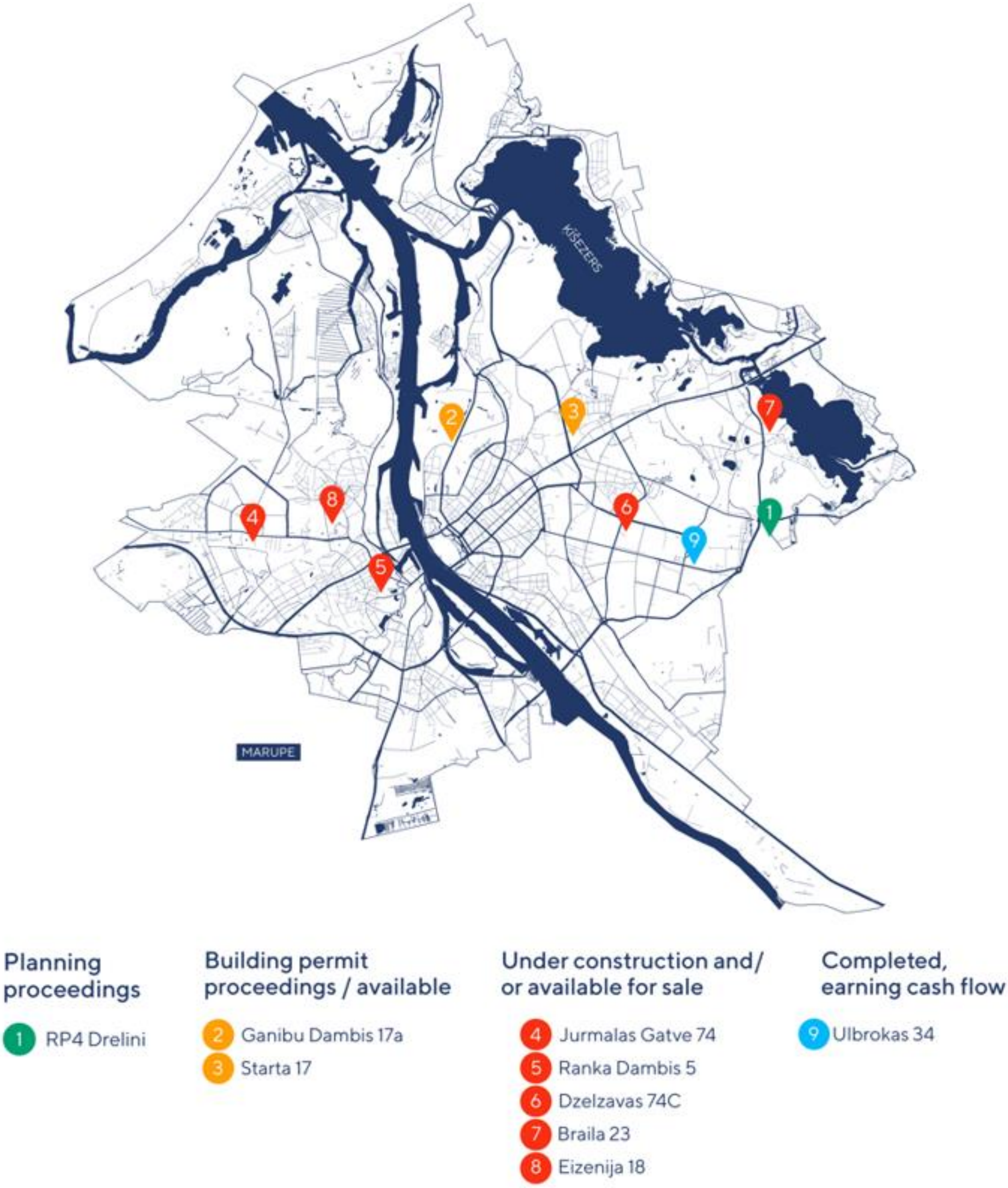
Under construction and/or available for sale

9. Paevälja 7, 9
10. Manufaktuuri 5 I etapp
11. Manufaktuuri 12
12. Paldiski mnt 227c

Completed, earning cash flow

13. Manufaktuuri 7
14. Meistri 14
15. Pärnu mnt 113

Development projects in Riga (as at 30 June 2026)



Projects in Toronto (as at 30 June 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	6 months 2026	6 months 2025	6 months 2024	Q2 2026	Q2 2025	Q2 2024
Revenue	6,224	22,063	7,422	2,380	13,857	4,814
Gross profit/-loss	416	2,860	377	80	1,843	340
EBITDA	-919	1,462	-751	-606	1,104	-239
Operating profit/-loss	-959	1,410	-856	-626	1,078	-292
Net profit/-loss	-2,210	282	-1,526	-1,436	379	-561
Incl net profit/-loss attributable to the	-1,916	-196	-1,526	-1,081	24	-647
Comprehensive income/-loss	-2,074	-438	-1,450	-1,309	-30	-485
Incl comprehensive profit/-loss attributable to the owners of parent	-1,906	-537	-1,570	-1,080	-156	-691
Earnings per share	-0.49	-0.05	-0.40	-0.28	0.01	-0.17

in thousands of euros	30 June 2026	31 December 2025	30 June 2025
Total assets	103,732	91,835	76,724
Incl inventories	70,868	58,938	52,318
Total liabilities	79,784	64,757	56,154
Incl subordinated loans from subsidiary owners and other equity-like instruments classified as liabilities	15,371	16,070	14,267
Total interest-bearing loan liabilities	58,699	47,747	43,582
Incl subordinated loans from subsidiary owners	13,071	13,770	12,567
Total equity	23,948	27,078	20,570
Incl equity attributable to the owners of parent	17,896	20,858	19,373

Key Ratios

	6 months 2026	6 months 2025	6 months 2024	Q2 2026	Q2 2025	Q2 2024
Gross profit margin	6.7%	13.0%	5.1%	3.4%	13.3%	6.6%
Operating profit margin	-15.4%	6.4%	-11.5%	-26.3%	7.8%	-5.7%
EBITDA margin	-14.8%	6.6%	-10.1%	-25.5%	8.0%	-4.6%
Net profit margin	-35.5%	1.3%	-20.6%	-60.3%	2.7%	-10.9%
Net profit margin attributable to owners	-30.8%	-0.9%	-20.6%	-45.4%	0.2%	-12.6%
General expense ratio	21.8%	6.2%	17.2%	28.8%	4.9%	12.6%

	30 June 2026	31 December 2025	30 June 2025
Equity ratio	23.1%	29.5%	26.8%
Adjusted equity ratio	37.9%	47.0%	45.4%
Debt ratio	56.6%	52.0%	56.8%
Adjusted debt ratio	44.0%	37.0%	40.4%
Current ratio	4.9	4.6	3.7
Return of equity	-6.5%	4.2%	4.3%
Return on equity attributable to the owners of the parent	-7.1%	1.9%	-6.7%
Return on assets	-1.6%	1.2%	1.0%

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 The Group's sales revenue for the first half of 2026 was 6.2 million euros (H1 2025: 22.1 million euros), of which sales revenue in Estonia amounted to 3.6 million euros (H1 2025: 15.9 million euros), representing 57.6% (H1 2025: 72.2%) of total sales revenue, while in Latvia the Group generated sales revenue of 2.6 million euros in the first six months of the reporting year (6 months 2025: 6.1 million euros), accounting for 42.4% (6 months 2025: 27.8%) of total sales revenue. Sales revenue for the second quarter of the reporting year was 2.4 million euros (Q2 2025: 13.9 million euros), of which sales revenue in Estonia was 0.9 million euros (Q2 2025: 10.6 million euros) and in Latvia 1.4 million euros (Q2 2025: 3.3 million euros).

In the first six months of 2026, the Group sold a total of 23 apartments under real right agreements (6 months 2025: 102 apartments). As at 30 June 2026, the Group's inventory of completed apartments amounted to 5 units. In addition, the Group sold a property located at Saules aleja 2a in Riga.

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 1.2 million euros (H1 2025: 0.8 million euros), which accounted for 19.2% (H1 2025: 10.8%) of the Group's total sales revenue.

Profitability

The Group's profitability in 2026 has been negatively affected by the low number of apartments sold under real right agreements. The Group's gross profit for the second quarter was 0.1 million euros, with a gross profit margin of 3.4% (Q2 2025: 1.8 million euros and 13.3%), and gross profit for the first six months amounted to 0.4 million euros, with a gross profit margin of 6.7% (6 months 2025: 2.9 million euros and 13.0%).

The Group's operating loss for the second quarter of 2026 was 0.6 million euros, and the operating loss for the first six months amounted to 1.0 million euros (Q2 2025: operating profit of 1.1 million euros and 6 months 2025: operating profit of 1.4 million euros). The operating profit margin for the second quarter of the reporting year was -26.3% (Q2 2025: 7.8%), and the operating profit margin for the first six months was -15.4% (6 months 2025: 6.4%).

The Group's net loss for the second quarter was 1.4 million euros (Q2 2025: net profit of 0.4 million euros), of which a loss of 1.1 million euros was attributable to the owners of the parent company (Q2 2025: net profit of 0.02 million euros) and net loss attributable to non-controlling interests was 0.4 million euros (Q2 2025: net profit of 0.4 million euros).

The Group's net loss for the first six months of the reporting year was 2.2 million euros (6 months 2025: net profit of 0.3 million euros), of which the net loss attributable to the owners of the parent company was 1.9 million euros (6 months 2025: 0.2 million euros).

The net profit margin was -60.3% for the second quarter and -35.5% for the first six months of the reporting year (Q2 2025: 2.7% and 6 months 2025: 1.3%). The net profit margin attributable to the owners of the parent company was -45.4% for the second quarter (Q2 2025: 0.2%) and -30.8% for the first six months (6 months 2025: -0.9%).

Balance Sheet

The Group's balance sheet total grew by 35.2% year-on-year, amounting to 103.7 million euros as at 30.06.2026 (30.06.2025: 76.7 million euros). Inventories accounted for 68.3% of the balance sheet total, or 70.9 million euros (30.06.2025: 68.2%, or 52.3 million euros).

In addition to investments in the existing development portfolio, the growth in inventories over the year was also driven by three new residential development projects added 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 were reduced over the same period by the sale of the properties at Narva mnt 150 in Tallinn and Saules aleja 2a in Riga, as well as by the reclassification of the properties at Narva mnt 150b and Alvari tänav 1, 1a and 5 as investment properties.

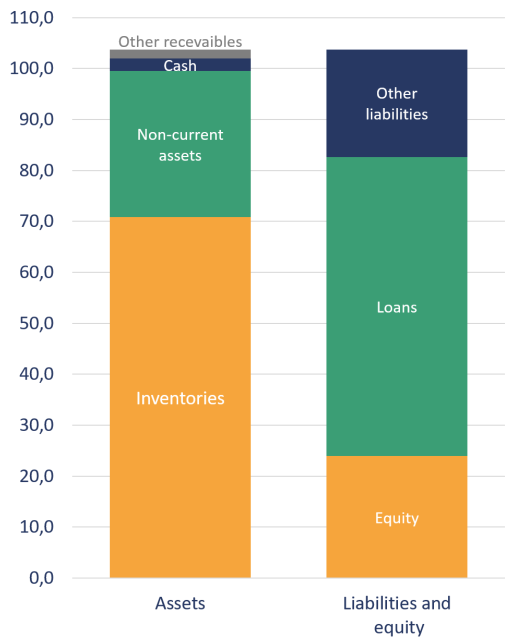
In the period from 1 July 2025 to 30 June 2026, a total of 62 apartments were sold under real right agreements.

As at 30.06.2026, cash and cash equivalents accounted for 2.4% of the balance sheet total, or 2.5 million euros (30.06.2025: 3.9%, or 3.0 million euros).

The Group's loan liabilities totalled 58.7 million euros as at 30.06.2026, compared to 43.6 million euros in the same period of the previous year, and the debt ratio was 56.6% (30.06.2025: 56.8%). Loans provided by subsidiaries' shareholders that are tied to the development project risk of the relevant subsidiary amounted to 13.1 million euros as at 30.06.2026 (30.06.2025: 12.6 million euros). The adjusted debt ratio was 44.0% (30.06.2025: 40.4%).

The Group's equity grew by 16.4% over the year, reaching 23.9 million euros. The largest contributor to this growth in the Group's equity was a non-cash contribution made by the non-controlling interest to the voluntary reserve of subsidiary Hepsor PHX5 OÜ at the end of 2025. Non-controlling interest equity in Hepsor's consolidated report reached 6.1 million euros by the end of the reporting period (30.06.2025: 1.2 million euros). The equity ratio as at 30.06.2026 was 23.1% (30.06.2025: 26.8%). The adjusted equity ratio, in which loans provided by subsidiaries' non-controlling interests against development project risk and other equity-like instruments are added to equity, was 37.9% as at 30.06.2026 (30.06.2025: 45.4%).

Balance sheet structure 30.06.2026
(m€)



Equity attributable to the owners of the parent company decreased by 7.6% over the year, to 17.9 million euros (30.06.2025: 19.4 million euros). The decrease in equity for the reporting year resulted, in addition to the net loss for the reporting period, from dividends paid to shareholders in the amount of 1.056 million euros.

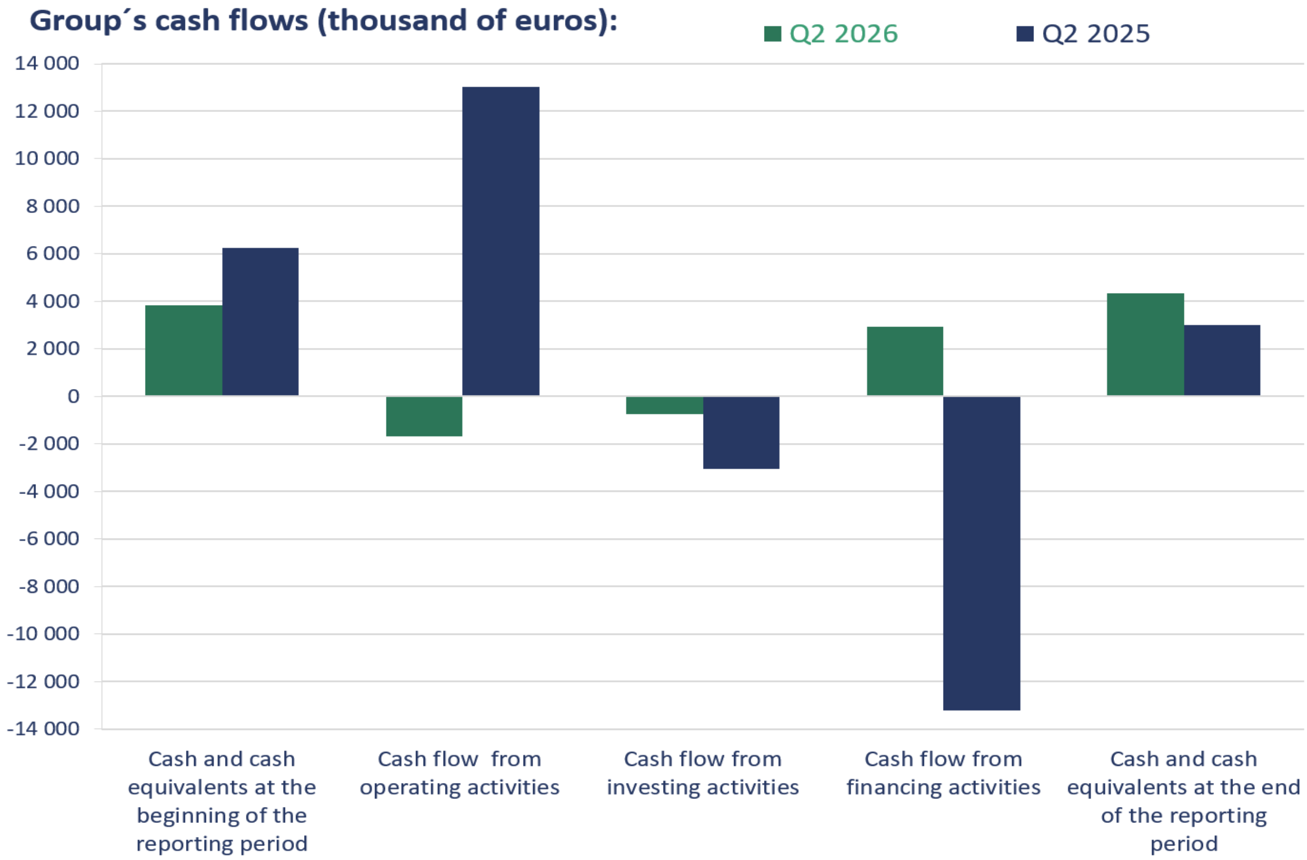
Cash Flows

The Group's cash and cash equivalents amounted to 3.8 million euros at the beginning of 2026 and to 2.5 million euros at the end of the reporting period. The negative cash flow for the period was 1.3 million euros (6 months 2025: negative 3.2 million euros).

Cash flow from operating activities was negative at 8.2 million euros in the first six months of 2026 (6 months 2025: positive 13.0 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 10.6 million euros in the first six months of 2026 (6 months 2025: positive 12.7 million euros).

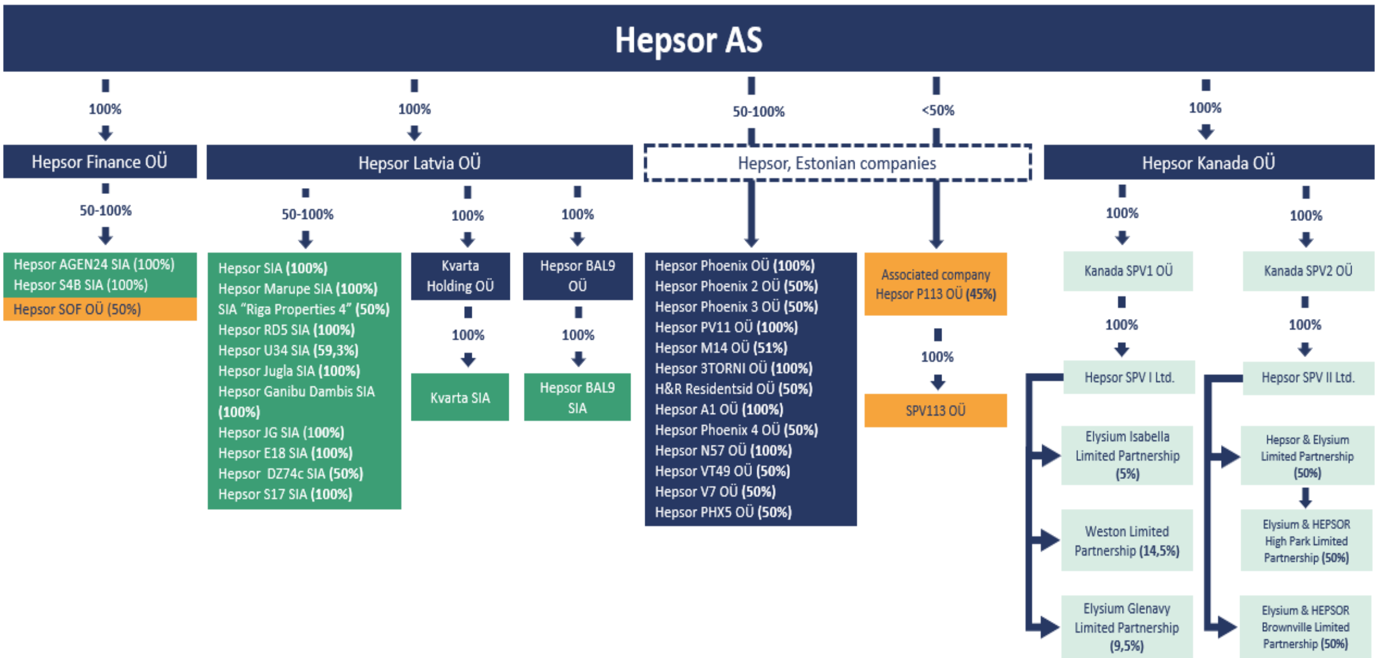
Cash flow from investing activities was negative at 0.9 million euros (6 months 2025: negative 3.0 million euros). During the first half of 2026, the Group invested 1.0 million euros in Canadian projects (H1 2025: 1.6 million euros).

Cash flows from financing activities were positive at 7.8 million euros (6 months 2025: negative 13.2 million euros). The net amount of loans received during the reporting period was 10.9 million euros (6 months 2025: negative 11.1 million euros). In the first half of the year, the Group paid interest of 2.0 million euros (H1 2025: 2.1 million euros). On 19 June 2026, Hepsor AS paid a dividend to shareholders of 0.27 euros per share. The total amount of dividends paid was 1.056 million euros.



Group Structure

As at June 30, 2026, the Group comprised the parent company, 35 subsidiaries, one associates, one joint venture, and one subsidiary of an associate (as at June 30, 2025, the Group comprised the parent company, 45 subsidiaries, and one associate along with its subsidiary). 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 recognized as financial investments.



Changes in structure

- ✓ In the second quarter of 2026, nine 100%-owned subsidiaries of Hepsor AS — Hepsor M7 OÜ, Hepsor V10 OÜ, Hepsor Kadaka OÜ, Hepsor Peetri OÜ, Hepsor P26b OÜ, Hepsor Tooma OÜ, Hepsor N170 OÜ, Hepsor Fortuuna OÜ, and Hepsor N450 OÜ — whose development activities had ended, were merged into Hepsor Finance OÜ. The purpose of the merger was to simplify the Group's structure. The merger had no impact on the Group's consolidated financial statements. The merger was entered into the Commercial Register on June 12, 2026.

- ✓ Hepsor Finance OÜ's subsidiary Hepsor BAL7 SIA, whose business activities had ended, was liquidated. The liquidation was entered into the Commercial Register on 01.06.2026.

- ✓ In April 2026, Hepsor SA2 SIA sold the property it owned, which brought an end to the company's development activities. As at 18.06.2026 the company is no longer consolidated in the Group's consolidated financial statements and Hepsor SA2 SIA is planned to be liquidated in 2026.

Main events

- ✓ On February 11, 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 installation of infrastructure at Eiženijas iela 18, Dzirciems, Riga.

- ✓ On May 20, 2026, Hepsor AS held its annual general meeting of shareholders. The meeting approved the 2025 annual report and decided on profit distribution as follows: to pay a dividend of EUR 0.27 per share, totaling EUR 1,056 thousand, and to leave the remaining undistributed profit of EUR 6,600 thousand undistributed. The meeting also approved the transactions arising from the HEPSOR PHX5 OÜ shareholders' agreement concluded between HEPSOR PHX5 OÜ, Hepsor AS, and AS Phoenix Land, and elected Grant Thornton Baltic OÜ as the auditor of Hepsor AS's 2026 and 2027 annual reports.

- ✓ In June 2026, Hepsor SOF OÜ — a joint venture between Hepsor AS and the EfTEN Special Opportunities Fund — and construction company Mitt & Perlebach OÜ signed a construction contract for the construction of apartment buildings at Paevälja 7 and Paevälja 9 in the Paevälja quarter in Tallinn.

- ✓ On July 1, 2026, Hepsor SOF OÜ and Coop Pank AS signed a loan agreement in the amount of EUR 12.7 million to finance the construction of three new residential buildings in the Paevälja quarter in Lasnamäe.

- ✓ On July 20, 2026, Hepsor SIA and SIA "AF 2" (registration code 40203600778) signed a preliminary purchase-sale agreement for the properties located at Meža iela 6-1, Meža iela 6-2, Meža iela 6-3, and Meža iela 6-4. The Group's aim is to build a 48-apartment residential building on the properties. Construction of the development project is planned to begin in the second half of 2027.

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 30 June 2026, Hepsor AS had 8,215 shareholders (30 June 2025: 9,004 shareholders).

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

Shareholder	Position	Number of shares	Shareholding %
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 30 June 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%	358,390	9.16%
1001-10 000	55	0.67%	151,034	3.86%
101-1000	717	8.73%	195,362	4,99%
1-100	7,427	90.41%	195,575	5,00%
Total	**8,215**	**100.00%**	**3,912,522**	**100.00%**

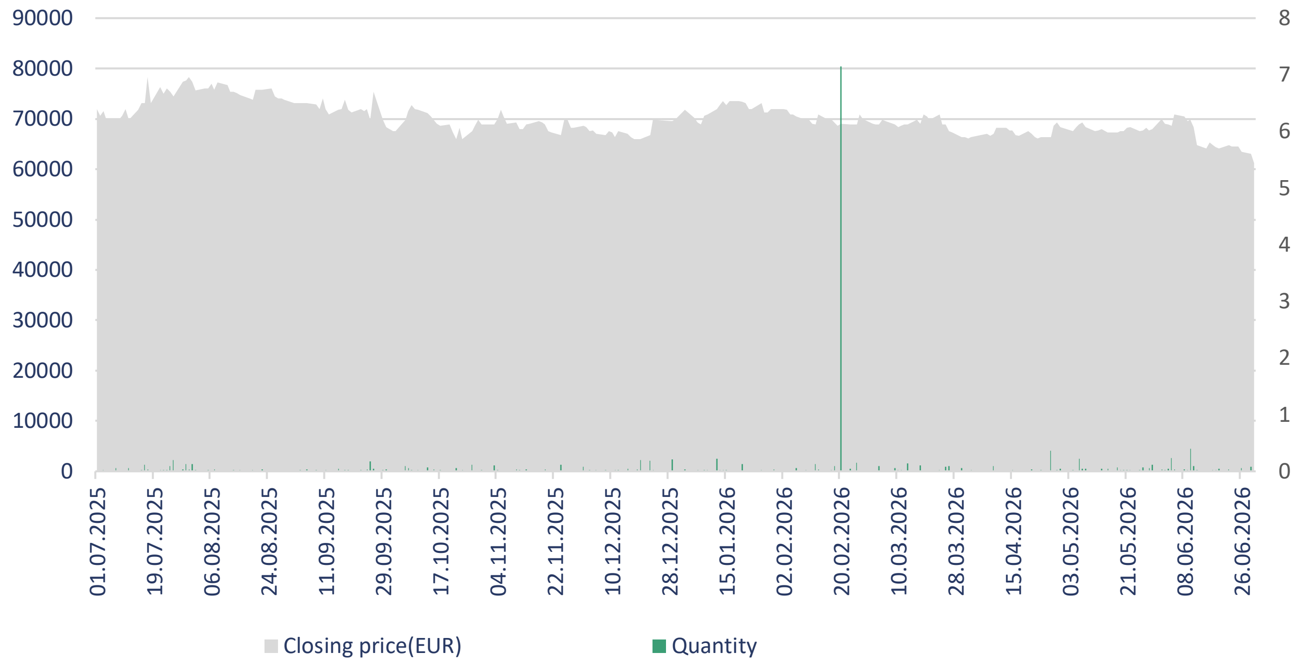
During the period from 1 July 2025 to 30 June 2026, a total of 5,477 transactions were carried out with Hepsor shares, during which 181,797 shares changed ownership for a total amount of 1,124,635 euros. The highest transaction price during the period was 6.96 euros, and the lowest was 5.44 euros. The market capitalisation of the shares as at 30 June 2026 was 21 million euros (30 June 2025: 24.4 million euros), and equity attributable to the owners of the parent company was 17.9 million euros (30 June 2025: 19.4 million euros).

Market cap at 30 June 2026

21

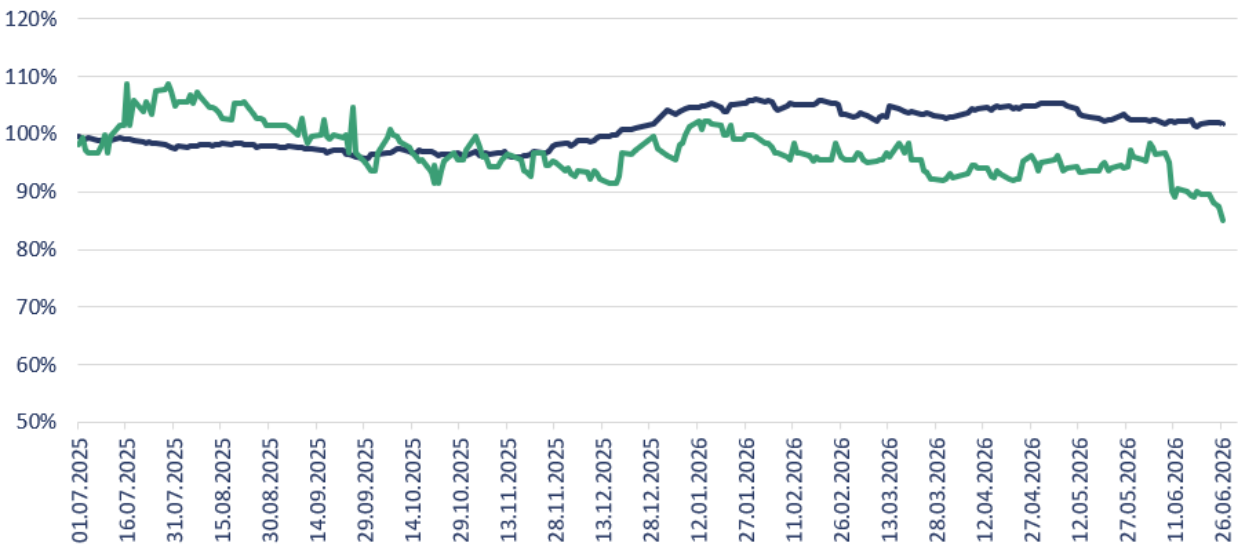
million euros

Trading volume and price range of Hepsor AS shares, 12 months (1 July 2025 – 30 June 2026):



Source: Nasdaq Baltic

Change in Hepsor share price in comparison with the benchmark OMX Tallinn index, 12 months (1 July 2025 – 30 June 2026):



INDEX/EQUITY	OPENING VALUE	CLOSING VALUE	CHANGE
OMX Baltic_10	302.27	308.26	1.98%
HPR1T - Hepsor	6.4	5.44	-15.00%

Source: Nasdaq Baltic

Consolidated Financial Statements

Consolidated statement of financial position

in thousands of euros	Note	30 June 2026	31 December 2025	30 June 2025
Assets				
Current assets				
Cash and cash equivalents		2,519	3,821	3,005
Trade and other receivables	3	1,727	1,807	1,028
Current loan receivables	4	0	0	200
Inventories	2	70,868	58,938	52,318
Total current assets		**75,114**	**64,566**	**56,551**
Non-current assets				
Property, plant and equipment		224	260	299
Intangible assets		0	0	1
Investment properties	5	11,820	11,820	7,980
Financial investments	6	8,858	7,837	7,821
Investments in joint ventures		26	26	1
Non-current loan receivables	4	6,521	6,521	3,604
Other non-current receivables		1,169	805	467
Total non-current assets		**28,618**	**27,269**	**20,173**
Total assets	21	**103,732**	**91,835**	**76,724**
Liabilities and equity				
Current liabilities				
Loans and borrowings	7	3,319	5,687	8,551
Current lease liabilities		25	50	26
Prepayments from customers		3,516	1,544	390
Trade and other payables	8	8,548	6,832	6,122
Total current liabilities		**15,408**	**14,113**	**15,089**
Non-current liabilities				
Loans and borrowings	7	55,380	42,060	35,031
Non-current lease liabilities		112	112	162
Other non-current liabilities	9	8,884	8,472	5,872
Total non-current liabilities		**64,376**	**50,644**	**41,065**
Total liabilities	21	**79,784**	**64,757**	**56,154**
Equity				
Share capital	11	3,913	3,913	3,855
Share premium		8,917	8,917	8,917
Reserves		385	385	385
Retained earnings		10,733	13,863	7,413
Total equity		**23,948**	**27,078**	**20,570**
incl. total equity attributable to owners of the parent		17,896	20,858	19,373
incl. non-controlling interest		6,052	6,220	1,197
Total liabilities and equity		**103,732**	**91,835**	**76,724**

Consolidated statement of profit and loss and other comprehensive income

in thousands of euros	Note	6 months 2026	6 months 2025	Q2 2026	Q2 2025
Revenue	13, 21	6,224	22,063	2,380	13,857
Cost of sales (-)	14	-5,808	-19,203	-2,300	-12,014
Gross profit		**416**	**2,860**	**80**	**1,843**
Marketing expenses (-)	15	-496	-448	-219	-169
Administrative expenses (-)	16	-861	-918	-466	-506
Other operating income		17	82	0	59
Other operating expenses (-)		-35	-166	-21	-149
Operating profit (-loss) of the year	21	**-959**	**1,410**	**-626**	**1,078**
Financial income	18.1	368	157	182	108
Financial expenses (-)	18.2	-1,297	-1,002	-670	-524
Profit before tax		**-1,888**	**565**	**-1,114**	**662**
Corporate income tax		**-322**	**-283**	-322	-283
Net profit (-loss) for the year		**-2,210**	**282**	**-1,436**	**379**
Attributable to owners of the parent		-1,916	-196	-1,081	24
Non-controlling interest		-294	478	-355	355
Other comprehensive income (-loss)					
Changes related to change of ownership		216	0	216	0
Change in value of embedded derivatives with minority shareholders		-39	-428	-39	-278
The effects of changes in foreign exchange rates		-41	-292	-50	-131
Other comprehensive income (-loss) for the period		**136**	**-720**	**127**	**-409**
Attributable to owners of the parent		10	-341	1	-180
Non-controlling interest		126	-379	126	-229
Comprehensive income (-loss) for the period		**-2,074**	**-438**	**-1,309**	**-30**
Attributable to owners of the parent		-1,906	-537	-1,080	-156
Non-controlling interest		-168	99	-229	126
Earnings per share					
Basic (euros per share)		-0.49	-0.05	-0.28	0.01
Diluted (euros per share)		-0.49	-0.05	-0.28	0.01

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 2024	**3,855**	**8,917**	**385**	**7,755**	**1,098**	**22,010**
2025						
Net profit/-loss for the period	0	0	0	-196	478	282
Other comprehensive income/ -loss for the period	**0**	**0**	**0**	-341	-379	-720
Balance of 30 June 2025	**3,855**	**8,917**	**385**	**6,216**	**1,197**	**20,570**
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	-1,916	-294	**-2,210**
Other comprehensive income/ -loss for the period	0	0	0	10	126	136
Dividends paid	0	0	0	-1,056	0	-1,056
Balance of 30 June 2026	**3,913**	**8,917**	**385**	**4,681**	**6,052**	**23,948**

Consolidated statement of cash flows

in thousands of euros	Note	6 months 2026	6 months 2025
Net cash flows from (to) operating activities			
Operating profit/(-loss) of the year	21	**-959**	**1,410**
Adjustments for:			
Depreciation of property, plant and equipment		40	52
Loss on write-off of property, plant and equipment		1	0
Income tax paid		-158	-41
Changes in working capital:			
Change in trade receivables and prepayments		78	-265
Change in inventories	19	-10,592	12,658
Change in liabilities and prepayments		3,379	-877
Other changes		0	75
Cash flows from (to) operating activities		**-8,211**	**13,012**
Net cash flows from (to) investing activities			
Payments for property, plant and equipment		-6	-63
Proceeds from sale of property, plant and equipment		1	1
Payments for financial investments		-1,021	-1,805
Payments for acquisition of joint venture		0	-1
Payments for acquisition of subsidiary		0	-1
Proceeds from sale of subsidiaries		0	1
Repayment of loan from former subsidiary		138	0
Loans granted		0	-1,176
Interest received		4	4
Cash flows from (to) investing activities		**-884**	**-3,040**
Net cash flows from (to) financing activities			
Loans raised	7	14,363	7,025
Loan repayments	7	-3,440	-18,131
Interest paid	19	-2,045	-2,096
Payments of finance lease principal		-5	-5
Payments of right to use lease liabilities		-20	-21
Dividends paid		-1,056	0
Other receipts from financing activities		0	26
Other payments from financing activities		-4	-14
Cash flows from (to) financing activities		**7,793**	**-13,216**
Net cash flow		**-1,302**	**-3,244**
Cash and cash equivalents at beginning of year		**3,821**	**6,249**
Increase/decrease in cash and cash equivalents		-1,302	-3,244
Cash and cash equivalents at end of year		**2,519**	**3,005**

Notes to the consolidated interim financial statements

Note 1. General information

Hepsor AS (hereinafter "the Group") consolidated unaudited interim report for the second quarter and 6 months of 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 the second quarter of 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 the second quarter of 2025.

The Group has not made any changes to its critical accounting estimates which may affect the consolidated unaudited interim financial statements for the second quarter of 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 30 June 2026, usage permits had been issued for residential development projects located at Manufaktuuri 7 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 30 June 2026, the Group had 5 unsold apartments and 8 commercial spaces in development projects classified as ready for sale (31 December 2025: 36, 30 June 2025: 89), of which 3 apartments were located in Riga and 2 apartments and all 8 commercial spaces were located in Tallinn.

As at 30 June 2026, the changes in inventories as stated in cash flow statements have been adjusted by loan interest expense. The capitalised loan interest amounted to 1,338 thousand euros (31 December 2025: 1,859 thousand euros, 30 June 2025: 835 thousand euros). Further information is provided in Note 19.

Project statuses are classified as following:

in thousands of euros	30 June 2026	31 December 2025	30 June 2025
A – planning proceedings	11,884	11,705	12,544
B – building permit proceedings	3,084	4,155	3,846
C – building permit available /construction not yet started	5,010	4,928	5,920
D – construction started / sale started	35,853	19,906	18,532
E – construction ready for sale	15,037	18,244	11,476
Total inventories	**70,868**	**58,938**	**52,318**

The following development projects are stated as inventories:

in thousands of euros				30 June 2026		31 December 2025		30 June 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	-	4,654	A
Manufaktuuri 5, Tallinn	Hepsor Phoenix 3 OÜ	Estonia	Residential/ Commercial	16,357	D	10,776	D	8,194	D
Alvari 1, 1a, 5, Tallinn	Hepsor A1 OÜ	Estonia	Residential	0	-	0	-	2,202	A
Kadaka tee 197, Tallinn	H&R Residentsid OÜ	Estonia	Residential	1,423	A	1,387	A	1,356	A
Manufaktuuri 12, Tallinn	Hepsor Phoenix 4 OÜ	Estonia	Residential	5,762	D	2,867	D	1,295	C
Vana-Tartu mnt 49, Tallinn	Hepsor VT49 OÜ	Estonia	Commercial	1,162	B	1,295	B	1,247	B
Võistluse 7, Tallinn	Hepsor V7 OÜ	Estonia	Residential	519	B	490	B	460	B
Manufaktuuri 3, Tallinn	Hepsor PHX5 OÜ	Estonia	Residential	5,852	A	5,834	A	0	-
Saules alley 2, Riga	Hepsor SA2 SIA	Latvia	Residential	0	-	1,082	B	1,080	B
Ulbrokas 34, Riga	Hepsor U34 SIA	Latvia	Commercial	0	-	0	-	10,338	D
Braila 23, Riga	Hepsor Jugla SIA	Latvia	Residential	3,693	D	1,681	D	677	B
Ganibu dambis 17a, Riga	Hepsor Ganibu Dambis SIA	Latvia	Commercial	5,010	C	4,928	C	4,625	C
Smaidu, Dreilini	Riga Properties 4 SIA	Latvia	Commercial	4,609	A	4,484	A	4,332	A
Eiženijas 18, Riga	Hepsor E18 SIA	Latvia	Residential	2,039	D	546	D	382	B
Dzelzavas 74c, Riga	Hepsor Dz74c SIA	Latvia	Residential	8,002	D	4,036	D	0	-
Starta 17, Riga	Hepsor S17 SIA	Latvia	Residential	1,403	B	1,288	B	0	-
Total work in progress				**55,831**		**40,694**		**40,842**	
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	9	E	122	E	725	E
Paldiski mnt 227c, Tallinn	Hepsor 3Torni OÜ	Estonia	Residential	388	E	1,884	E	3,440	E
Manufaktuuri 7, Tallinn	Hepsor Phoenix 2 OÜ	Estonia	Residential/ Commercial	1,327	E	2,380	E	4,098	E
Ranka dambis 5, Riga	Hepsor RD5 SIA	Latvia	Residential	64	E	671	E	1,162	E
Jūrmalas gatve 74, Riga	Hepsor JG SIA	Latvia	Residential	287	E	578	E	2,035	E
Ulbrokas 34, Riga	Hepsor U34 SIA	Latvia	Commercial	12,946	E	12,593	E	0	-
Total ready for sale real estate development				**15,037**		**18,244**		**11,476**	
Total inventories				**70,868**		**58,938**		**52,318**	

Note 3. Trade and other receivables

in thousands of euros	30 June 2026	31 December 2025	30 June 2025
Trade receivables	493	1,001	684
Allowance for doubtful receivables	-16	-13	-13
Net trade receivables	**477**	**988**	**671**
Prepayments			
Tax prepayment			
Value added tax	422	320	106
Other prepayments for goods and services	345	59	106
Total prepayments	**767**	**379**	**212**
Other current receivables			
Interest receivables	0	2	3
Other current receivables	483	438	142
Other current receivables	**483**	**440**	**145**
Total trade receivables	**1,727**	**1,807**	**1,028**

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 30 June 2026			
- 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	296	880	1,176
Loan balance as at 30 June 2025	**496**	**3,308**	**3,804**
- current portion	*200*	*0*	***200***
- non-current portion	*296*	*3,308*	***3,604***
Contractual interest rate per annum	*0%*	*7-12%*	

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 30 June 2026, the fair value of the asset is 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 30 June 2026, the fair value of these properties is 3.8 million euros.

Note 6. Financial investments

On 26 June 2026, the Group exited the Tatari 6A development project. The Group held an 80% shareholding in Tatari 6A Arenduse OÜ to ensure the quality of the management process. The Group had no profit share in the project. The provision of management services ended upon the exit.

In April 2026, Hepsor SA2 SIA sold the property it owned, which brought an end to the company's development activities. As at 18 June 2026, Hepsor SA2 SIA is therefore recognised as a financial investment and, as at 30 June 2026 had a carrying value of 36 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 30 June 2026, the carrying amount of the financial investments is 8,822 thousand euros (31 December 2025: 7,835 thousand euros, 30 June 2025: 7,645 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 30 June 2026, 83% (31 December 2025: 79%, 30 June 2025: 86%) 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 30 June 2026					
Loans for development projects	32,939	0	15,785	133	**48,857**
Loans to headquarters to finance development projects	2,000	7,842	0	0	**9,842**
Total	**34,939**	**7,842**	**15,785**	**133**	**58,699**
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 30 June 2025					
Loans for development projects	19,863	0	16,635	1,084	**37,582**
Loans to headquarters to finance development projects	6,000	0	0	0	**6,000**
Total	**25,863**	**0**	**16,635**	**1,084**	**43,582**

As at 30 June 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	13,132	0	1,231	0	**14,363**
Repaid	-1,513	0	-1,927	0	**-3,440**
Effect of the effective interest rate	0	29	0	0	**29**
Loan balance as at 30 June 2026	**34,939**	**7,842**	**15,785**	**133**	**58,699**
- current loan payable	*75*	*0*	*3,244*	*0*	***3,319***
- non-current loan payable	*34,864*	*7,842*	*12,541*	*133*	***55,380***
Contractual interest rate per annum	*EU6+4.4-8%; 5.46%*	*9.5%*	*0-12%*	*0%*	
2025					
Loan balance as at 31 December 2024	**33,828**	**0**	**19,489**	**1,371**	**54,688**
Received	5,607	0	1,418	0	**7,025**
Repaid	-13,572	0	-4,272	-287	**-18,131**
Total loan balance as at 30 June 2025	**25,863**	**0**	**16,635**	**1,084**	**43,582**
- current loan payable	*6,137*	0	*1,463*	*951*	***8,551***
- non-current loan payable	*19,726*	0	*15,172*	*133*	***35,031***
Contractual interest rate per annum	EU6+4.4-6.5%; 5.46%		0-12%	0-12%	

As at 30 June 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	4,449	2027	4,900	5.46%	Mortgage - Meistri 14, Tallinn	7,980	-
LHV Pank AS	Estonia	4,801	2029	7,600	6M Euribor+8%	Mortgage - Manufaktuuri 3, 5 and 12, Tallinn	27,971	3,000
LHV Pank AS	Estonia	971	2029	25,650	6M Euribor+6.5%			
LHV Pank AS	Estonia	3,476	2029	7,000	6M Euribor+5.5%			
Bigbank AS	Latvia	1,820	2028	2,000	6M Euribor+4.5%	Mortgage - Ganību dambis 17A Riga; Commercial pledge	5,010	-
Bigbank AS	Latvia	9,000	2027	9,000	6M Euribor+4.4%	Mortgage - Ulbrokas 34, Riga; Commercial pledge	12,946	890
Bigbank AS	Latvia	5,504	2028	8,600	6M Euribor+4.4%	Mortgage - Dzelzavas 74c, Riga	8,002	430
BluOr Bank AS	Latvia	2,015	2030	11,990	6M Euribor+3.4%	Mortgage - Braila 23, Riga	3,693	-
BluOr Bank AS	Latvia	904	2031	5,250	6M Euribor+3.2%	Mortgage - Eiženijas iela 18, Riga; Commercial pledge	2,039	-

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	2,380	-
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%			
LHV 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 30 June 2025, the Group had the following bank loans under the following conditions:

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

Note 8. Trade and other payables

in thousands of euros	30 June 2026	31 December 2025	30 June 2025
Trade payables	**3,778**	**1,588**	**481**
Taxes payable			
Value added tax	42	274	481
Personal income tax	28	42	34
Social security tax	49	68	53
Corporate income tax	233	69	283
Other taxes	103	71	58
Total taxes payable	**455**	**524**	**909**
Accrued expenses			
Payables to employees	171	156	207
Interest payable (Note 19)	1,021	915	367
Other accrued expenses	55	628	54
Total accrued expenses	**1,247**	**1,699**	**628**
Other current payables			
Embedded derivatives (Note 10)	2,628	2,589	2,503
Other payables	440	432	1,601
Total other current payables	**3,068**	**3,021**	**4,104**
Total trade and other payables	**8,548**	**6,832**	**6,122**

As at 30 June 2026, other payables include 382 thousand euros (31 December 2025: 382 thousand euros, 30 June 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	30 June 2026	31 December 2025	30 June 2025
Non-current interest payables (Note 19)	3,880	3,468	2,869
Other non-current payables	3,162	3,162	2,597
Deferred income	1,842	1,842	406
Total other non-current liabilities	**8,884**	**8,472**	**5,872**

As at 30 June 2026, 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 Zaļā 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	30 June 2026	31 December 2025	30 June 2025
Residential development project in Gregora iela 2a, Riga	0	0	200
Residential development project in Manufaktuuri 7, Tallinn	2,628	2,589	2,303
Total change in liabilities arising from embedded derivatives	**2,628**	**2,589**	**2,503**

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 30 June 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 30 June 2026, a contingent liability to pay 14,661 thousand euros (31 December 2025: 13,977 thousand euros, 30 June 2025: 5,492 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 30 June 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, filed in November 2024, 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 30 June 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	6 months 2026	6 months 2025	Q2 2026	Q2 2025
Revenue from sale of real estate	5,025	21,216	1,783	13,445
Revenue from project management services	149	210	59	102
Revenue from rent	794	499	400	236
Revenue from other services	256	138	138	74
Total	**6,224**	**22,063**	**2,380**	**13,857**

Additional information on sales revenue is provided in Note 21.

Note 14. Cost of sales

in thousands of euros	6 months 2026	6 months 2025	Q2 2026	Q2 2025
Cost of real estate sold	-4,921	-18,228	-1,885	-11,556
Personnel expenses (Note 17)	-230	-383	-114	-172
Depreciation	-2	-2	-1	-1
Other costs	-655	-590	-300	-285
Total	**-5,808**	**-19,203**	**-2,300**	**-12,014**

Note 15. Marketing expenses

in thousands of euros	6 months 2026	6 months 2025	Q2 2026	Q2 2025
Personnel expenses (Note 17)	-238	-113	-126	-53
Depreciation	-4	-16	-2	-4
Other marketing expenses	-254	-319	-91	-112
Total	**-496**	**-448**	**-219**	**-169**

Note 16. Administrative expenses

in thousands of euros	6 months 2026	6 months 2025	Q2 2026	Q2 2025
Personnel expenses (Note 17)	-536	-581	-281	-312
Depreciation	-34	-34	-17	-18
Traveling and transport expenses	-26	-36	-15	-26
Purchased service expenses	-162	-162	-104	-91
Other administrative expenses	-103	-105	-49	-59
Total	**-861**	**-918**	**-466**	**-506**

Note 17. Personnel expenses

in thousands of euros	6 months 2026	6 months 2025	Q2 2026	Q2 2025
Salaries	-766	-826	-397	-410
Social security and other payroll taxes	-238	-251	-124	-127
Total (Notes 14, 15, 16)	**-1,004**	**-1,077**	**-521**	**-537**

As at 30 June 2026, the Group, together with the members of the Management Board and the Supervisory Board, had 29 (31 December 2025: 26) employees, of which 17 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 128 thousand euros (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	6 months 2026	6 months 2025	Q2 2026	Q2 2025
Interest income	364	131	181	86
Other finance income	4	26	1	22
Total	**368**	**157**	**182**	**108**

18.2 Finance expenses

in thousands of euros	6 months 2026	6 months 2025	Q2 2026	Q2 2025
Interest expenses (Note 19)	-1,225	-947	-627	-469
Other finance expenses	-72	-55	-43	-55
Total	**-1,297**	**-1,002**	**-670**	**-524**

In 2026, borrowing costs of EUR 1,338 thousand (Q2 2025: 835 thousand euros) were capitalised as the cost of inventories.

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

in thousands of euros	6 months 2026	6 months 2025
Inventories		
Reclassification of cash flows from operating activities to financing activities (Note 2)	1,338	835
Decrease (-)/ increase (+) of change inventories balances (Note 2)	-11,930	11,823
Change in inventories	**10,592**	**12,658**
Interest paid		
Interest expense in statement of profit or loss and other comprehensive income (Note 18)	-1,225	-947
Reclassification of cash flows from operating activities to financing activities (Note 2)	-1,338	-835
Decrease (-)/ increase (+) of interest payables (Notes 8, 9)	518	-314
Interest paid total	**-2,045**	**-868**

Note 20. Associates and joint ventures

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

	Ownership and voting rights %		
	30 June 2026	31 December 2025	30 June 2025
Hepsor P113 OÜ	45	45	45
Hepsor SOF OÜ	50	50	50

Financial information about associates and joint ventures:

in thousands of euros	30 June 2026	31 December 2025	30 June 2025	30 June 2026	31 December 2025	30 June 2025
	Hepsor P113 OÜ			Hepsor SOF OÜ		
Current assets						
Cash and cash equivalents	299	188	317	124	106	54
Trade and other receivables	61	54	117	64	18	13
Inventories	0	0	0	11,789	10,603	2,863
Total current assets	**360**	**242**	**434**	**11,977**	**10,727**	**2,930**
Non-current assets						
Investment property	11,270	11,270	10,610	0	0	0
Investments in subsidiaries	3	3	3	0	0	0
Non-current receivables and prepayments	46	46	53	0	0	0
Total non-current assets	**11,319**	**11,319**	**10,666**	**0**	**0**	**0**
Total assets	**11,679**	**11,561**	**11,100**	**11,977**	**10,727**	**2,930**
Current liabilities						
Loans and borrowings	7,905	6,997	73	0	0	0
Trade and other payables	43	59	115	793	461	2
Total current liabilities	**7,948**	**7,056**	**188**	**793**	**461**	**2**
Non-current liabilities						
Loans and borrowings	5,957	6,948	13,737	9,626	9,354	2,824
Other non-current liabilities	1,438	1,230	1,011	1,467	860	91
Total non-current liabilities	**7,395**	**8,178**	**14,748**	**11,093**	**10,214**	**2,915**
Total liabilities	**15,343**	**15,234**	**14,936**	**11,886**	**10,675**	**2,917**
Total equity	**-3,664**	**-3,673**	**-3,836**	**91**	**52**	**13**
Total liabilities and equity	**11,679**	**11,561**	**11,100**	**11,977**	**10,727**	**2,930**

As at 30 June 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 30 June 2026, 100% of P113 Tervisemaja owned by Hepsor P113 OÜ was covered by lease agreements. As at 30 June 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 30 June 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	6 months 2026	6 months 2025	Q2 2026	Q2 2025
Estonia	3,585	15,924	948	10,542
Latvia	2,639	6,139	1,432	3,315
Total	**6,224**	**22,063**	**2,380**	**13,857**

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
6 months 2026	**Estonia**	**Latvia**	**Canada**	**Estonia**	**Latvia**	**Estonia**	**Latvia**	
Revenue	3,018	2,065	0	371	550	196	24	**6,224**
incl. revenue from rent	57	116	0	304	317	0	0	**794**
Operating profit/-loss	25	-160	-2	296	282	-976	-424	**-959**
Assets	31,377	21,616	9,288	14,371	17,765	8,752	563	**103,732**
Liabilities	19,484	14,972	5,630	9,779	13,705	12,770	3,444	**79,784**

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

in thousands of euros	Residential development			Commercial development		Headquarters		Total
Q2 2026	**Estonia**	**Latvia**	**Canada**	**Estonia**	**Latvia**	**Estonia**	**Latvia**	
Revenue	663	1,148	0	179	272	106	12	**2,380**
incl. revenue from rent	27	116	0	152	105	0	0	**400**
Operating profit/-loss	25	-189	-7	151	121	-507	-220	**-626**
Assets	31,377	16,562	9,288	14,371	22,819	8,752	563	**103,732**
Liabilities	19,484	13,072	5,630	9,779	15,605	12,770	3,444	**79,784**

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

Note 22. Related parties

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

Balances and loan transactions with related parties:

in thousands of euros	30 June 2026	31 December	30 June 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	880
Effective interest rate impact	0	-51	0
Balance at the end of period	6,521	6,521	3,308
Trade and other receivables			
Management and all companies directly or indirectly owned by	87	14	21
Associated companies	13	3	0
Interest receivables			
Associated companies	1,151	787	435
Payables			
Prepayments from customers			
Management and all companies directly or indirectly owned by	89	3	3
Loans and borrowings (Note 7)			
Management and all companies directly or indirectly owned by			
Opening balance as at 1 January	133	1,371	1,371
Loans repaid	0	-1,238	-287
Balance at the end of period	133	133	1,084
Bonds			
Management and all companies directly or indirectly owned by	390	390	0
Trade payables			
Management and all companies directly or indirectly owned by	3,515	300	271
Interest payables			
Management and all companies directly or indirectly owned by	18	18	26

Purchases and sales of goods and services:

in thousands of euros	6 months 2026	6 months 2025	Q2 2026	Q2 2025
Sales of goods and services				
Associated companies	162	53	91	37
Management and all companies directly or indirectly owned by them	77	36	23	12
Total sales of goods and services	**239**	**89**	**114**	**49**
Purchases of goods and services				
Management and all companies directly or indirectly owned by them	14,897	4,149	8,953	2,027
incl. construction service	*14,788*	*3,972*	*8,906*	*1,992*
Interest income earned				
Associated companies	364	126	183	82
Interest expenses incurred				
Management and all companies directly or indirectly owned by them				
Accrued interest	19	73	10	36
Interest paid	19	74	10	37

Note 23. Events after the reporting period

An agreement was reached with the investors of Hepsor S17 SIA on the final financing and profit-distribution structure of the Starta 17 project located in Riga, and the earlier option agreement was terminated upon signing the investment agreement. The parties will finance the project in the amount of 4 million euros, and the project's financing and profit will be distributed between Hepsor and its partners in a ratio of 80/20.

Note 24. Risk management

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

Strategic risk

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

Market risk

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

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

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

Credit risk

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

In order to minimise credit risk, the Group is only dealing with creditworthy counterparties and deposits cash in 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 30 June 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 second quarter and six 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 July 2026