

hepsor



Paevälja quarter, Paevälja 7, 9, Tallinn

2025 Audited Consolidated Annual Report

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Reporting period:	1 January 2025 – 31 December 2025
Financial year:	1 January 2025 – 31 December 2025
Supervisory Board:	Henri Laks, Kristjan Mitt, Andres Pärloja
Management Board:	Martti Krass
Auditor:	Grant Thornton Baltic OÜ

Translation of the company's consolidated financial statements in PDF-format without the European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange and it is digitally signed. (Link: <https://nasdaqbaltic.com/statistics/en/instrument/EE3100082306/reports>)

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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 fourteen 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 28 real estate projects with a total area of approximately 196,650 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

AUDITED SALES REVENUE AND NET PROFIT FOR THE 2025 YEAR



AUDITED SALES REVENUE AND NET PROFIT FOR THE 2024 YEAR



FINANCIAL RATIOS AND INDICATORS

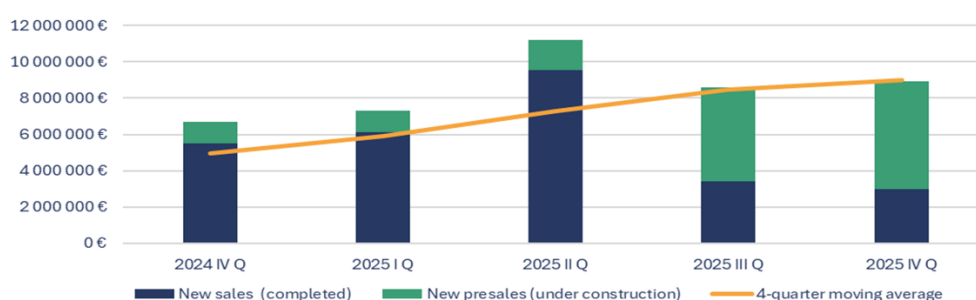
	2025	2024
Assets total	91,835	88,813
Loans total	50,644	66,803
Including subordinated loans from subsidiaries' owners, total	16,070	16,393
Total equity	27,078	22,010
Including equity attributable to owners of the parent company	20,858	20,912
Adjusted equity	43,148	38,403
Equity ratio (%)	29.5%	24.8%
Adjusted equity ratio (%)	47.0%	43.2%

OVERVIEW OF DEVELOPMENT PROJECTS

RESIDENTIAL	Staat	Developments	m ²	Apartments	Pre-agreements	Total potential sales revenue
	Completed	5 developments	1,545 m ²	27	0.2 M€	5.2 M€
	In construction	5 developments	26,453 m ²	362	12.4 M€	94 M€

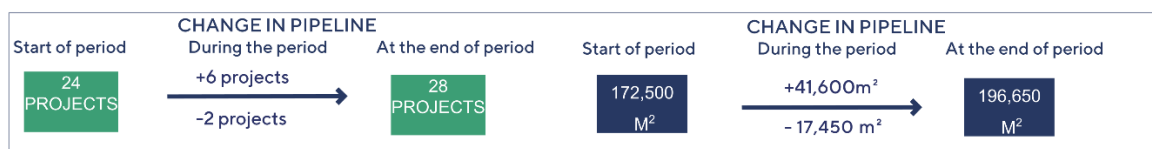
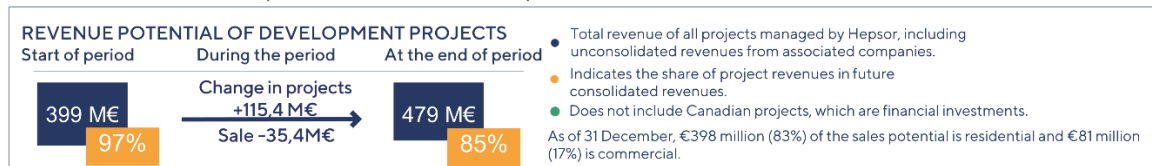
BUSINESS	Status	Developments	m ²	Vacancy as at 31.12.25	Total rental income for the 4 th quarter of 2025	2025 total rental income	12-month rental income forecast from signed lease agreements (01.01.2026-31.12.2026)
	Completed	4 developments	16,655 m ²	16%	0.4 M€	1.1 M€	2.4 M€

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 (01.01.2025 VS 31.12.2025)



Management Board's Statement

Dear shareholders, investors and readers



Martti Krass
Member of the
Management Board

2025 was, in many ways, a year of new beginnings for Hepsor. In addition to changes in the Group's management, we raised 8 million euros of capital from Baltic investors for the first time under a public bond programme and, as a public company, paid dividends for the first time in the amount of 0.26 euros per share. We commenced construction of a record 428 apartments, with a total construction cost exceeding 60 million euros, and added three new development projects to our development portfolio, under which approximately 700 apartments and 2,500 m² of commercial space will be developed.

Although 2025 was a dynamic year marked by several new beginnings, profit remained below our expectations – at the parent company level, it has amounted to 0.4 million euros over the past two years. The results were affected, among other factors, by the uncertain real estate market environment and the fact that no new residential or commercial development projects were completed in Estonia during the year. In Latvia, we completed the construction of the Annenhof

Maja residential development project with 40 apartments, and the stock-office type commercial building StockOfiss U34 with a leasable area of 8,747 m² was completed.

It is encouraging that during the past year we managed to sell nearly the entire inventory of completed apartments. The Group's revenue amounted to 35.4 million euros in 2025, including the sale of 141 apartments during the reporting year. In recent years, a total of 355 new homes and 453 m² of commercial space have been developed in completed residential development projects. As at the reporting date, 92% of these, or 327 apartments, have been sold under real right contracts. As at the end of the year, the Group's inventory of completed apartments amounted to 28 units. Our three completed commercial buildings were 84% leased as at the year-end.

2025 was also a milestone year for our investments in Canada, as our investment strategy was validated, under which we focus on accelerating the increase of building rights for the development of rental residential properties. The Toronto City Council approved the detailed plan for the Weston Road project, enabling the construction of two apartment buildings of 37 and 39 storeys, respectively, with a total gross area of 62,000 m².

In 2026, we plan to commence construction of new development projects, under which we will develop more than 200 apartments and 9,600 m² of commercial space. We will continue to make new investments, further expanding our development portfolio primarily in Latvia, but also in Estonia where suitable opportunities arise. If necessary, we will raise additional funds under the bond programme to finance these investments and continue paying annual dividends to shareholders.

Looking ahead, there is reason to be optimistic. While at the end of 2024 the four-quarter rolling average of our pre-sales amounted to 4.9 million euros, by the end of 2025 it had increased to 9.0 million euros, representing growth of 84%. The growth in pre-sales is driven by increased supply following the launch of new projects and is supported by growing demand for new apartments in our home markets.

The year 2026 has started rather turbulently, but this no longer comes as a surprise, considering the events of the past six years. The economic environment may remain volatile; however, a home is a place that provides a sense of security and long-term value – ensuring continued demand for high-quality real estate for us as a developer.

Over the past nearly 15 years, Hepsor has grown into a reliable and strong international real estate developer, capable of adapting quickly to changing market conditions and adjusting its focus when needed. My objective is to continue building on this strong foundation by adding new layers, guided by three core pillars: customer focus, quality and profitability.

I am proud of the Hepsor team and grateful to our partners and investors. The past year brought many new beginnings for us, and in 2026 we will continue forward with renewed momentum.



Paevälja quarter

Paevälja 7, 9, Tallinn

Operating Environment

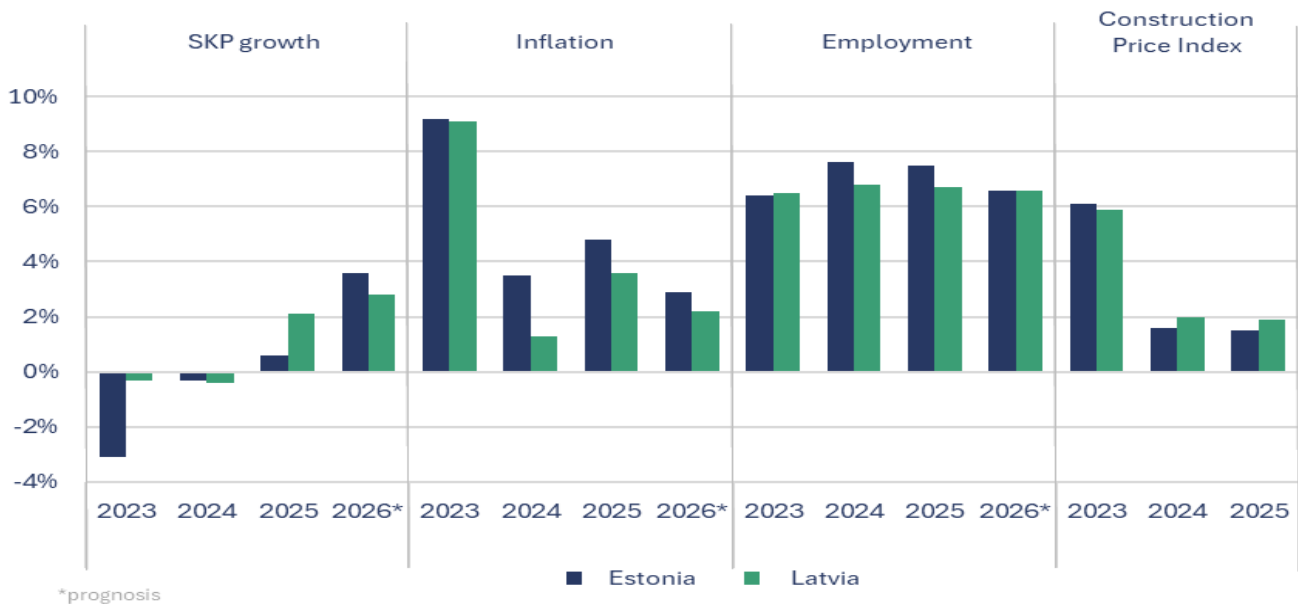
ESTONIA AND LATVIA

Economic environment

In 2025, the economies of both Estonia and Latvia returned to growth. This growth was primarily driven by manufacturing, the IT sector, and, in Latvia, the construction sector. Estonia's GDP grew by 0.6% (2024: declined by 0.3%) and Latvia's GDP grew by 2.1% (2024: declined by 0.4%). The Consumer Price Index (CPI) rose to 4.8% in Estonia (2024: 3.5%) and to 3.6% in Latvia (2024: 1.3%), while the Construction Price Index stood at 1.5% and 1.9%, respectively (2024: 1.6% and 2.0%), and the registered unemployment rate remained at the same level as the previous year in both countries, at 7.5% in Estonia (2024: 7.6%) and 6.7% in Latvia (2024: 6.8%).

In 2025, the average gross salary rose by 5.6% in Estonia (2024: 8.1%) and by 7.7% in Latvia (2024: 9.7%). During the reporting year, the average gross salary was 2,092 euros in Estonia (2024: 1,975 euros) and 1,815 euros in Latvia (2024: 1,685 euros). Average gross salaries in the capitals, Tallinn and Riga, averaged 2,451 euros (2024: 2,299 euros) and 1,990 euros (2024: 1,869 euros), respectively.

Key Economic Indicators, Estonia and Latvia 2023–2026:



Source: Bank of Estonia, Bank of Latvia, Statistics Estonia, Statistics Latvia

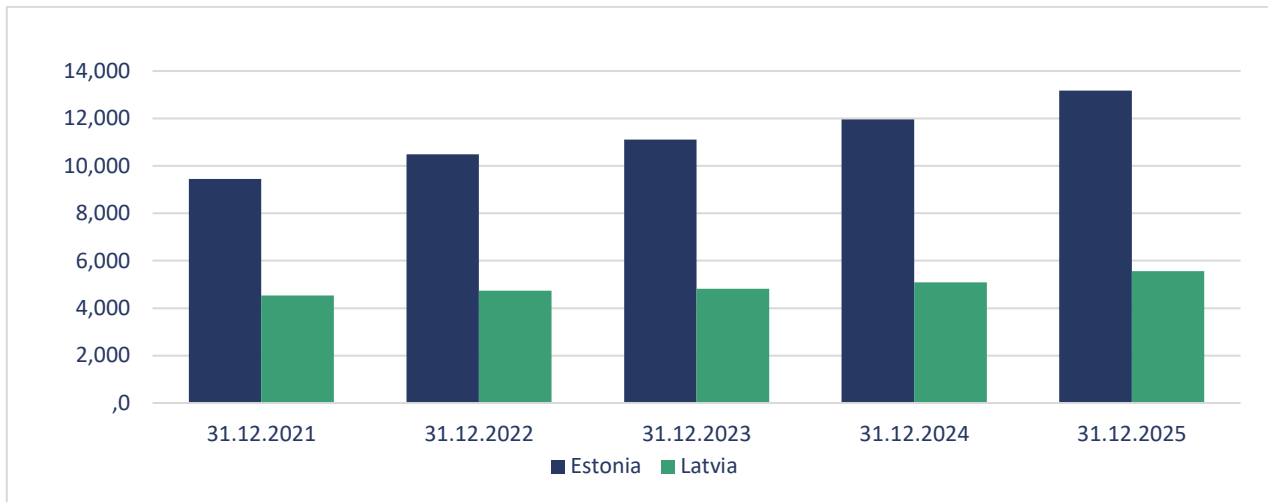
The downward trend in the Euribor that began in 2024 continued in 2025, with interest rates remaining at approximately 2.0–2.3% throughout the year, depending on the maturity. The 6-month Euribor decreased during the year from 2.63% to 2.14%, representing a drop of nearly 0.5 percentage points compared to the end of 2024. The downward trend of the six-month Euribor halted in the second half of 2025, and interest rates have reached a new, more stable level.

The decline in interest rates, continued wage growth, and lower inflation in the coming years could positively impact housing affordability, in turn supporting an increase in transaction activity in residential real estate.

Housing loans

In Estonia and Latvia, the volume of housing loans has grown annually, at a faster pace in Estonia than in Latvia. As of 31 December 2025, the volume of Estonian housing loans was 13.1 billion euros (2024: 12.0 billion euros) and 5.6 billion euros in Latvia (2024: 5.1 billion euros). In a year-on-year comparison, the volume of housing loans grew by 10.0% in Estonia (2024: 7.6%) and by 9.5% in Latvia (2024: 5.4%).

Housing loan volumes 2021–2025:



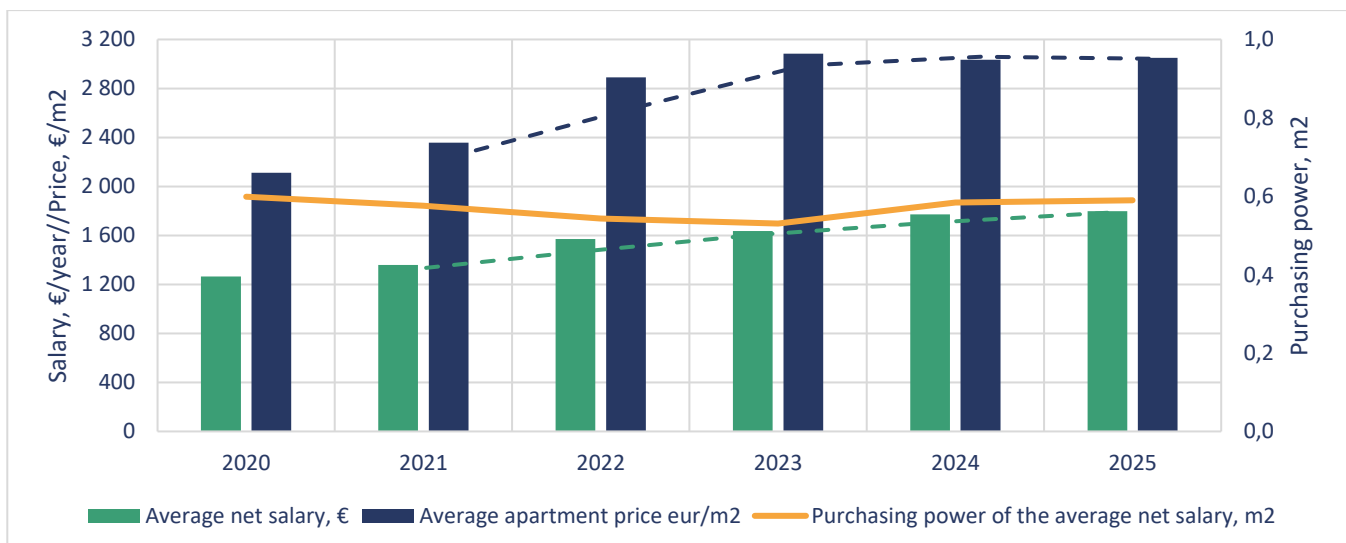
Source: Bank of Estonia, Bank of Latvia

RESIDENTIAL REAL ESTATE

Tallinn

In 2025, the real estate market in Tallinn was active, and supply increased, but high prices, especially in new developments, have kept apartments difficult to afford for buyers compared to average income levels.

Tallinn: Average net salary, average apartment transaction price, and housing affordability:



Source: Estonian Land and Spatial Development Board, Statistics Estonia

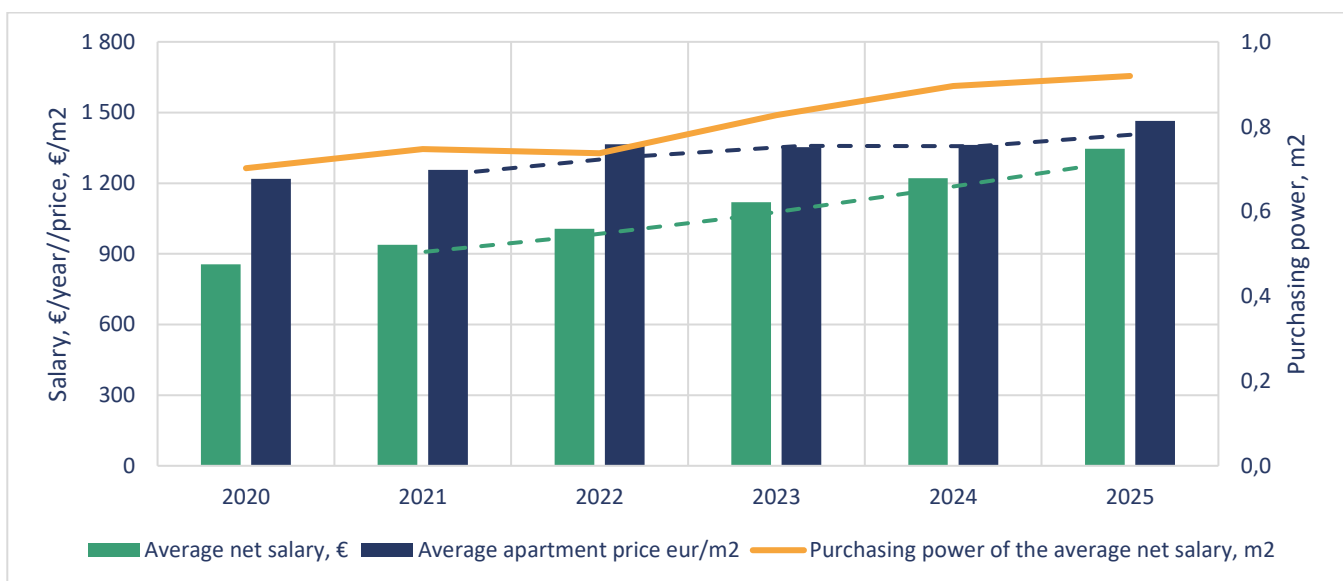
Based on the purchase and sale transaction statistics of the Estonian Land and Spatial Development Board, 9,034 apartment purchase and sale transactions were concluded in Tallinn in 2025 (2024: 8,403), which is 7.5% more than the year before. In the reporting year, the number of transactions in Tallinn returned to growth after a three-year decline. The primary reason for the transaction volume remaining below the long-term average continues to be low consumer confidence. The median price of real estate purchase and sale transactions in 2025 remained at the same level as the previous year, at 2,830 euros/m² (2024: 2,843 euros/m²).

According to data from the Citify portal, prices in the Tallinn new development market remained significantly unchanged in 2025. As at 31 December 2025, the average price per square metre for a new development in Tallinn was 4,994 euros (31 December 2024: 4,870 euros/m²), which is 2.5% higher than a year earlier. Strong competition in the new development market increased the number of offers by 6.8% in 2025 – the supply stock as at 31 December 2025 was 2,765 units (31 December 2024: 2,589 units). The inventory of unsold apartments in new developments remained high, growing to 1,063 units by the end of 2025 (31 December 2024: 1,040 units). The new development market in 2025 was characterised by a stronger position for buyers, increased choice, and ‘wait-and-see’ attitude toward purchase decisions, while developers adapted to a slower sales pace and strong competition.

Riga

In Riga, the market was moderately recovering, the number of transactions increased, and supply was balanced; consequently, housing affordability was better compared to Tallinn and purchasing power was higher, especially in secondary market apartments.

Riga: Average net salary, average apartment transaction price, and housing affordability:



Source: Statistics Latvia, Swedbank Research & Macrobond

According to an analysis prepared by Colliers International, transaction activity in the new development market in Latvia rose by 38% in 2025 compared to 2024. The high increase in transaction activity suggests that the market's lowest point may have occurred in 2024.

By the end of 2025, the inventory of new development apartments for sale (both completed and under development) was 5,000 units (2024: 4,450 units), which is 12% (2024: 16%) higher compared to the previous year. Sales activity improved significantly in 2025, allowing developers to reduce their portfolio of unsold completed apartments. As a result, the stock of unsold completed apartments decreased by 22% compared to the previous year, reaching 1,700 units by the end of the year (2024: 2,170 units),

which in turn supported the launch of new projects, increasing the number of apartments under active development by 45%. Pre-sale activity in 2025 rose by 23% compared to the previous period. As market activity strengthened, most developers stopped offering incentives in pre-sale development projects by mid-2025, while pre-sale transaction prices remained generally unchanged compared to 2024.

During the year, a total of 2,190 (2024: 1,570) new development purchase and sale transactions were concluded in the Riga region based on real right contracts, which is 38% more than a year earlier and at the same level as in 2023. Unlike previous years, the majority of registered sales transactions (65%) were not related to earlier pre-sales, indicating more cautious purchasing decisions by buyers to reduce risks and decide only when the development project is completed and market conditions are clearer. However, an increase in primary market activity is projected for 2026.

In the price dynamics of real right transactions, the growth of sales prices continued – the average price of a real right transaction in new developments was 2,770 euros/m² (2024: 2,610 euros/m²), which is 6.1% more than the year before.

COMMERCIAL REAL ESTATE

The overview is based on an analysis prepared by Colliers. In 2025, the volume of commercial real estate transactions reached 276 million euros in Estonia (2024: 483 million euros) and 316 million euros in Latvia (2024: 133 million euros). It is worth noting that the 10 largest transactions in the Baltic States accounted for 35% (2024: 55%) of the total transaction volume. Transactions were mainly carried out by Baltic investors, accounting for 92% of the total transaction volume.

In commercial real estate purchase and sale transactions, local capital remains dominant in the market, and crowdfunding structures are increasingly being formed to access larger deals.

Offices

The active development of the Tallinn office market continues on the back of substantial development portfolios, where developers have several development projects of various sizes ready for launch. As of the end of 2025, there were 954,000 m² (2024: 905,000 m²) of office space in Tallinn. Vacancy in the office segment remained at the same level as in the comparable period at approximately 11%, and the capitalisation rate was 6.75%. The take-up of office space in Tallinn is mainly driven by tenant relocations, with the highest demand generated by the information and communication technology, finance, insurance, and public sectors. The healthcare sector is steadily adding additional demand.

As of the end of 2025, there were 905,000 m² (2024: 877,000 m²) of office space in Riga. Occupancy in Class A office buildings is almost at maximum, which has reduced the availability of prime space. Tenant attention has shifted toward older office space, leading to lower rental prices and modest market activity. Class B and C buildings face growing vacancy and limited options for finding tenants; owners are dividing spaces into smaller rental units or considering repurposing them into residential spaces. Investor interest in such assets is limited, as they do not meet current investment criteria. In Riga, office spaces have been converted for medical and dormitory use, and new office conversion projects are also planned for 2026. The office vacancy rate remained at the same level as the comparable period, at approximately 18%, and the capitalisation rate was 6.75%.

Stock-office

As of the end of the year, there were an estimated 83,000 m² (2024: 69,000 m²) of stock-office type real estate in Riga and its surroundings, of which 14,000 m² were completed during 2025, including Hepsor's development project StokOfiss 34 with 8,300 m². Vacancy reached 17.4% by the end of 2025 (2024: 18%), which shows, as is characteristic of the Riga market, that the filling of spaces usually accelerates only after the full completion of projects. Due to high vacancy and strong competition with the industrial and logistics sector, rental prices remained stable in 2025, and no significant price increase is expected in 2026.

CANADA

Economic environment

The year 2025 was characterised by slow growth in the Canadian economy. Uncertainty in US trade policy and tariffs reduced export demand and led to structural changes in the economy – investments slowed down and employment decreased in some sectors, while new jobs were created in others.

In 2025, gross domestic product nevertheless grew moderately by 1.2% (2024: 1.6%) and the consumer price index fell to approximately 2.0% by the end of the year (2024: 2.4%), which falls within the 1–3% target range set by the Bank of Canada. The Bank of Canada lowered the overnight rate to 2.25% during the year (2024: 3.0%). The unemployment rate rose moderately to 6.9% (2024: 6.4%), mainly due to the economic slowdown, reduced external demand, and structural changes in the labour market.

In 2025, the housing market in the Greater Toronto Area (GTA, population 7.1 million) was characterised by a decrease in the number of transactions, an increase in new listings, and a decline in the average transaction price. In 2025, a total of 62,735 residential sales transactions were made in the GTA (2024: 67,985), which is 7.7% less than in the comparable period. At the same time, the average selling price for all home types in 2025 was 1,068,210 dollars, representing a 4.5% decline compared to the 2024 average of 1,118,137 dollars. The vacancy rate for residential rental apartments rose by 0.5%, reaching 3% in 2025 (2024: 2.5%). Demand was hampered by buyer uncertainty, relatively high interest rates, and continued high housing prices. Although interest rates decreased in 2025 compared to 2024, they remained at a level that, combined with high prices, limited purchasing power and reduced the number of transactions. Additionally, demand was affected by a decrease in temporary residents and general economic uncertainty, leading many buyers to postpone purchase decisions.

ECONOMIC OUTLOOK

According to the Bank of Estonia's economic forecast, the Estonian economy is recovering; 3.6% growth is expected for 2026, and growth for 2027–2028 will remain in the range of 2.5–2.8%. In 2026, the economic recovery will be supported primarily by the rebound of foreign markets and government measures. Income tax changes will leave more money in people's hands, and the growth in state spending will direct additional funds into the Estonian economy. The outlook for the Estonian economy is improved by good access to bank loans, lowered interest rates, and slowing price increases. Further changes in Euribor interest rates are likely to be small, but the decline that has occurred so far and the banks' ability to provide loans support both businesses and households.

Price increases will slow down in the coming years. By the beginning of 2026, the impact of the motor vehicle tax on inflation will recede, and by mid-year, the impact of the VAT increase that took effect a year earlier will also disappear from price growth indicators. At the same time, the decline in food commodity prices will gradually pass through to retail prices, and food price growth will slow. The previously rapid price increase for services will be tempered in the future by more moderate wage growth. CPI growth will slow to 2.9% in 2026 and to 2.4% in 2027.

Unemployment will decrease gradually, and the forecast unemployment rate for the following years is 6.0-6.6%; the Bank of Estonia expects an average wage growth of 5.4% in 2026. The growth of the average monthly gross salary will slow, but the change in the income tax system will sharply increase people's net income. Thanks to the slowing of price growth, people's real purchasing power will improve significantly. On the other hand, the change in the Income Tax Act helps reduce cost pressure on employers and provides an opportunity to restore profitability that has suffered in recent years.

The central bank of Latvia forecasts similar economic growth for 2026–2028 as in 2025. It is expected that from 2026–2028, growth will remain around 2.8–3.2%. Growth is supported by both public and private sector investments as well as private consumption. Consumer confidence and financial situations are strengthening, which increases private consumption. Export

growth is supported by strengthening external demand, but high labour costs and geopolitical risks exert pressure. Fiscal policy will remain supportive of the economy; defence and demographic spending, as well as wage increases, will encourage consumption and investment. Inflation will remain between 3–4% over the next three years, at 3.2% in 2026. The acceleration in inflation is supported by rapid wage growth, changes in regulated tariffs, and increases in excise duties. The labour market will remain tight and wage growth will exceed inflation, strengthening the purchasing power of the population. The unemployment rate will remain low, in the range of 6.2–6.6% in the coming years; the Bank of Latvia expects average wage growth of 7.6% in 2026.

The Canada Mortgage and Housing Corporation (CMHC) forecasts moderate growth for the Toronto residential real estate market in the coming years, following the 2025 market decline. From 2026–2027, secondary market supply is expected to exceed demand, resulting in a further decline in the average selling price. According to the forecast, construction of residential development projects will start in a smaller volume in 2026 than in 2025. The decline in apartment building construction is partially compensated by strong rental housing construction. In 2026, a 3.6% increase in the number of sales transactions is forecast compared to 2025, as buyers who previously postponed purchase decisions are encouraged by lower sales prices and more favourable financing conditions, which increase buyers' borrowing capacity. Nevertheless, the sales volume will remain below the average of the last 10 years, affected by high unemployment, weak investor confidence, and low housing affordability. After 2026, an improving labour market will create the conditions for further sales growth.

Rental housing construction remains active despite the decrease in total residential construction volume. This continues to be supported by both national funding programs and various support measures from local municipalities. According to market participants, the long-term outlook for the sector is positive: developers are favoured by reduced competition as the completion of apartment buildings slows down. An increasing number of developers are also considering converting existing apartment projects into rental housing. The vacancy rate for purpose-built rental apartments will grow to 3.5% in 2026 (2025: 3%), due to both an increase in rental supply and a slowdown in population growth. Furthermore, some high-income tenants may shift toward home ownership due to enhanced purchasing power.

Overview of the Development Projects

As at 31 December 2025, the Group has a total of 33 active development projects in various development phases (31 December 2024: 24 projects), comprising a total of 196,650 square metres (31 December 2024: 172,500 square metres).



3
COUNTRIES



33
ONGOING PROJECTS



452,600
SQUARE METERS

COMPLETED:		IN PROGRESS:		IN PIPELINE:	
Commercial 16,900 Sqm	Residential 1,500 sqm	Residential 25,900 sqm		Commercial 68,600 sqm	Residential 85,900 sqm


ESTONIA



Manufaktuuri Vabrik, Tallinn

19 PROJECTS – 100,500 sqm

READY DEVELOPMENTS:

Commercial	7,900 sqm
Residential	1,000 sqm (18 units)
Total	8,900 sqm

ACTIVE CONSTRUCTION:

Residential	13,500 sqm (201 units)
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IN PIPELINE:

Commercial	13,500 sqm
Residential	64,600 sqm (1031 units)
Total	78,100 sqm


LATVIA



Ulbrokas 34, Riga

9 PROJECTS – 98,100 sqm

READY DEVELOPMENTS:

Commercial	8,800 sqm
Residential	400 sqm (10 units)
Total	9,200 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

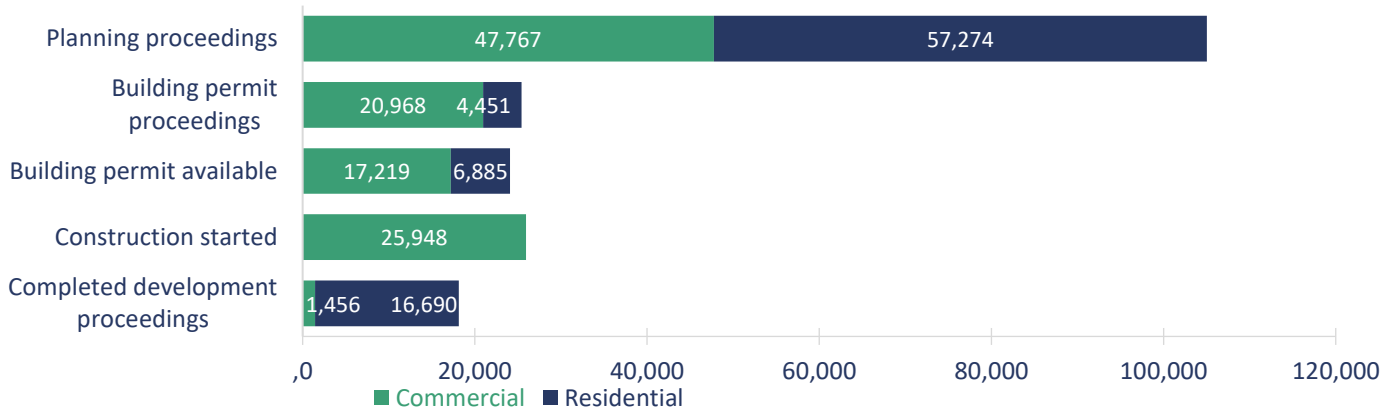
KEY INVESTMENT STRATEGY:

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

Significant changes in the development portfolio in 2025:

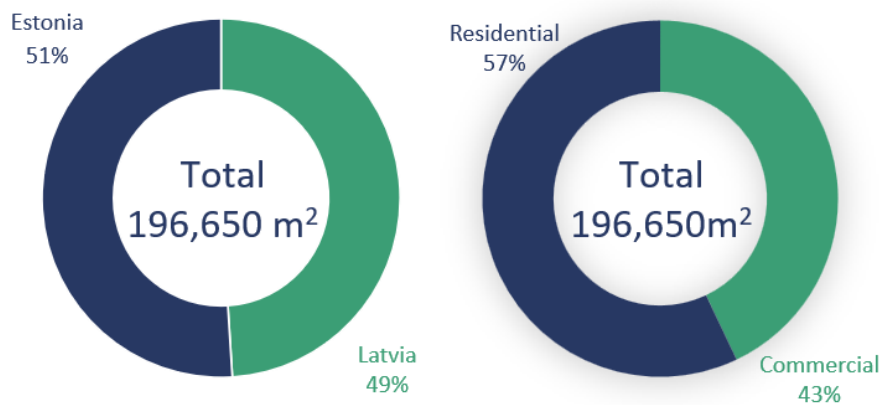
- ✓ 41 apartments were handed over to customers in completed projects.
- ✓ A new company, Hepsor PHX5 OÜ, was established in Tallinn, with a development project comprising nearly 300 apartments.
- ✓ The Starta 17 development project with 250 apartments was added to the portfolio in Latvia.
- ✓

Breakdown of development portfolio between different development phases* (as at 31 December 2025):



*Excluding Canadian projects

Breakdown of the development portfolio between countries and type* (as at 31 December 2025):



*Excluding Canadian projects

Development projects in Canada (as at 31 December 2025):

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

- ✓ **Weston Road Project:** the objective of the first phase is to increase the building volume of the property and to obtain building rights for the construction of two residential buildings. In August 2025, the decision of the Toronto City Council came into effect, granting building rights for the Weston Road development project. The project foresees the construction of two apartment buildings with 35 and 39 floors, with a total gross area of 62,000 m².
- ✓ **Isabella Project:** the goal of the first phase is to merge three properties located at 164–168 Isabella Street in Toronto and to plan a residential high-rise on the newly formed site with a building volume of approximately 42,000 m².
- ✓ **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.

Breakdown of the Canadian development portfolio by project as at 31 December 2025:



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	I Q 2026
Manufaktuuri 7, Tallinn	Manufaktuuri 7	Hepsor Phoenix 2 OÜ	50%	Under construction and/or available for sale	8	466	1.5	I Q 2023	IV Q 2026
Paldiski mnt 227, Tallinn	Ojakalda Homes	Hepsor 3 Tornid OÜ	100%	Under construction and/or available for sale	9	0	1.8	III Q 2022	I 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	171	1 731	48.7	N/A	N/A
Paevälja 7, 9, Tallinn	Paevälja quarter I phase	Hepsor SOF OÜ	50%*	Building permit proceedings	88	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	H&Residentsid OÜ	50%	Planning proceedings	101	0	17.6	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	6	0	1	III Q 2024	II Q 2026
Jurmalas Gatve 74, Riga	Annenhof Mājas	Hepsor JG SIA	100%	Under construction and/or available for sale	4	0	1.3	I Q 2025	I Q 2026
Braila iela 23, Riga	Zaļā 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 Mājas	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
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	8 789	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%	Planning 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					1 778	132 787	479**		

*Associates and joint ventures

** As at 31 December, 398 million euros (83%) of the sales potential is residential and 81 million euros (17%) 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 December 2025):



Planning proceedings

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

Building permit proceedings

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

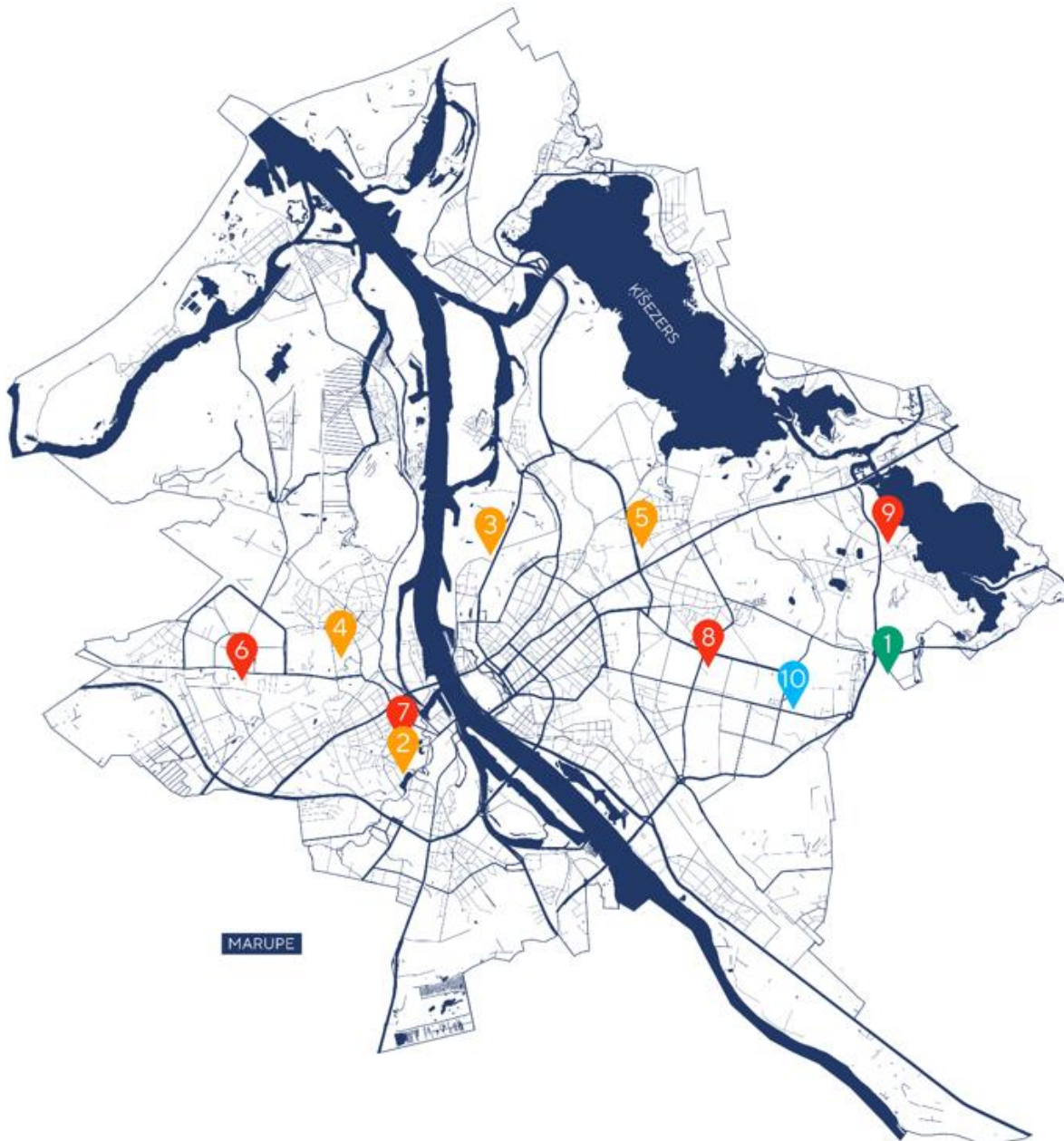
Under construction and/or available for sale

- 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 December 2025):



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 December 2025):



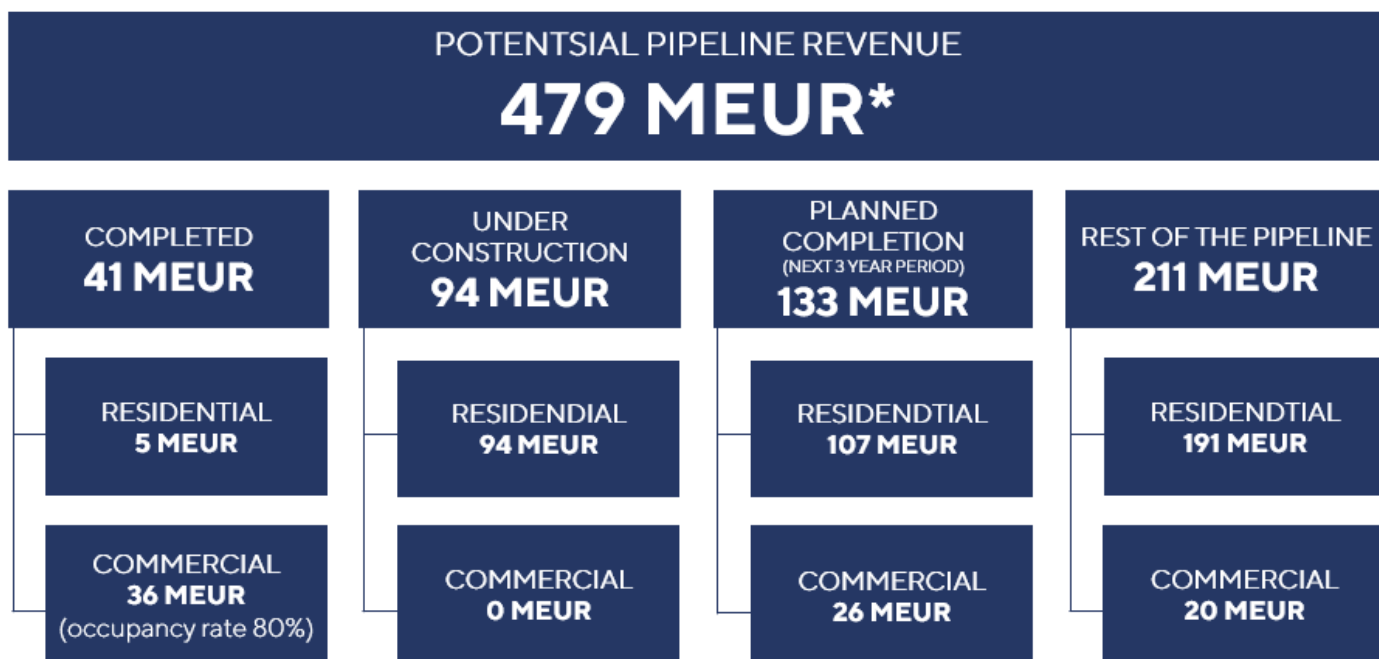
Land development projects

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

Development projects under construction and for sale

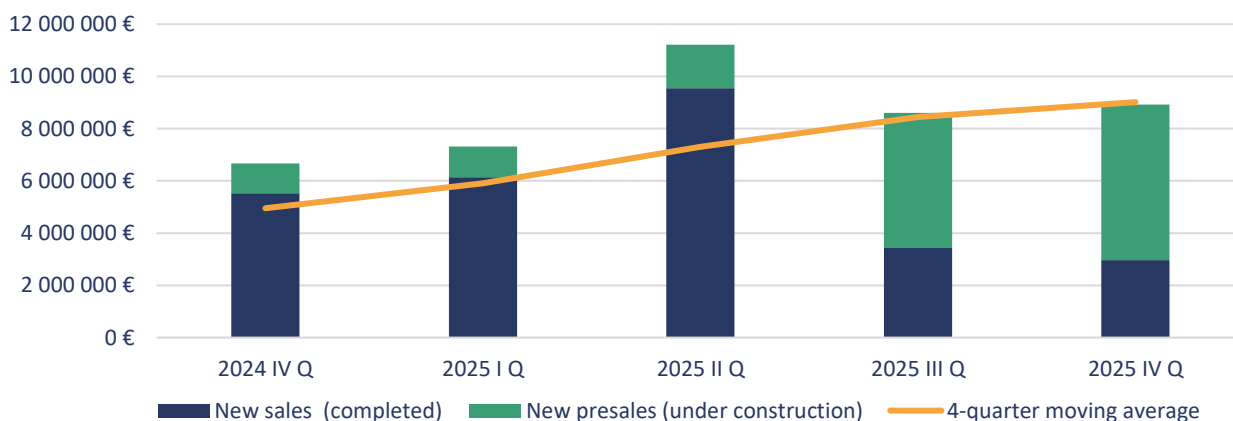
Revenue Potential (as at 31 December 2025):

As at 31 December 2025, the revenue potential amounted to €479 million, of which 83% consists of residential real estate and 17% of commercial real estate. Of the residential real estate, 25% is either completed or under construction, while 44% of the commercial real estate has been completed.



*All sales figures are without VAT

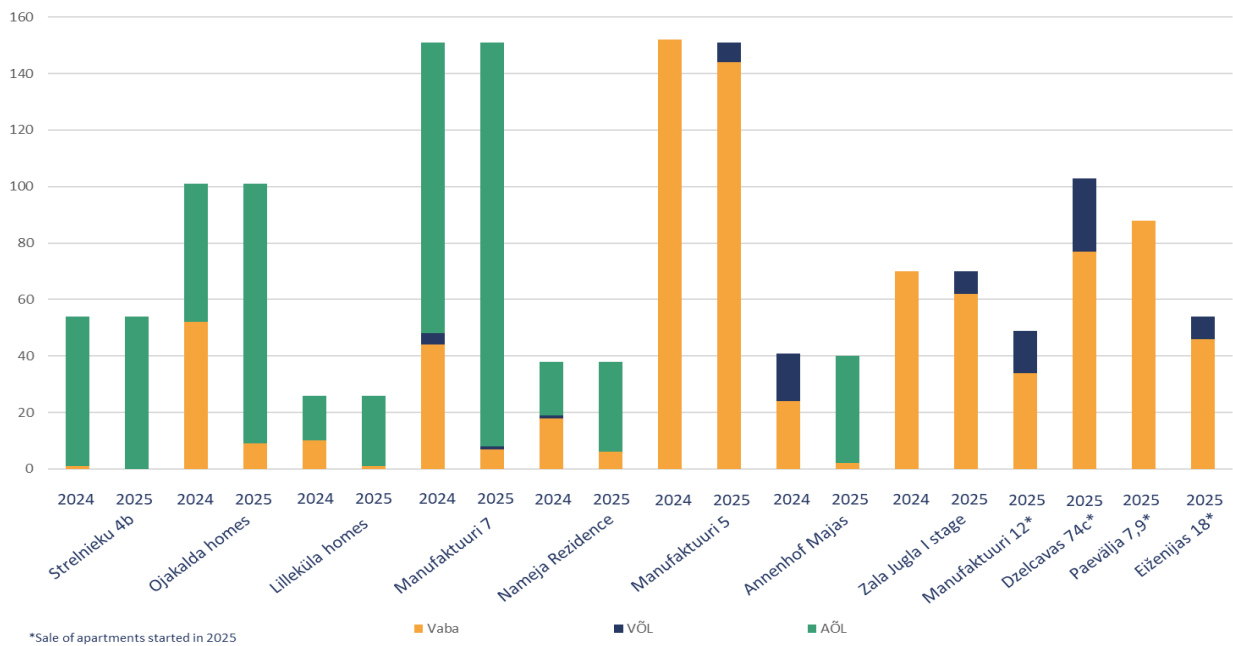
Residential development projects in pre-sale and on sale (as at 31 December 2025):



Initial sales are recognised based on the law of obligations and real right agreements concluded during the quarter. A real right agreement is treated as an initial sale if it has not been preceded by a law of obligations agreement.

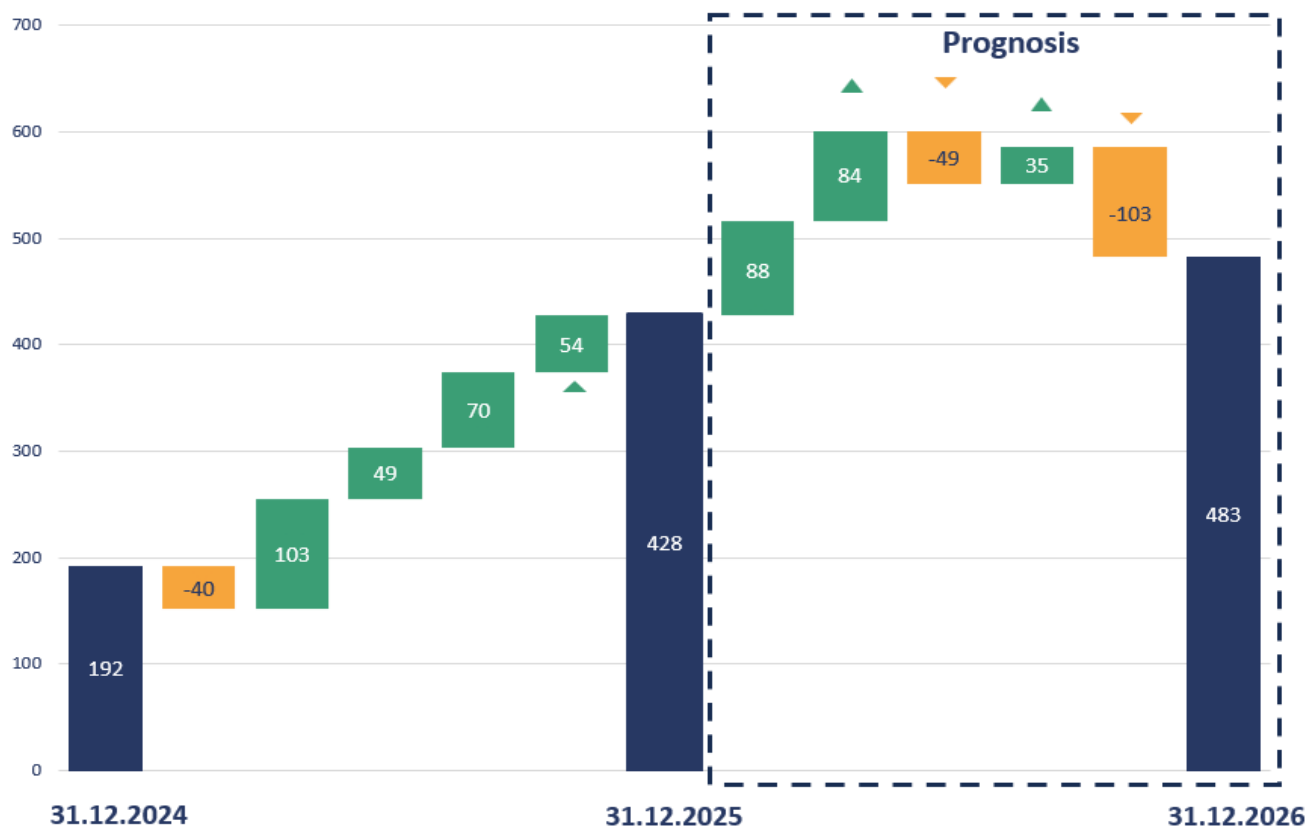
	Total apartments	Sold as at 31 December 2025		Unsold
		Pre-sold	Sold	
Completed total	356	1	328	27
In construction total	428	64	0	364
Total	784	65	328	391

Residential development projects on sale in 2025 compared with 2024 (units):



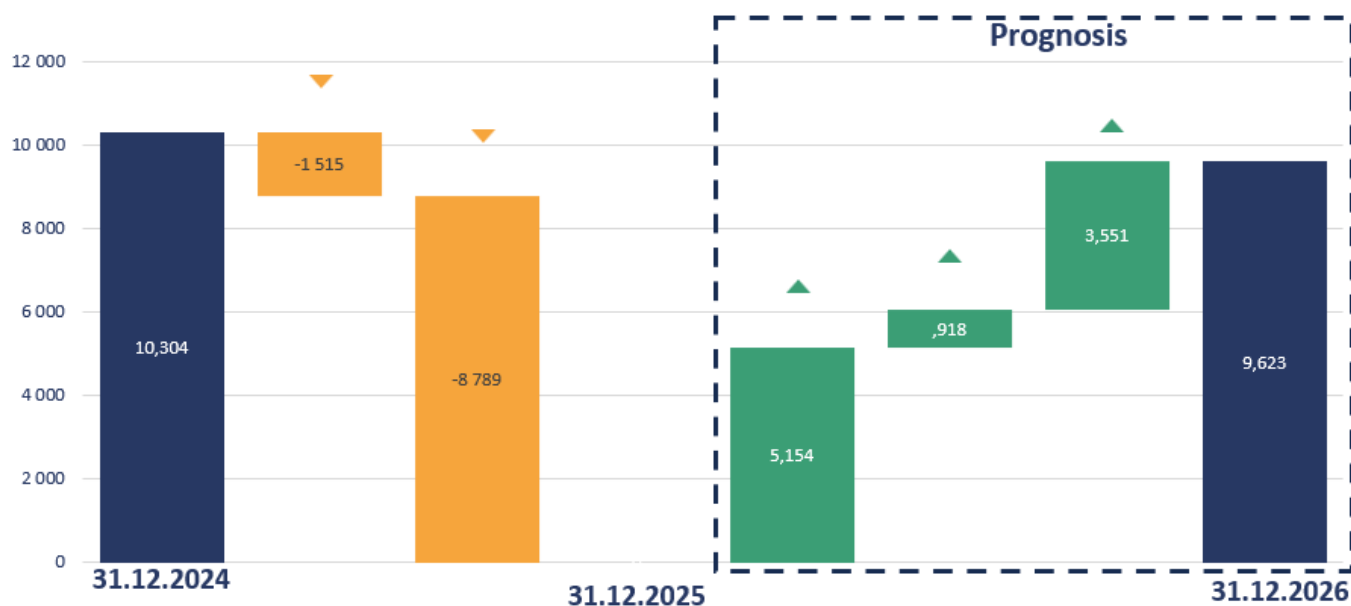
Residential development projects under construction (as at 31 December 2025):

As at 31 December 2025, the Group had 428 apartments under construction (31 December 2024: 192 apartments), of which 201 apartments were located in Estonia (31 December 2024: 152) and 227 apartments in Latvia (31 December 2024: 40).



Number of apartments under construction (units)	Construction started (units)	Construction ended (units)	Total number of apartments under construction
Jurmallas Gatve 74, Riga	40	0	
Manukatuuri 5 I stage, Tallinn	152	0	
As at 31 December 2024	192	0	192
Jurmallas Gatve 74, Riga	0	-40	
Dzelzavas 74C, Riga	103	0	
Manufaktuuri 12, Tallinn	49	0	
Braila iela 23 I stage, Riga	70	0	
Eizenija 18, Riga	54	0	
As at 31 December 2025	276	-40	428
Paevälja 7,9, Tallinn	88	0	
Starta 17 I stage, Riga	84	0	
Manufaktuuri 12, Tallinn	0	-49	
Braila iela 23 II stage, Riga	35	0	
Dzelzavas 74C, Riga	0	-103	
Prognosis as at 31 December 2026	207	-152	483

Commercial properties under construction (as at 31 December 2025):



Project	Construction started (m2)	Construction ended (m2)	Total under construction (m2)
Manufaktuuri Vabrik I stage	1,515	0	
Stokofiss 34	8,789	0	
As at 31 December 2024	10,304	0	10,304
Manufaktuuri Vabrik I stage	0	-1,515*	
Stokofiss 34	0	-8,789	
As at 31 December 2025	0	-10,304	0
Veidama quarter I stage	5,154	0	
Paevälja quarter I stage	918	0	
Veski centre	3,551	0	
Prognosis as at 31 December 2026	9,623	0	9,623

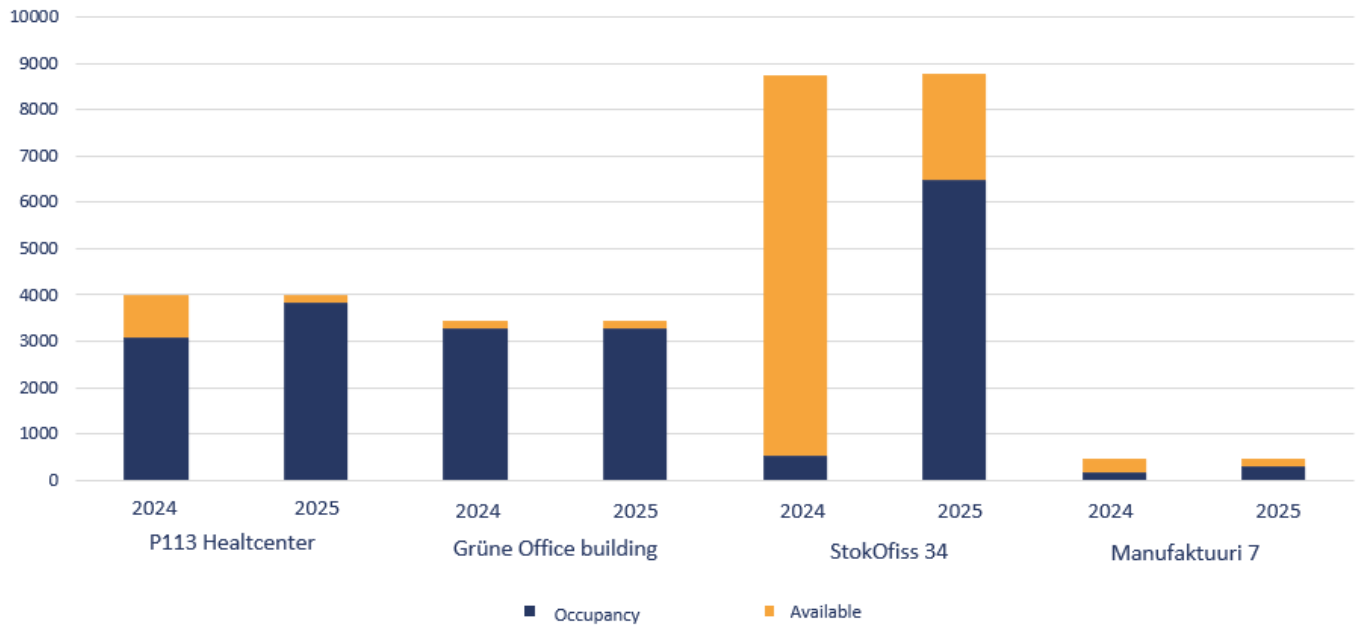
* No commercial spaces will be built in the first stage of the Manufaktuuri Vabrik.

Occupancy of commercial development projects (as at 31 December 2025):

Project	Leasable space (m ²)	As at 31.12.2024 leased		01.01.2025-31.12.2025	As at 31.12.2025		
		Leased m ²	Vacancy %	Signed lease agreements m ²	Total leased m ²	Vacancy m ²	Vacancy %
Completed projects	16,655	6,949	58%	6,964	13,913	2,742	16%

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.

As at 31 December 2025, commercial property occupancy in comparison with the year 2024:



Operating Results

Key financials

in thousands of euros	2025	2024	2023	2022	2021
Revenue	35,414	38,397	41,135	12,870	14,961
Gross profit/-loss	5,636	6,762	7,068	1,774	3,059
EBITDA	3,458	4,536	5,227	383	2,037
Operating profit/-loss	3,359	4,332	5,034	235	1,880
Net profit/-loss	1,039	2,134	3,480	1,331	1,733
<i>Incl. net profit/-loss attributable to the owners of parent</i>	399	423	1,185	1,396	-22
Comprehensive income/-loss	191	-156	1,713	1,315	-12
<i>Incl. comprehensive profit/-loss attributable to the owners of parent</i>	889	-81	1,127	1,033	46
Total assets	91,835	88,813	91,001	78,368	55,345
<i>Incl. inventories</i>	58,938	64,141	77,439	69,760	37,237
Total liabilities	64,757	66,803	68,840	58,045	36,308
<i>Incl subordinated loans from subsidiary owners and other equity-like instruments classified as liabilities</i>	16,070	16,393	13,202	13,908	13,073
Total interest-bearing loan liabilities	47,747	54,688	56,905	48,580	28,363
<i>Incl subordinated loans from subsidiary owners</i>	13,770	14,693	13,202	13,908	13,073
Total equity	27,078	22,010	22,161	20,323	19,037
<i>Incl. equity attributable to the owners of parent</i>	20,858	20,912	20,993	19,866	18,904
Earnings per share	0.10	0.11	0.31	0.36	-0.01

Key ratios

	2025	2024	2023	2022	2021
Gross profit margin	15.9%	17.6%	17.2%	13.8%	20.4%
Operating profit margin	9.5%	11.3%	12.2%	1.8%	12.6%
EBITDA margin	9.8%	11.8%	12.7%	3.0%	13.6%
Net profit margin	2.9%	5.6%	8.5%	10.3%	11.6%
General expense ratio	8.9%	7.0%	5.0%	12.0%	8.1%
Equity ratio	29.5%	24.8%	24.4%	25.9%	34.4%
Adjusted equity ratio	47.0%	43.2%	38.9%	43.7%	58.0%
Debt ratio	52.0%	61.6%	62.6%	62.1%	51.3%
Adjusted debt ratio	37.0%	45.0%	48.0%	44.2%	27.6%
Current ratio	4.6	2.3	1.7	2.5	4.2
Return of equity	4.2%	9.7%	16.4%	6.8%	12.1%
Return on equity attributable to the owners of the	1.9%	2.0%	5.8%	7.2%	-0.2%
Return on assets	1.2%	2.4%	4.1%	2.0%	4.0%

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

Revenues

The Group's revenue for as at 2025 amounted to 35.4 million euros (2024: 38.4 million euros), of which revenue in Estonia was 26.1 million euros (2024: 32.5 million euros), representing 73.7% (2024: 84.6%) of total revenue, and in Latvia the Group generated revenue of as at 9.3 million euros (2024: 5.9 million euros) during the reporting year, representing 26.3% (2024: 15.4%) of total revenues.

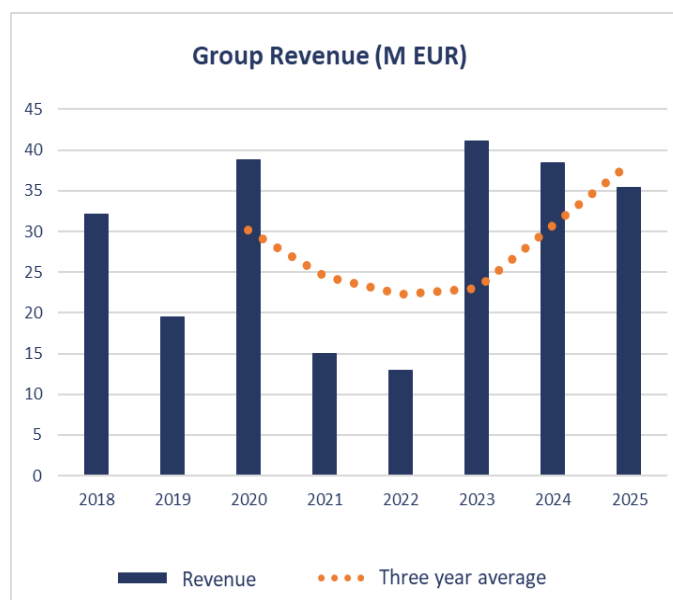
In 2025, the Group sold a total of 141 apartments under real right contracts (2024: 194 apartments). During the reporting year, a total of 91 apartments were sold in Tallinn under real right contracts (2024: 165 apartments) and 50 apartments in Riga (2024: 29 apartments).

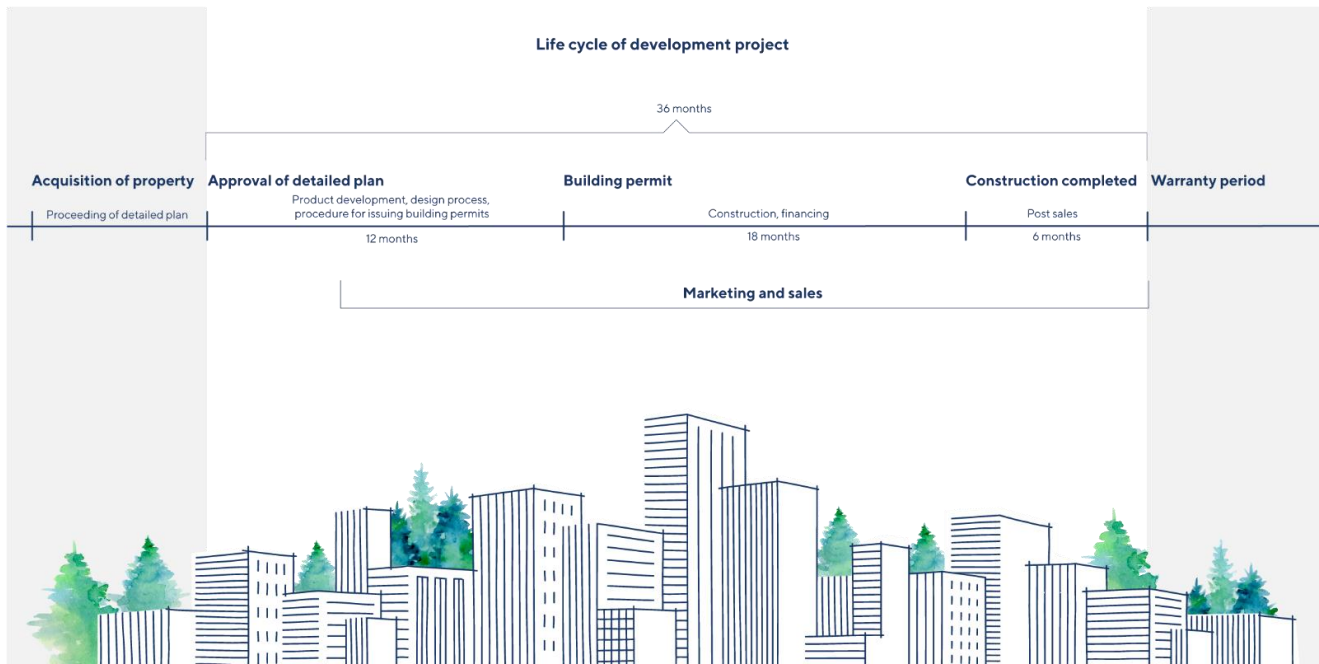
As at 31 December 2025, there were 28 unsold apartments in completed residential development projects (31 December 2024: 129), of which 10 apartments were in Riga (31 December 2024: 20 apartments) and 18 apartments in Tallinn (31 December 2024: 109 apartments), as well as 453 m² of commercial space.

In 2025, Hepsor Group companies Hepsor Fortuuna OÜ and Hepsor N450 OÜ sold the properties located at Paevälja 7 and 9, and Narva mnt 150 and 150a to the Group's joint venture (50% ownership) Hepsor SOF OÜ. The total transaction value was 9.0 million euros (plus VAT). During the reporting period, revenue of 7.2 million euros from this transaction is recognised, as the amount has been adjusted for unrealised profit of 1.8 million euros.

In addition to apartment sales, the Group provides project management services for development projects to its subsidiaries and associates and earns rental income from the temporary leasing of commercial space in both completed buildings and projects under development. Rental income for 2025 amounted to 1.1 million euros, representing 3.2% of the Group's total revenue for 2025 (2024: 1.1 million euros, or 2.8%).

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





Profitability

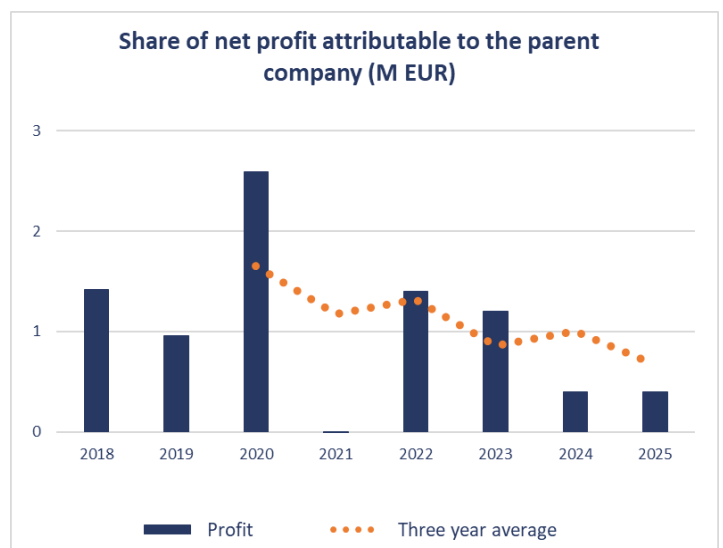
In 2025, the Group’s profitability was affected by a decrease in the number of apartments handed over to clients compared with the previous year – 141 apartments (2024: 194). Profitability was also negatively impacted by a lower profit margin on sold projects, which stood at 16.9% in 2025 (2024: 17.8%), and increased marketing expenses related to development projects, which amounted to 1.1 million euros in 2025 (2024: 0.7 million euros). The rise in marketing costs is mainly related to the increased number and volume of projects on sale, resulting in more intensive sales and marketing activities. The Group’s personnel costs remained at the same level as the previous year.

The Group’s gross profit for the reporting year was 5.6 million euros, with a gross profit margin of 15.9% (2024: 6.8 million euros and 17.6%).

In 2025, the properties at Paevälja 7, 9 and Narva mnt 150, 150a were sold, generating a gross profit of EUR 1.9 million in the second and third quarters.

The Group’s operating profit for 2025 was 3.4 million euros (2024: 4.3 million euros). The operating profit margin stood at 9.5% (2024: 11.3%). Positive impact came from the reclassification of inventories as investment property, with the Group earning 0.8 million euros in other operating income from the revaluation of properties to fair value (2024: 0.3 million euros). The properties are held for the purpose of value appreciation.

The Group’s net profit for 2025 was as at 1.0 million euros (2024: 2.1 million euros), of which 0.4 million euros (2024: 0.4 million euros) was attributable to the owners of the parent company, and 0.6 million euros (2024: 1.7 million



euros) to non-controlling interests. The Group's net profit margin for the reporting year was 2.9% (2024: 5.7%), while the net profit margin attributable to the owners of the parent company was 1.1% (2024: 1.1%).

The Group's financial income in 2025 amounted to 0.7 million euros (2024: 0.4 million euros). Financial expenses for the reporting year amounted to 2.7 million euros (2024: 2.6 million euros).

Balance sheet

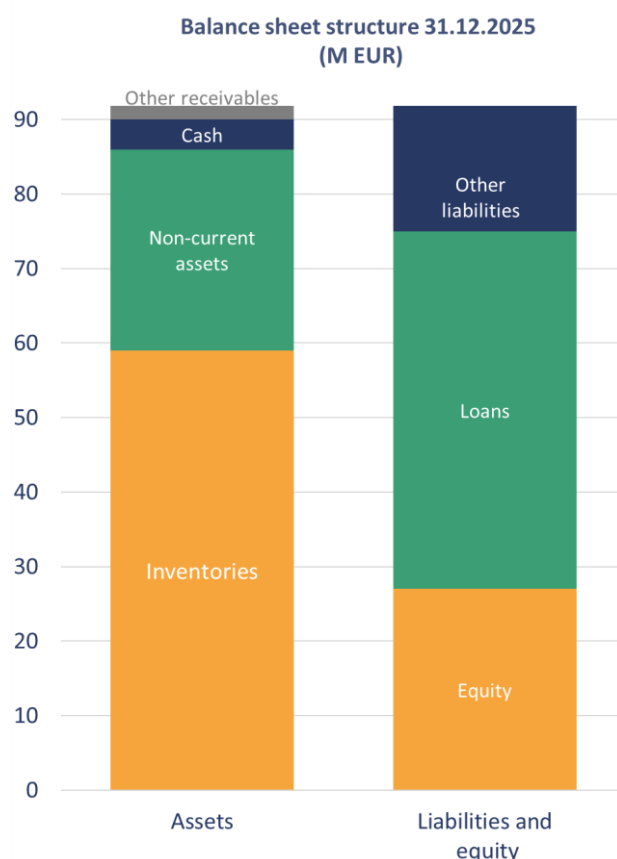
The Group's total assets increased by 3.4% over the year, amounting to 91.8 million euros as at 31 December 2025 (31 December 2024: 88.8 million euros). Inventories accounted for 64.2% of total assets, or 58.9 million euros (31 December 2024: 72.2% and 64.1 million euros). The increase in inventories in 2025 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 141 apartments under real right contracts, the sale of properties at Paevälja 7, 9 and Narva mnt 150, 150a, and the reclassification of properties at Narva mnt 150b and Alvari tänav 1, 1a, and 5 as investment properties.

As at 31 December 2025, cash and cash equivalents represented 4.2% of total assets, or 3.8 million euros. In the same period last year, cash and cash equivalents accounted for 7.0% of total assets, or 6.2 million euros.

As at 31 December 2025, the Group's loan liabilities totalled 47.7 million euros, compared with 54.7 million euros in the same period last year, resulting in a debt ratio of 52.0% (31 December 2024: 61.6%). Loans provided by subsidiaries' shareholders, related to the development project risk of the subsidiary, amounted to 13.7 million euros (31 December 2024: 14.7 million euros). The adjusted debt ratio at year-end was 37.0% (2024: 45.0%).

The Group's equity increased by 23.0% over the year, reaching 27.1 million euros. The largest contribution to the increase in equity came from a non-cash contribution by the non-controlling interest to the voluntary reserve of the subsidiary Hepsor PHX5 OÜ. Non-controlling interest in the consolidated equity of Hepsor amounted to as at 6.2 million euros at the end of the reporting year (2024: 1.2 million euros). The equity ratio as at 31 December 2025 was 29.5% (31 December 2024: 24.8%). The adjusted equity ratio, which includes loans provided by non-controlling interests of subsidiaries against development project risk as part of equity, was 47.0% at 31 December 2025 (31 December 2024: 43.2%).

Equity attributable to the owners of the parent company decreased by 0.3% during the reporting period, reaching 20.9 million euros. Changes in equity were affected not only by the profit for the year but also by dividend payments of 1.0 million euros, recorded as a distribution of retained earnings, and the acquisition of a 20% interest in Hepsor Latvia (Note 29).



Cash flows

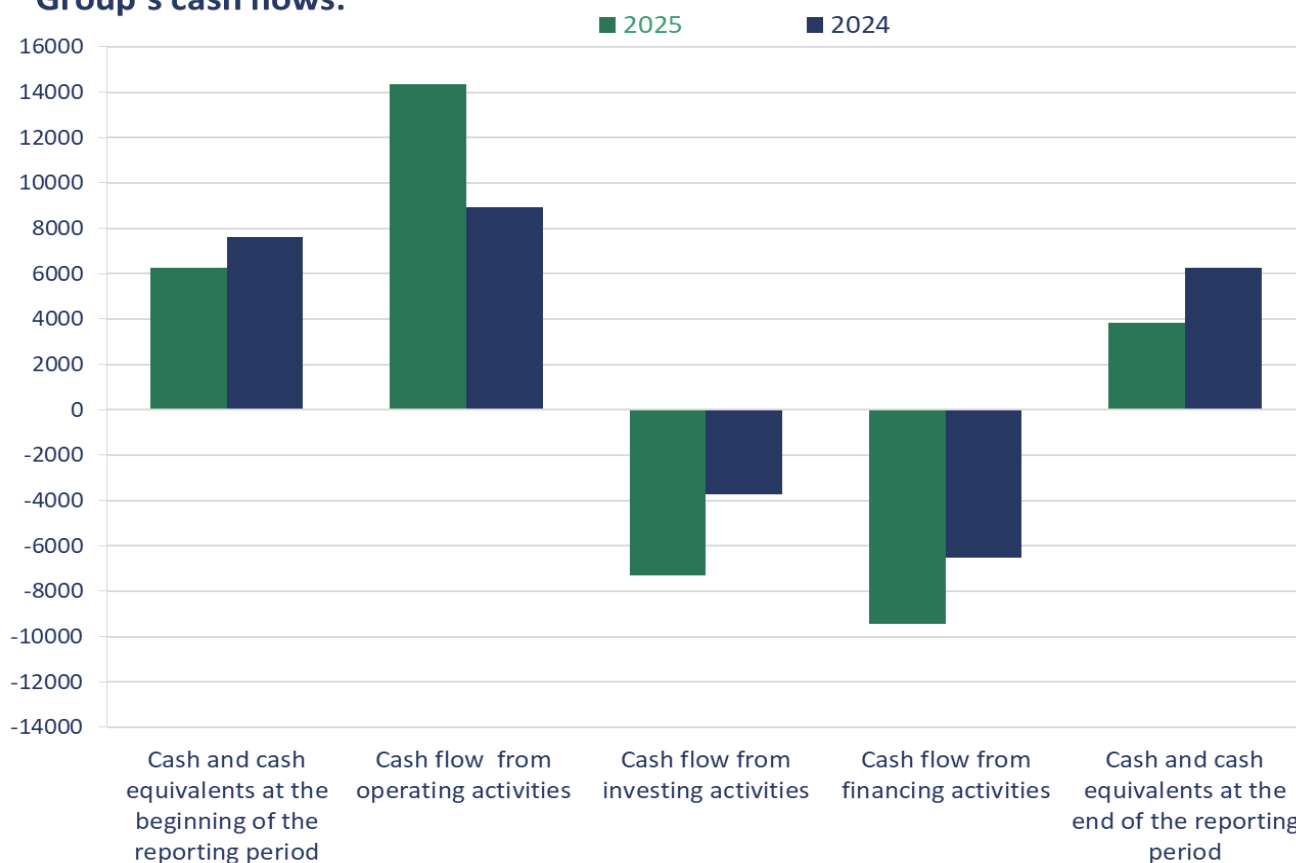
At the beginning of 2025, the Group’s cash and cash equivalents amounted to 6.2 million euros, decreasing to as at 3.8 million euros by the end of the period. The net cash flow for the reporting year was negative 2.4 million euros (2024: 1.3 million euros).

Cash flow from operating activities was positive at 14.3 million euros in 2025 (2024: 8.9 million euros). The main driver of operating cash flow was the reduction in inventories from the sale of apartments and properties. Due to changes in inventories, operating cash flow from 2025 was positively impacted by EUR 4.1 million euros (2024: 6.5 million euros). In addition, a positive effect of 5.8 million euros came from a non-cash transaction related to the transfer of property to a voluntary reserve. This was a non-cash transaction that did not affect the Group’s cash balances but impacted operating cash flow in the statement of cash flows.

Cash flow from investing activities was negative 7.5 million euros in 2025 (2024: 3.7 million euros). During the reporting period, the Group invested 1.9 million as at euros in projects in Canada (2024: 4.4 million euros) and paid 1.4 million euros for shares in Hepsor DZ74 SIA and Hepsor S17 SIA. In 2025, the Group also provided loans of 4.1 million as at euros to associates and joint ventures (2024: 0.9 million euros).

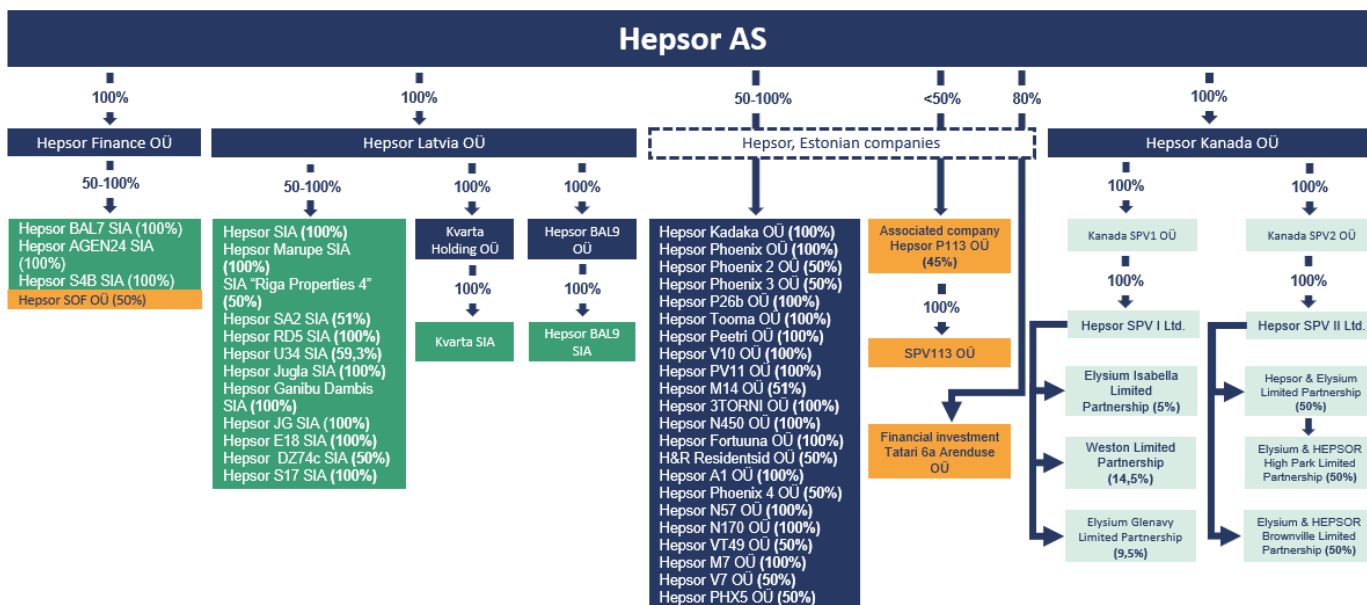
Cash flow from financing activities was negative 9.5 million euros (2024: 6.5 million euros). The net amount of loans received in 2025 was -13.5 million euros (2024: -1.3 million euros). During the reporting period, the Group paid 3.5 million euros in interest (2024: 5.3 million euros). In November 2025, the Group raised 8.0 million euros through a public bond issue. The costs related to the issue amounted to 0.2 million euros, which are recorded as an adjustment to the financial liability and allocated as interest expense over the life of the bonds. The net cash inflow from the bond issuance was as at 7.8 million euros.

Group’s cash flows:



Group Structure

As at 31 December 2025, the Group consisted of the parent company, 48 subsidiaries, two associates, one joint venture, and one subsidiary of an associate (as at 31 December 2024, the Group consisted of the parent company, 44 subsidiaries, one associate and its subsidiary). Tatari 6a Arenduse OÜ, Weston Limited Partnership, Elysium Isabella Limited Partnership, Elysium Glenavay Limited Partnership, Hepsor & Elysium Limited Partnership, Elysium & Hepsor High Park Limited Partnership, and Elysium & Hepsor Brownville Limited Partnership are recognised as financial investments.



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

- ✓ On 20 March 2025, Hepsor AS's subsidiary Hepsor Finance OÜ established a subsidiary Hepsor SOF OÜ and on 11 April 2025 sold a 50% interest to the EFTEN Special Opportunities Fund. Hepsor Finance OÜ accounts for Hepsor SOF OÜ as a joint venture.
- ✓ On 30 April 2025, Hepsor AS acquired a 49% stake in Hepsor 3Torni OÜ, becoming the sole owner of the company.
- ✓ On 8 July 2025, the Supervisory Board of Hepsor AS adopted a decision to increase the share capital of Hepsor AS by 57,821 euros. The share capital increase is related to the acquisition of a 20% holding in Hepsor Latvia OÜ from Hugomon OÜ, as approved by the shareholders' resolution on 12 June 2025. The acquisition was partly settled through the issuance of new shares in Hepsor AS to Hugomon OÜ.
- ✓ On 9 July 2025, Hepsor AS's subsidiary, Hepsor Latvia OÜ, acquired a 50% shareholding in Hepsor Dz74c SIA. The registration of the ownership change was entered in the Commercial Register on 1 August 2025.
- ✓ On 14 August 2025, Hepsor AS's subsidiary, Hepsor Latvia OÜ, acquired a 100% shareholding in Hepsor S17 SIA.
- ✓ On 18 December 2025, Hepsor AS established its subsidiary Hepsor PHX5 OÜ, where Hepsor is 50% shareholder.

Main Events

- ✓ Hepsor AS's subsidiary, Hepsor Finance OÜ, signed a shareholders' agreement under which a 50% stake in Hepsor SOF OÜ was sold to the EfTEN Special Opportunities Fund, managed by EfTEN Capital. The sale of the stake in Hepsor SOF OÜ laid the foundation for the joint implementation of a development project in Lasnamäe. On April 14, Hepsor and EfTEN announced their cooperation to develop approximately 300 apartments in Lasnamäe.
- ✓ On 30 April, Hepsor AS's subsidiary, Hepsor 3Torni OÜ, signed a real rights agreement under which 20 apartments in the Ojakalda Kodud development project (Paldiski mnt 227C, Tallinn) were sold to the company's other shareholder, Artex KV OÜ.
- ✓ The Supervisory Board of Hepsor AS has appointed Martti Krass as a new member of the Management Board of Hepsor AS. He took office on 1 August 2025 with a five-year term. Martti previously served as Hepsor's Country Manager for Latvia. The mandate of the former Chairman of the Management Board, Henri Laks, ended on 1 August 2025, when he joined the Supervisory Board of Hepsor in accordance with the resolution adopted by the company's shareholders at the general meeting held on 21 May 2025.
- ✓ Hepsor AS's subsidiary, Hepsor VT49 OÜ, has entered into long-term lease agreements with Maxima Eesti OÜ and GYM Eesti OÜ and has commenced the development of the new Peetri Business Centre at Vana-Tartu Road 49, Rae Parish.
- ✓ On 8 July, the Supervisory Board of Hepsor AS adopted a resolution to increase the share capital by 57,821 euros. The share capital increase is related to the shareholders' resolution of 12 June 2025, which approved the acquisition of a 20% stake in Hepsor Latvia OÜ from Hugomon OÜ, for which payment will be made partly through the issuance of Hepsor AS shares to Hugomon OÜ. Hepsor AS decided to acquire the minority stake in Hepsor Latvia OÜ held by its Latvia Country Manager, Martti Krass (through Hugomon OÜ), and to replace this holding with a shareholding in Hepsor AS. The purpose of the transaction was to align the interests of the future member of the Management Board with those of the Group as a whole and, accordingly, to bring Martti Krass's ownership to the parent company level.
- ✓ On 19 June 2025, Hepsor AS's subsidiary Hepsor Latvia OÜ and INTH Vara OÜ entered into a shareholders' agreement with the aim of commencing the construction of a 13-storey residential building in Riga at Dzelzavas iela 74c. Under the shareholders' agreement, Hepsor Latvia OÜ acquired a 50% stake in Laba māja centrā SIA (new business name Hepsor Dz74c SIA) for a consideration of 174 thousand euros. The change in ownership was registered in the Commercial Register on 1 August 2025.
- ✓ On 9 July, Hepsor AS's subsidiary Hepsor Phoenix 4 OÜ and the construction company Mitt & Perlebach OÜ signed a contract for the construction of the development project known as M12, located in Tallinn at Manufaktuuri 12. The value of the construction contract is 7.0 million euros, plus VAT.
- ✓ On 21 July, Hepsor SOF OÜ, a joint venture between Hepsor AS and the EfTEN Special Opportunities Fund, signed a real rights agreement for the acquisition of properties located at Narva mnt 150 and Narva mnt 150a. The properties were purchased from Hepsor Group company Hepsor N450 OÜ.
- ✓ On 5 August, the Supervisory Board of Hepsor AS elected Henri Laks as its new Chairman. His mandate is valid for three years.
- ✓ On 14 August, the acquisition by Hepsor AS's subsidiary, Hepsor Latvia OÜ of a 100% shareholding in the Latvian company Starta 17 SIA was registered in the Latvian Commercial Register. Starta 17 SIA owns a property at Starta iela 17, Riga. The

development plan foresees the construction of three 14-storey residential buildings comprising approximately 250 apartments and a net floor area of 14,500 m². Construction is planned to start in stages at the end of 2026.

- ✓ On 19 August, Hepsor AS paid dividends to its shareholders in the amount of 0.26 euros per share, totalling 1.0 million euros.
- ✓ On 12 September, Hepsor Group companies Hepsor Phoenix 3 OÜ and Hepsor Phoenix 4 OÜ signed loan agreements with AS LHV Pank in the total amount of 40.3 million euros to finance two development projects in the Manufaktuuri quarter in Tallinn – Manufaktuuri Vabrik (Phase I) and Manufaktuuri 12.
- ✓ On 15 September, Hepsor Group subsidiary Hepsor Phoenix 3 OÜ signed a construction contract with Mitt & Perlebach OÜ for the construction of the first phase of the Manufaktuuri Vabrik at Manufaktuuri 5b, with a total value of 33.3 million euros, plus VAT.
- ✓ On 15 September, Hepsor Jugla SIA, a company belonging to the Hepsor Group, and construction company Mitt & Perlebach SIA signed a construction contract valued at 8.2 million euros, plus VAT. The contract was concluded for the construction works of the first phase of the Zaļā Jugla residential development project, located at Braila iela 23, Jugla, Riga.
- ✓ On 21 November, the public offering of bonds by Hepsor closed. A total of 8.5 million euros worth of bonds was subscribed, of which 6.2 million euros or 72.8% in Estonia, 2.1 million euros or 24.6% in Latvia, and 0.2 million euros or 2.6% in Lithuania. The base volume of the first series of the offering, 6 million euros, was oversubscribed 1.4 times. Hepsor exercised its right to increase the offering volume by 2,000 bonds, bringing the total offering size to 8 million euros. The bonds were credited to the investors' securities accounts on 26 November, and the first trading day of the bonds on the Nasdaq Tallinn Stock Exchange Baltic Bond List was 27 November 2025.
- ✓ On 18 December, Hepsor and AS Phoenix Land, a company of the Tolaram Group, signed a shareholders' agreement under which the parties will continue their cooperation in implementing the next phase of the Manufaktuuri Quarter development. For this purpose, Hepsor's subsidiary Hepsor PHX5 OÜ was established, owned in equal shares by Hepsor AS and AS Phoenix Land. The new company will undertake the development of residential and commercial real estate at Manufaktuuri 3 in Tallinn. AS Phoenix Land will contribute the aforementioned property as a non-monetary contribution to the voluntary reserve capital of Hepsor PHX5 OÜ in the total amount of 5.8 million euros.
- ✓ On 19 December, Harju County Court approved the list of creditors of Novel Clinic Assets OÜ, concluding that Hepsor P113 OÜ had the right to terminate its lease agreement with Novel Clinic Assets OÜ. The court recognised Hepsor P113 OÜ's claims against Novel Clinic Assets OÜ in the amount of 6,090,257.27 euros as first-rank claims. Of this amount, 2,947,092.88 euros is conditional and depends on whether that part of the damage will decrease in the future.
- ✓ On 30 December, Hepsor E18 SIA, a company within the Hepsor AS Group, and construction company Mitt & Perlebach signed a contract for the construction of the residential development project "Ķiršu kalna mājas" in the Dzirciems district of Riga. The value of the construction contract is 5.25 million euros, plus VAT.

Dzelzavas 360

Dzelzavas 74c, Riga



Corporate Governance Report

In its business operations, Hepsor AS adopts the Corporate Governance Recommendations approved by the Estonian Financial Supervisory and Resolution Authority and Nasdaq Tallinn Stock Exchange. The following report describes the management principles of Hepsor AS in 2025 and compliance with Corporate Governance Recommendations. Companies can decide whether they adopt these recommendations as the basis of their management. The management practices of Hepsor AS are described below in accordance with the 'comply or explain' principle.

General Meeting of Shareholders

Exercise of shareholder rights

Hepsor AS is a public limited company whose managing bodies are the General Meeting of Shareholders, the Supervisory Board and the Management Board. The General Meeting of Shareholders is the Group's highest managing body, the competence of which is based on legislation and the Articles of Association of the Group. Among other things the General Meeting of Shareholders is competent in amending the Articles of Association, electing, and removing members of the Supervisory Board, electing an auditor, and approving the annual report as well as other matters in the competence of the General Meeting of Shareholders on the basis of the Articles of Association and the law. The Annual General Meeting of Shareholders, which approves the annual report no later than six months after the end of the financial year, is held at least once a year.

Every shareholder is ensured the right to participate in the General Meeting, to speak at the General Meeting on topics presented in the agenda, and to present reasoned questions and make proposals. A controlling shareholder refrains from unreasonably harming the rights of other shareholders, both at the General Meeting and upon organising Hepsor's management and must not abuse his position.

Calling the General Meeting of Shareholders and information to be published

Notice of calling the General Meeting is published through the information system of the Nasdaq Tallinn Stock Exchange. The notice is also published on the Hepsor website and in daily national newspapers at least three weeks before the General Meeting takes place.

The Group's Management Board determines the agenda of the General Meeting of Shareholders and prepares the draft of the resolution in respect to each item on the agenda to be voted on at the General Meeting of Shareholders. If a General Meeting of Shareholders is called by the shareholders, the Supervisory Board or an auditor, they prepare a draft of the resolution of each item on the agenda and submit this to the Management Board. Shareholders whose shares represent at least one-twentieth (1/20) of the share capital may submit to the Group a draft of the resolution with respect to each item on the agenda to be voted on at the General Meeting of Shareholders. The agenda of the General Meeting of Shareholders, proposals by the Management Board and the Supervisory Board, draft of the resolution with respect to each item on the agenda and other relevant materials will be published on the Group's website prior to the General Meeting of Shareholders.

The Group notifies shareholders concerning the calling of an extraordinary General Meeting immediately after deciding to call the extraordinary meeting. The notice indicates the reason for calling the extraordinary meeting and who made the proposal to call it (e.g. the Management Board, the Supervisory Board, the shareholders or the auditor). Information concerning the extraordinary meeting is immediately published on the Group's website.

The Annual General Meeting of Shareholders of Hepsor AS for the 2025 was held on 21 May 2025 at the Ibis Styles Tallinn conference centre, located at Toompuiestee 19, Tallinn. The Annual General Meeting of Shareholders had a quorum as 34 shareholders with 2,962,118 votes were represented, i.e. a total of 76.84% of the votes represented by Hepsor AS shares, including 5 shareholder who used the opportunity to vote before the meeting and whose shares represented 507,385 votes.

The ordinary General Meeting of Shareholders of Hepsor AS decided to:

- ✓ Approve the annual report for the year 2024 as presented to the general meeting;
- ✓ To allocate distributable profit from previous periods in the amount of EUR 8,259 thousand as follows:
 - to pay dividends of EUR 0.26 per share, totalling EUR 1,002 thousand euros;
 - to retain the remaining undistributed profit in the amount of EUR 7,257 thousand euros.
- ✓ As a result of the resignation of Lauri Meidla from the Supervisory Board of Hepsor AS at his own request, to recall Lauri Meidla from the Supervisory Board of Hepsor AS as at 31 July 2025, and to elect Henri Laks as a member of the Supervisory Board of Hepsor AS, whose term of office as a member of the Supervisory Board shall commence upon the expiry of his mandate as a member of the Management Board of Hepsor AS, i.e. from 1 August 2025.

The Management Board of Hepsor AS published draft resolutions to the shareholders on 5 June 2025, pursuant to subsections 1, 2 and 3 of § 299¹ of the Commercial Code, for adoption without convening a general meeting. A total of 6 shareholders cast their votes, representing 2,978,700 votes, which constituted 77.27% of all votes represented by shares.

The extraordinary general meeting of the shareholders of Hepsor AS resolved as follows:

- ✓ To approve a transaction whereby Hepsor AS acquires from Hugomon OÜ a holding in Hepsor Latvia OÜ representing 20% of the share capital of Hepsor Latvia OÜ, on the following principal terms:
 - Hepsor AS shall pay Hugomon OÜ 20,000 euros in cash for the holding in Hepsor Latvia OÜ and shall issue 57,821 shares of Hepsor AS to Hugomon OÜ, whereby Hugomon OÜ shall pay for the shares by way of a non-monetary contribution consisting of the holding in Hepsor Latvia OÜ;
 - the Supervisory Board of Hepsor AS shall be granted the right, by way of an amendment to the articles of association, to increase the share capital of Hepsor AS and to issue new shares to Hugomon OÜ;
 - the right to subscribe for the new shares shall be granted to Hugomon OÜ, and the pre-emptive subscription rights of the existing shareholders shall be excluded.
- ✓ To amend the articles of association of Hepsor AS;
- ✓ To exclude the pre-emptive subscription rights of the shareholders of Hepsor AS upon the increase of share capital and the issue of 57,821 new shares in connection with the acquisition of the holding in Hepsor Latvia OÜ from Hugomon OÜ.

The resolutions adopted at the general meetings were disclosed through the Nasdaq Tallinn stock exchange information system, the Financial Supervision Authority, and the Group's website.

Management Board

Composition and duties of the Management Board

The Management Board is a governing body that represents and directs the Group daily. The Management Board makes decisions based on the best interests of the Group and all shareholders and it is obliged to ensure the sustainable development of the Group in accordance with set goals and strategy. The Management Board uses its best efforts to ensure that the Group and all Group companies will comply in their activities with current legislation.

The Management Board ensures that it undertakes proper risk management and internal audit controls based on the Group's business operations. To guarantee proper risk management and internal audit, the Management Board:

- ✓ analyses risks connected with the purpose of the activities and financial objectives of the Group (incl. environmental, competitive and legal risks);
- ✓ prepares adequate internal control provisions;
- ✓ elaborates forms for drawing up financial reports and instructions for drawing up these reports; and
- ✓ organises the system of control and reporting.

The Management Board adheres to the lawful orders of the Supervisory Board. Transactions which are beyond the scope of everyday economic activities may only be concluded by the Management Board with the consent of the Supervisory Board. According to the Articles of Association, the Management Board may be comprised of up to three members and elected for a term of five years. The Management Board of the Group consists of one member. On 31 July 2025, the term of office of Henri Laks as a member of the Management Board of Hepsor AS expired upon his appointment as a member of the Supervisory Board of Hepsor AS by a resolution of the shareholders' general meeting. As at 1 August 2025, the member of the Management Board of Hepsor AS is Martti Krass, with whom a Management Board member agreement has been concluded, valid until 1 August 2030. A member of the Management Board of the Group may simultaneously serve as a member of the management bodies of the Group's subsidiaries and associates.



Martti Krass
Member of the Management Board

Martti Krass has over 14 years of experience in real estate development. In 2014, he obtained a degree in civil engineering from Tallinn University of Technology (TalTech).

In 2014, he started working at Hepsor AS as a development project manager.

From 2017 until 31 July 2025, he worked as Project Manager and Country Manager for Hepsor Latvia.

Since August 2025, he has been the CEO and sole member of the Management Board of Hepsor AS.

Number of shares controlled: 59,109 (1.51%).

The Group does not follow the recommendation in clause 2.2.1 of the Corporate Governance Code stating that the Management Board should have more than one member considering the number of employees the Group employs. The Group's extended management also includes the Chief Financial Officer, the Country Manager of Estonia, and the Country Manager of Latvia. Significant decisions are made in cooperation with the Supervisory Board.

Principles for the remuneration of the Management Board

Upon determination of the remuneration of the Management Board, the Supervisory Board is guided by evaluations of the work of the member of the Management Board. In evaluating the work of the member of the Management Board, the Supervisory Board takes into consideration the duties and activities of the member of the Management Board, the Group's economic condition, the actual state and future predictions and direction of the business in comparison with the same indicators for companies in the same economic sector. The remuneration of the Management Board, including bonus schemes, is such that they motivate the member to act in the best interests of the Group and refrain from acting in their own or another person's

interests. The remuneration and principles of remuneration are specified in the contract with the member of the Management Board.

A member of the Management Board receives a fixed monthly fee as specified in the Management Board member agreement, as well as a performance bonus for achieving the financial year's objectives. The performance bonus is not paid if the objectives set for the financial year are not met. The severance payment for a Management Board member amounts to six months' gross salary.

Conflicts of interest

The member of the Management Board avoids conflicts of interest in their activity. The member of the Management Board does not make decisions on the basis of their own interests or use business offers addressed to the Group in their own interests. The member of the Management Board informs the Supervisory Board concerning the existence of a conflict of interests before the conclusion of a contract of service and immediately if such conflict arises. The member of the Management Board promptly informs the Chairman of the Supervisory Board of any business offer related to the business activity of the Group made to them, a relative, acquaintance or associate.

The Supervisory Board approves transactions which are significant to the Group and concluded between the Group and the member of the Management Board or another person connected with or close to them and determines the terms of such transactions.

The member of the Management Board may only engage in other duties alongside their duties as a member of the Management Board with the approval of the Supervisory Board.

Supervisory Board

Composition and duties of the Supervisory Board

The duty of the Supervisory Board is the regular supervision of the activities of the Management Board and making important decisions relating to the activities of the Group. The Supervisory Board acts independently and in the best interests of the Group and all shareholders.

According to the Articles of Association, the Supervisory Board may comprise of three to five members and the members of the Supervisory Board are elected for a term of three years. The chairman, who organises the activities of the Supervisory Board, is elected from among the members of the Supervisory Board. The members of the Supervisory Board are elected and removed by the General Meeting of Shareholders. The members of the Supervisory Board are elected from persons having sufficient knowledge and experience to participate in the work of the Supervisory Board. By a resolution of the shareholders' general meeting held on 21 May 2025, the term of office of Lauri Meidla as a member of the Supervisory Board was terminated as at 31 July 2025, and Henri Laks was elected as a member of the Supervisory Board of Hepsor AS as at 1 August 2025.

On 5 August 2025, the Supervisory Board of Hepsor elected Henri Laks as its new Chairman.



Henri Laks
Chairman of the Supervisory Board

Henri Laks – Founder of Hepsor.

Henri has over 15 years of experience in real estate development.

In 2004, he obtained a degree in real estate management from Tallinn University of Technology (TalTech), and in 2010, he earned a master's degree from Estonian Business School.

From 2004 to 2009, he worked at Kapitel (formerly ELL/Merko), managing development projects in both Estonia and Latvia.

From 2009 to 2012, Laks oversaw the construction of a new school building for the Baltic Film, Media and Arts School at Tallinn University.

From 2013 to 2025 - a member of the Management Board of Hepsor.

Since 1 August 2025 - a member of the Supervisory Board of Hepsor.



Kristjan Mitt
Member of the Supervisory Board

Kristjan Mitt - Founder of Hepsor.

Kristjani has over 15 years of experience in the construction industry.

In 2004, he obtained a degree in civil engineering from Tallinn University of Technology (TalTech), and in 2008, he earned a master's degree in business administration (*cum laude*) from TalTech.

From 2004 to 2007, he worked as a Project Manager at Koger & Partnerid AS, and from 2008 to 2011, he served as Managing Director of Koger & Partners SIA.

Since 2010 - a member of the Management Board of the Mitt & Perlebach OÜ.

From 2011 to 2021, he was a member of the Management Board of Hepsor, and since 2021, he has been a member of the Supervisory Board of Hepsor.

Member of the board of the Estonian Association of Construction Entrepreneurs.



Andres Pärloja
Member of the Supervisory Board

Andres Pärloja – Founder of Hepsor.

Andres has over 20 years of experience in banking, asset management, and construction.

In 2001, he obtained a degree in International Business Management from Estonian Business School.

From 2000 to 2004 - as Sales Director and later as a member of the Management Board of Ühispanga Varahaldus AS (now AS SEB Varahaldus).

In 2005 - a member of the Management Board of the Estonian branch of Parex Bank.

From 2005 to 2010 - worked in the construction company Koger & Partnerid.

Since 2011- a member of the Management Board of the Mitt & Perlebach OÜ.

From 2011 to 2021 - a member of the Management Board of Hepsor AS

From 2021 to 2025 - the Chairman of the Supervisory Board of Hepsor, and

since 5 August 2025 a member of the Supervisory Board of Hepsor.

The Supervisory Board decides on and regularly assesses the Group's strategy, general action plan, risk management principles and annual budget. The Supervisory Board ensures the long-term planning of the Group's operations in cooperation with the Management Board.

The Supervisory Board regularly assesses the activities of the Management Board in implementing the Group's strategy, financial condition, risk management system, the lawfulness of the Management Board activities and whether essential information concerning the Issuer has been communicated to the Supervisory Board and the public as required.

The Chairman of the Supervisory Board determines the agenda of the Supervisory Board meeting, chairs meetings, monitors the efficiency of the Supervisory Board's work, organises the transmission of information to the members of the Supervisory Board, ensures that the Supervisory Board has enough time to prepare for decisions and examines information and represents the Supervisory Board in communications with the Management Board.

Hepsor AS does not follow the recommendation in clause 3.2.2. of the Corporate Governance Recommendations that at least half of the Supervisory Board members are independent. The Group ensures independence by Supervisory Board members refraining from voting at the Supervisory Board meetings that decide the granting of consent to the conclusion of a transaction between a person related to the said member of the Supervisory Board and the Group.

In 2025, the Supervisory Board made 45 decision, a total of 39 of these decisions were signed by all members of the Supervisory Board. Decisions concerning granting of consent to the conclusion of a transaction between a person related to the said member of the Supervisory Board and the Group were signed by an independent member of the Supervisory Board.

Conflicts of interest

The members of the Supervisory Board prevent conflicts of interests from arising through their activities. Members of the Supervisory Board give preference to the interests of the Group over their own or those of a third party. Members of the Supervisory Board do not use business offers addressed to the Group for their personal gain. The Supervisory Board operates in the best interests of the Group and all shareholders.

The members of the Supervisory Board promptly inform the Chairman of the Supervisory Board and Management Board concerning any business offer related to the business activity of the Group made to them, a person close to them or an associate.

The members of the Supervisory Board strictly adhere to the requirements of the prohibition of competition as provided for in the Commercial Code (§ 324) and immediately notify other members of the Supervisory Board of their intention to engage in entrepreneurship in the same field as the Group.

The Group has had a long-term cooperation with the construction companies Mitt & Perlebach OÜ and Mitt & Perlebach SIA (jointly "Mitt & Perlebach"). The controlling shareholders and Management Board members of Mitt & Perlebach, Kristjan Mitt and Andres Pärloja, are members of the Supervisory Board of Hepsor. According to management, all reasonable efforts have been made to mitigate potential risks related to conflicts of interest. Hepsor and Mitt & Perlebach have entered into framework agreements in which the parties have agreed on the principles of remuneration for services provided to the Group by Mitt & Perlebach. Under the framework agreement, the Group may request either a fixed-price or an open-ended offer. All offers are always based on direct costs (subcontractor bids and estimates) plus Mitt & Perlebach's fixed margin, which is added to the direct costs and whose size depends on the pricing mechanism chosen by the Group. In the case of a fixed-price offer, Mitt & Perlebach assumes all business risks related to the final construction cost; in the case of an open-ended offer, both risks and profits are shared between the parties. Regardless of the type of specific contract (fixed-price or open-ended), Mitt & Perlebach carries out subcontractor procurement, negotiates, and prepares a cost estimate, which is reviewed by the Group. The submitted cost estimate includes all subcontractor prices (direct costs) and Mitt & Perlebach's project management fee (in addition to direct

costs). All decisions regarding the type of offer the Group wishes to request and whether to use Mitt & Perlebach as the main contractor at all fall within the sole competence of the Supervisory Board (in which Kristjan Mitt and Andres Pärloja, as Supervisory Board members, do not participate in voting).

Principles of remuneration of the Supervisory Board

In determining the remuneration of members of the Supervisory Board, the General Meeting takes into consideration the duties of the Supervisory Board and their scope and the economic situation of the Group. In determining the remuneration, the specific work done by the Chairman of the Supervisory Board can be considered.

In 2025 and in 2024, the gross remuneration of members of the Supervisory Board of the Group amounted to 120 thousand euros.

Name	Position	Beginning of term of office	End of term of office	Gross remuneration EUR	Number of shares controlled as at 31.12.2025	Ownership % as at 31.12.2025
Henri Laks	Chairman of the Supervisory Board	5 August 2025	31 July 2028	8 000	498,000	12.73
Andres Pärloja	Chairman of the Supervisory Board	1 November 2021	4 August 2025	4 500	997,500	25.88
Andres Pärloja	Member of the Supervisory Board	5 August 2025	23 May 2027	1 000		
Kristjan Mitt	Member of the Supervisory Board	1 November 2021	23 May 2027	until 31 July - 4 500 since 01 August - 1 000	997,500	25.88
Lauri Meidla	Member of the Supervisory Board	1 November 2021	31 July 2025	1 000	385,700	9.86

Cooperation between the Management Board and the Supervisory Board

The Management Board and the Supervisory Board closely collaborate to achieve better protection of the interests of the Group. The Management Board and the Supervisory Board jointly participate in the development of the operational objectives and strategy of the Group.

In making management decisions, the Management Board is guided by the strategic instructions supplied by the Supervisory Board and discusses strategic management related issues with the Supervisory Board regularly, typically at least twice a month.

The Management Board regularly notifies the Supervisory Board of any important circumstances concerning the planning and business activities of the Group, activity-based risks, and the management of such risks. The Management Board separately calls attention to such changes in the Group's business activities that deviate from set plans and purposes and indicates the reasons for such changes. The information is delivered promptly and covers all material circumstances.

Disclosure of information

The Group treats all shareholders equally and notifies all shareholders of important circumstances equally. The Group mainly uses the information system of the Nasdaq Baltic Stock Exchange as well as the investor section on its own website. Disclosed information is available in Estonian and in English.

Financial reporting and auditing

Financial reporting

The consolidated financial statements of Hepsor AS are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Each year, the Group publishes the consolidated audited annual reports and quarterly interim reports consolidated during the financial year. The Management Board prepares the annual accounts, which are audited by the auditor and approved by the Supervisory Board. The annual report is approved by the member of the Management Board and presented to the shareholders.

The Supervisory Board has formed an Audit Committee, whose task is to advise the Supervisory Board concerning the Group's financial reporting and accounting, auditing, risk management, internal controls and budgeting. The Audit Committee has two members whose work is not remunerated.

The Group discloses transactions with related parties in Note 32, which is an integral part of the consolidated financial statements.

Election of the auditor and auditing

In 2021, the Group elected Grant Thornton Baltic OÜ as the auditor for the 2021–2025 financial years. Total remuneration for auditing financial reports for 2025 amounted to 69 thousand euros (plus VAT). The Group follows the principle of the rotation of auditors.

The auditor gave the Audit Committee formed by the Supervisory Board a written overview of the course of the audit of the Group in 2025, the observations made, and any other important topics discussed with the Management Board of the company.

Remuneration Report

This remuneration report has been prepared in accordance with the remuneration principles of the Group's Management Board member. The member of the Management Board is remunerated pursuant to the signed contract. The remuneration report discloses the remuneration and benefits paid to the member of the Management Board in the financial year 2025.

The principles of remuneration of the Management Board are based on the long-term strategic objectives of the Group, taking into account the financial results of the Group and the interests of investors and creditors. The purpose of the remuneration policy is to support the achievement of the Group's long-term strategic goals by recruiting and retaining qualified and results-oriented members of the Management Board.

The remuneration of the Management Board is comprised of the following:

- ✓ basic remuneration – the purpose of a basic remuneration is to provide the member of the Management Board with a basic income that corresponds to their experience and qualifications, as well as to the scope, complexity and responsibilities of the duties of the position. The basic remuneration is generally reviewed once a year;
- ✓ performance bonus – the performance pay depends on the achievement of objectives set for the member of the Management Board and the Group for the respective financial year. The achievement of objectives is assessed by the Supervisory Board of the Group after the end of the respective financial year. The calculation of the performance fee is based on the financial year. The remuneration decision is made by the Supervisory Board of the Group.

The Group's Management Board has one member. On 31 July 2025, the mandate of the previous board member, Henri Laks, as a member of the Management Board of Hepsor AS ended, following his appointment as a member of the Supervisory Board of Hepsor AS by resolution of the shareholders' general meeting. As at 1 August 2025, Martti Krass serves as a member of Hepsor's Management Board, under a management board member agreement valid until 1 August 2030. Upon termination of the agreement, a severance payment of six months' gross salary is payable.

in thousands of euros	2025	2024	2023	2022	2021
<i>Gross remuneration</i>					
<i>Martti Krass as at 1 August 2025</i>	43	-	-	-	-
<i>Henri Laks until 31 July 2025</i>	88	179	151	109	56

Employees

As at 31 December 2025, the Group employed 26 (31 December 2024: 28) people including the members of the Management Board and of the Supervisory Board. A total of 14 of these people worked in Estonia (31 December 2024: 14) and 12 in Latvia (31 December 2024: 14).

Total labour cost for the reporting period amounted to 2,155 thousand euros (2024: 2,168 thousand euros). During the reporting year, the labour costs remained at the same level as in the comparative period.

The Group's definition of labour costs includes payroll expenses (incl. basic salary and wages additional remuneration, holiday pay and performance pay), payroll taxes, special benefits, and taxes calculated on special benefits. The remuneration of a member of the Management Board and the remuneration of a member of the Supervisory Board are also considered to be labour costs.

The members of the Management Board and the Supervisory Board were paid for the reporting period gross fees in the amount of 516 thousand euros (2024: 500 thousand euros).

Number of
employees in 2025

26

in thousands of euros	2025	2024	2023	2022	2021
Group's total labour costs	2,155	2,168	1,981	1,530	908
Average number of employees	21.4	21.4	20.0	18.0	13.8
Group revenue	35,414	38,397	41,135	12,870	14,961
Group revenue per employee	1,655	1,794	2,057	715	1,084

Stockofiss U34

Ulbrokas 34, Riga



Share and Shareholders

The shares of Hepsor AS (HPR1T; ISIN EE3100082306) have been listed on the Nasdaq Tallinn Stock Exchange main list since 26 November 2021. The Group has issued a total of 3,854,701 ordinary shares with a nominal value of 1 euro each. At the general meeting of Hepsor AS, each share grants one vote, and there are no different classes of shares.

As at 31 December 2025, Hepsor AS had 8,561 shareholders (31 December 2024: 9,433 shareholders).

Hepsor AS Top 10 largest shareholders, incl. the members of the Management Board and of the Supervisory Board and entities related to them:

Shareholder	Position	Number of shares 31.12.2025	Ownership % as at 31.12.2024	Number of shares 31.12.2024	Change
Martti Krass	Member of the Management Board	59,109	1.51%	1,288	57,821
Henri Laks	Chairman of the Supervisory Board	498,000	12.73%	498,000	0
Andres Pärloja	Member of the Supervisory Board	997,500	25.50%	997,500	0
Kristjan Mitt	Member of the Supervisory Board	997,500	25.50%	997,500	0
Total		2,552,109	65.23%	2,494,288	57,821
Lauri Meidla	Shareholder	385,700	9.86%	385,700	0
Järvevana 7b OÜ	Shareholder	133,461	3.41%	133,461	0
OÜ Hinno Invest	Shareholder	95,513	2.44%	62,160	33,353
SEB PENSIONIFOND 18+	Shareholder	55,178	1.41%	55,178	0
OÜ Trailborg	Shareholder	43,000	1.10%	13,500	29,500
WATSON GROUP OÜ	Shareholder	25,000	0.64%	25,000	0
10 largest shareholders total		3,289,961	84.09%	3,169,287	120,674
Minority shareholders total		622,561	15.91%	743,235	-120,674

Shareholder structure by number of shares held as at 31 December 2025:

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	9	0.11%	348,584	8.91%
1001-10 000	47	0.55%	140,442	3.59%
101-1000	755	8.82%	206,127	5.27%
1-100	7,744	90.46%	205,208	5.24%
Total	8,561	100.00%	3,912,522	100.00%

Distribution of shareholders by country as at 31 December 2025:

Share holder country	Share % as at 31.12.2025	Share % as at 31.12.2024	Change
Estonia	99.4%	99.5%	-0.1%
Latvia	0.3%	0.2%	0.1%
Lithuania	0.2%	0.2%	-
Other countries	0.1%	0.1%	-
Total	100%	100%	0%

In addition to the three largest shareholder countries, the company had shareholders in 21 other countries (2024: 14 countries).

Distribution of shares by investor type as at 31 December 2025:

Investor type	Shares as at 31.12.2025	Shares as at 31.12.2024	Share as at 31.12.2025	Change
Retail investor	2,271,605	2,284,025	58%	-12,420
Institutional	71,640	102,640	2%	-31,000
Company	1,569,277	1,468,036	40%	101,241
Total	3,912,522	3,854,701	100%	57,821

During the period from 1 January 2025 to 31 December 2025, a total of 6,844 transactions were carried out with Hepsor shares, during which 151,152 shares changed ownership for a total value of EUR 783,520. The highest transaction price during the period was EUR 7.26 and the lowest was EUR 3.60. As at 31 December 2025, the market capitalisation of the shares was EUR 24.3 million, and the equity attributable to the owners of the parent company was EUR 21 million (31 December 2024: EUR 21 million). The reporting period's equity was significantly affected by the decision to pay a dividend of EUR 1.0 million, which was recognised as a distribution of retained earnings.



On 8 July 2025, the Supervisory Board of Hepsor adopted a resolution to increase the share capital of Hepsor by EUR 57,821. The share capital increase is related to the shareholders' decision of 12 June 2025 to approve the acquisition of a 20% holding in Hepsor Latvia OÜ from Hugomon OÜ, for which Hepsor partially paid by issuing shares to Hugomon OÜ.

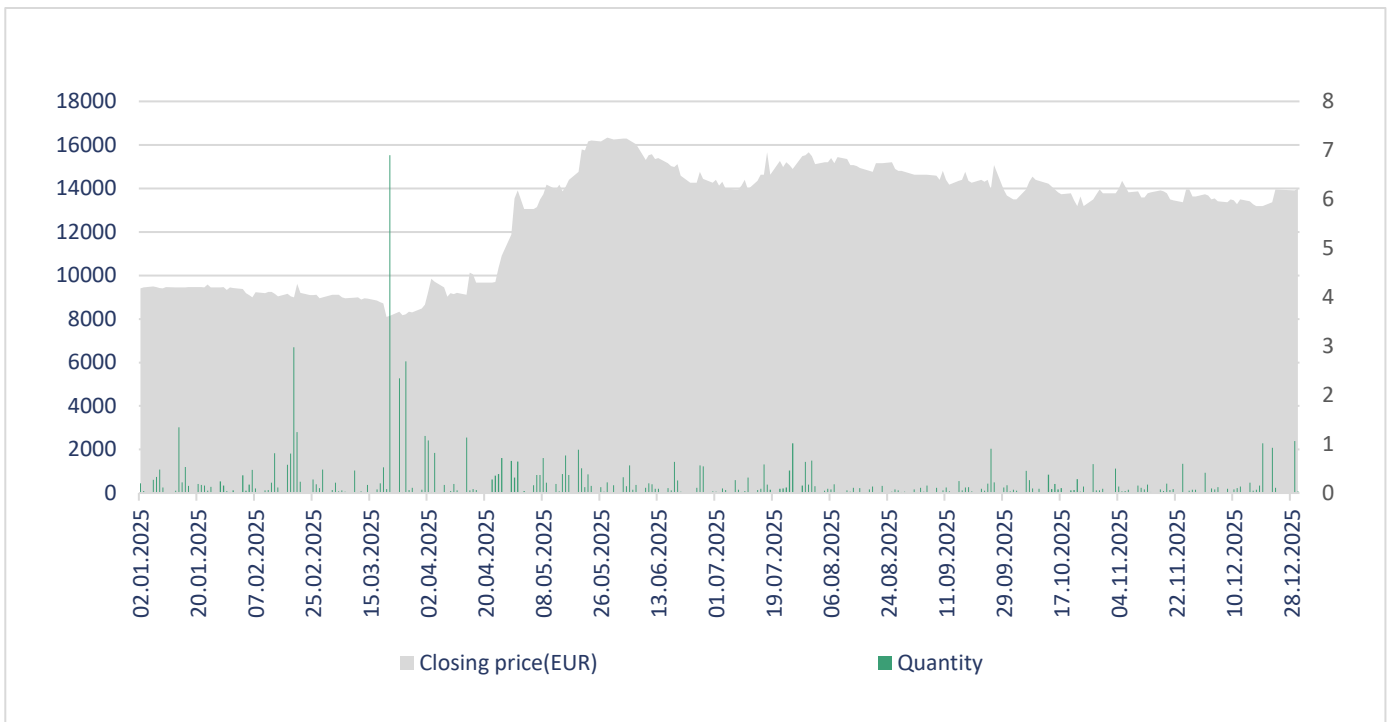
The increase of Hepsor's share capital was registered in the Commercial Register on 17 July 2025, after which Hepsor's share capital amounted to EUR 3,912,522, divided into 3,912,522 shares with a nominal value of EUR 1. In accordance with the decision of the Nasdaq Tallinn Stock Exchange Management Board dated 18 July 2025, the additionally issued 57,821 shares were listed and admitted to trading on the Nasdaq Tallinn Main List as at 22 July 2025.

At the beginning of the reporting period, the share price was EUR 4.18 per share (1 January 2024: EUR 7.02 per share). At the end of the reporting period, the share price was EUR 6.22 (31 December 2024: EUR 4.20 per share). The median share price for the period was EUR 6.12 (2024: EUR 5.91 per share). As at 31 December 2025, the P/E ratio was 62.2 (31 December 2024: 38.2).

Share trading history as at 31 December 2024:

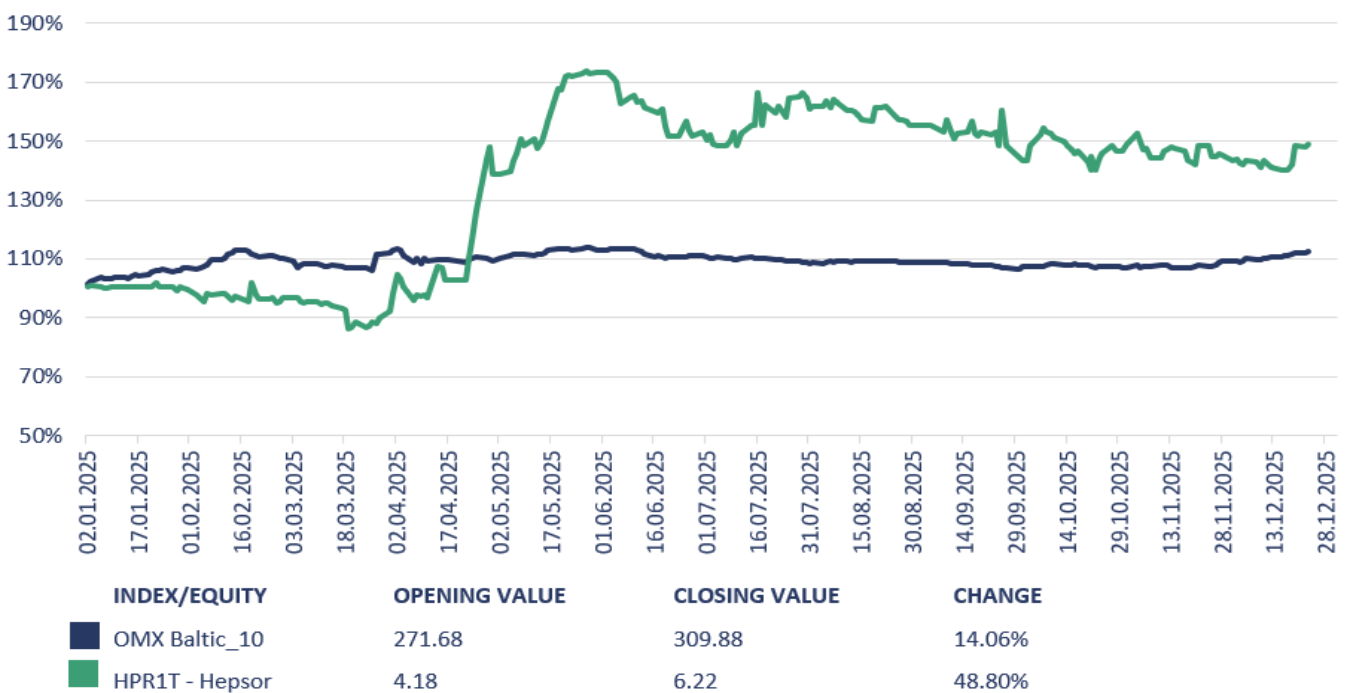
Trading history	2025	2024	2023
Highest price	7.26	7.14	9.23
Lowest price	3.6	4.1	6.9
Median price	6.12	5.91	8.3
Price as at 31 December	6.22	4.2	7.02
Number of shares traded	151,152	128,182	117,234
Market cap as at 31.12	24,335,887	16,189,744	27,060,001

Trading volume and price range of the Hepsor AS shares, 12 months (1 January 2025–31 December 2025):



Source: Nasdaq Baltic

Change in the Hepsor share price in comparison with the Benchmark OMX Tallinn Index, 12 months (1 January 2025–31 December 2025):



Source: Nasdaq Baltic

Manufaktuuri Vabrik

Manufaktuuri 5, Tallinn



Sustainability Report

For the fifth consecutive year, we are preparing a Sustainability Report as part of the Annual Report in order to provide shareholders with a transparent overview of our sustainability principles, environmental impact management, and social responsibility activities. Responsibility for risk management related to sustainability activities and reporting lies with the Management Board of Hepsor AS, while the day-to-day implementation of activities is coordinated by the country managers of the Estonian and Latvian subsidiaries. The responsibilities, duties, and backgrounds of the members of the Management Board and Supervisory Board are described in more detail in the Corporate Governance Report. An overview of the company's business model and core activities in 2025 is provided in the section "Overview of Development Projects" of the Management Report.

Environmental impact

Since the early days of the company, we have sought - wherever possible - to implement environmentally sustainable solutions in property development and to contribute to the long - term vision of the construction sector in Estonia and Latvia. In 2025, to improve process management, we also formally defined our green mindset principles, including measurable indicators:

- ✓ We believe that environmental stewardship must deliver value without compromising affordability or comfort.
- ✓ We recognise that real estate development inevitably places pressure on the natural environment. Although business constraints mean that not all challenges can be addressed at once, we are committed to continuous improvement.
- ✓ We understand that we are in a position where our decisions shape environmental impact beyond our direct operations. Therefore, we approach sustainability from a whole life-cycle perspective of buildings - from production and construction through to long-term use.
- ✓ We make decisions based on data - we do not dismiss ideas before thoroughly analysing them, nor do we make sustainability claims without verifiable evidence.

Based on these principles, our activities rest on three pillars - prevention, reduction and preservation. This means that we select development locations based on their potential to help prevent long-term negative ecological and social impacts, and during the design phase we focus primarily on energy-efficient solutions that help reduce climate impact during the use phase. During the reporting year, we have, for example, worked on creating opportunities for energy storage in connection with apartment buildings. In addition, we continuously seek solutions for planning building functions that support a more environmentally sustainable lifestyle more broadly, such as hobby and storage spaces, as well as businesses that contribute to a supportive living environment. Throughout all of this, we aim to maximise the lifespan of buildings, as extending the life cycle is one of the most effective ways to reduce a building's environmental impact.

In 2024, our Latvian development project StokOfiss U34 obtained a BREEAM (Building Research Establishment Environmental Assessment Method) pre-construction certificate at the level of "Very Good" (3/5), and in 2025 this was also confirmed for the completed building, demonstrating its overall energy efficiency, environmental and user friendliness, and sustainability at every planned stage of its life cycle.

Climate

Since 2022, in cooperation with external experts, we have assessed the greenhouse gas (GHG) emissions arising from our activities across Scopes 1–3.

Scope 1 covers direct greenhouse gas emissions from sources that are owned or controlled by us, based on the operational control approach. This includes fuel used in our own vehicles, the consumption of which in 2025 remained similar to previous years. In both years, the majority of Scope 1 emissions relates to the use of refrigerants in Hepsor’s rental buildings, which may vary significantly from year to year.

Scope 1 GHG emissions	2025	2024	Change
Total emissions (t CO ₂ eq)	31.6	6.3	401.6%

Scope 2 covers indirect greenhouse gas emissions from purchased energy. This category includes all electricity and heat consumed by our operations, as well as energy consumption for common areas in our rental buildings. In 2024, only data from Latvia were included. In 2025, energy consumption for common areas in rental properties in Estonia was added, where consumption in the previous year was likely similar, but no data were available. For this reason, we do not report a change indicator.

In line with market best practice, the data are presented using two calculation methods: location-based and market-based. The market-based method reflects the emissions associated with electricity purchased according to the company’s choices in the electricity market. The location-based method represents the average emissions from electricity generation in a specific region, regardless of whether the electricity consumption is offset with renewable energy certificates.

Scope 2 GHG emissions	2025	2024
Location-based total emissions (t CO ₂ eq)	309.5	126.4
Market-based total emissions (t CO ₂ eq)	288.8	12.,9

Scope 3 includes indirect emissions arising from our value chain, such as emissions from waste, employee commuting, and energy consumption in leased premises. Since the data on waste in Latvia for 2024 were incomplete, no comparative figures are presented for this category.

Scope 3 GHG emissions related to office operations	2025	2024	Change
Purchased goods and services (t CO ₂ eq)	3.5	3.3	6.6%
Capital goods (long-lived assets) (t CO ₂ eq)	13.6	11.5	18.3%
Fuel- and energy-related activities (t CO ₂ eq)	15.9	12.0	32.5%
Waste generated in operations (t CO ₂ eq)	27.4	1.7*	-
Business travel (t CO ₂ eq)	22.8	113.9	-79.9%
Employee commuting, including home office (t CO ₂ eq)	5.6	16.8	-66.7%
Leased premises in subsequent stages of the value chain (t CO ₂ eq)	390.7**	529.5**	-26.2%
Scope 3 total emissions (t CO ₂ eq)	479.9	688.7	-

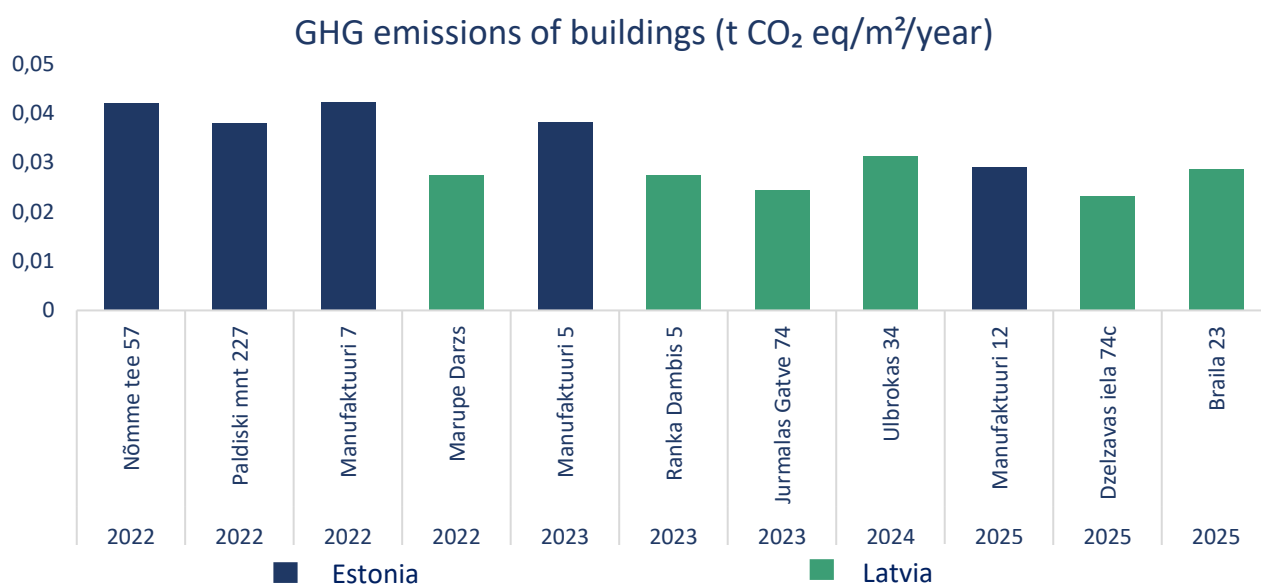
*Data on waste from the Latvia office are incomplete

**Data on energy consumption for leased areas in Latvian rental properties are not available.

Total impact of office operations. GHG emissions related to office operations have remained stable over the years across different categories, with value chain-related emissions (Scope 3) accounting for the largest share of our climate impact. The most significant change compared to 2024 is the reduction in emissions from business travel, which fell by nearly 80% due to a decrease in travel volume.

Total GHG emissions from office operations	2025	2024	Muutus
Location-based total emissions (t CO ₂ eq)	821	821	0%
Market-based total emissions (t CO ₂ eq)	800	818	-2%
Market-based emissions relative to group revenue (t CO ₂ eq/MEUR)	22.6	21.3	6%

We also assess the climate impact of each building under development over its expected lifecycle (50 years). More than half of a building's GHG emissions arise from energy consumption during its operational phase. Due to differences in future energy consumption scenarios between Latvia and Estonia, the lifecycle emissions of Latvian buildings are consistently lower, while emissions related to material use and waste management are similar across the two countries. GHG emissions are calculated annually for each building whose construction begins within the reporting period.



The overall impact of all Hepsor activities. From the perspective of Hepsor's total climate impact, the largest source of impact each year has been the projected lifecycle impact of projects in the construction preparation phase, which is included under Scope 3. Although the number of projects considered has differed over the past two years, emissions have remained similar, as the 2024 project was comparable in total volume to the three projects in 2025.

Total emissions from office and development activities	2025	2024	Muutus
Location-based total emissions (t CO ₂ eq)	14,635	14,584	0.4%
Market-based total emissions (t CO ₂ eq)	14,614	14,580	0.2%

Social Impact

In addition to the environmental impact of our activities, we recognise, monitor, and actively manage their social impact. The primary goal of our business is to provide clients with the best possible service, which makes strong client relationships and a consistent awareness of the needs of customers, partners, and communities essential. Achieving this depends on attracting and retaining the best employees, an area to which we devote daily effort.

Clients and End Users

We aim to provide our clients and the end users of our buildings with the best possible living environment. It is important to us that people feel comfortable and safe in the buildings where they spend much of their time. We comply with local requirements to ensure indoor climate quality, and we value high-quality architecture and construction craftsmanship to create distinctive buildings and enrich the urban landscape. We also work closely with public sector representatives and city authorities to ensure that our developments align with municipal needs and contribute to broader urban planning goals.

Alongside building development, we are designing courtyard spaces within the quarter featuring diverse landscaping, providing residents with abundant opportunities for leisure and recreation. In the current development focus at the Manufaktuuri quarter, we aim not only to create comfortable homes but also to foster community life. To encourage this, in the summer of 2025 we contributed to the organisation of KopliFest, showcasing the history and future plans of the emerging quarter

Client Data Privacy

Due to the nature of our business, we are required to store our clients' sensitive personal data. To provide high-quality real estate services, we collect and process data only on a lawful basis and to the minimum extent necessary. To ensure data security and prevent breaches, unauthorised access, or misuse, we implement strict security measures. In addition, we work with an independent third party for data storage, ensuring compliance with best-in-class security standards and regulatory requirements.

Feedback and Complaint Handling

Our goal is to design spaces that meet the needs of our clients, which is why we engage in active communication from the very early stages of development projects. We map the expectations of users for the area and buildings under development to create sustainable and high-quality living environments.

We provide a warranty period for our developed buildings, during which our partners ensure that any construction defects or shortcomings are promptly and effectively addressed. To better understand client expectations and needs, we have been collecting post-completion client satisfaction feedback in Latvia for several years. A similar process will be implemented in Estonia starting in 2026.

In shaping the client experience, we follow the best practices of the Estonian Association of Real Estate Companies (EKFL), which emphasise honesty, prompt and professional service, prioritising client interests, transaction transparency, and a high level of professionalism across the real estate sector. By adhering to these principles, we create reliable and client-focused solutions that support the sustainable development of the sector.

Our Team

Our 26-member team is guided by shared values, trust, and an appreciation for mutual contribution. To support professional development and well-being, we provide an inspiring work environment, training opportunities, and cross-country team activities. Each year, we organise four major team events, along with smaller gatherings, all of which help strengthen interpersonal connections. During our team summer event, we traditionally focus on collaborative work and fostering team spirit.

In the reporting year, we conducted a team roles assessment based on personality types to better account for individual differences and support personal development. In addition, we hold regular development discussions with all employees to gather feedback on management and expectations. These discussions also identify training needs, allow for mutual feedback and expectation management, and provide input for each employee's individual development plan.

Management Culture

Our operations are founded on transparency, integrity, and compliance with applicable laws. As a small organisation, our daily communication is direct and personal, and ethical business conduct has naturally become part of our everyday decision-making. For this reason, we have not found it necessary to establish separate codes of conduct. We expect the same standards from our suppliers and partners, prioritising long-term collaborative relationships in their selection. The only area formally documented in our operations is anti-money laundering, which we regulate in accordance with legal requirements.

We also actively participate in the activities of both the Estonian Association of Real Estate Companies (EKFL) and the Latvian Association of Real Estate Developers (NIAA), following the associations' established best practices and contributing to the development of a sustainable and secure real estate market. As members of these associations, we can participate in the drafting of legislation and other regulatory acts and represent the associations' interests with government and municipal bodies.

Support Activities

Having successfully operated for over ten years, we aim to share our success with the wider community. To contribute to the education of the next generation, we award a scholarship in Latvia to a young engineer. In 2025, we supported Tallinn Children's Hospital through donations and collaborated with the Latvian Cycling Federation to support the organisation of youth competitions.

Manufaktuuri 12

Manufaktuuri 12, Tallinn



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Consolidated Financial Statements

Consolidated statement of financial position

in thousands of euros	Note	31 Dec 2025	31 Dec 2024
Assets			
Current assets			
Cash and cash equivalents	2	3,821	6,249
Trade and other receivables	3	1,807	761
Current loan receivables	9	0	200
Inventories	4	58,938	64,141
Total current assets		64,566	71,351
Non-current assets			
Property, plant and equipment	5	260	288
Intangible assets		0	2
Investment properties	6	11,820	7,980
Financial investments	7	7,837	6,424
Investments in joint ventures		26	0
Non-current loan receivables	9	6,521	2,428
Other non-current receivables	8	805	340
Total non-current assets		27,269	17,462
Total assets	28	91,835	88,813
Liabilities and equity			
Current liabilities			
Loans and borrowings	10	5,687	23,336
Current lease liabilities	11	50	52
Trade and other payables and prepayments	12	8,376	7,266
Total current liabilities		14,113	30,654
Non-current liabilities			
Loans and borrowings	10	42,060	31,352
Non-current lease liabilities	11	112	162
Other non-current liabilities	13	8,472	4,635
Total non-current liabilities		50,644	36,149
Total liabilities	28	64,757	66,803
Equity			
Share capital	15	3,913	3,855
Share premium	15	8,917	8,917
Reserves	15	385	385
Retained earnings		13,863	8,853
Total equity		27,078	22,010
Incl. total equity attributable to owners of the parent		20,858	20,912
Incl. non-controlling interest		6,220	1,098
Total liabilities and equity		91,835	88,813

The notes presented on pages 61 to 111 form an integral part of the consolidated financial statements.

Consolidated statement of profit and loss and other comprehensive income

in thousands of euros	Note	2025	2024
Revenue	17, 28	35,414	38,397
Cost of sales (-)	18	-29,778	-31,635
Gross profit		5,636	6,762
Marketing expenses (-)	19	-1,334	-898
Administrative expenses (-)	20	-1,828	-1,802
Other operating income	22	1,155	449
Other operating expenses (-)	22	-270	-179
Operating profit of the year	28	3,359	4,332
Financial income	23	712	421
Financial expenses (-)	24	-2,685	-2,578
Profit before tax		1,386	2,175
Income tax	25	-347	-41
Net profit for the year		1,039	2,134
Attributable to owners of the parent		399	423
Non-controlling interest		640	1,711
Other comprehensive income (loss)			
Changes related to change of ownership	29	-81	-313
Changes in subsidiaries' equity	29	249	0
Change in value of embedded derivatives with minority shareholders	14	-714	-1,874
Exchange rate differences from foreign entities		-302	-103
Other comprehensive income (loss) for the period		-848	-2,290
Attributable to owners of the parent		491	-504
Non-controlling interest		-1,339	-1,786
Comprehensive income (loss) for the period		191	-156
Attributable to owners of the parent		890	-81
Non-controlling interest		-699	-75
Earnings per share			
Basic (euros per share)	26	0,10	0.11
Diluted (euros per share)	26	0,10	0.11

The notes presented on pages 61 to 111 form an integral part of the consolidated financial statements.

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 as at 31 December 2023	3,855	8,917	385	7,836	1,168	22,161
Net profit/(loss) for the year	0	0	0	423	1,711	2,134
Other comprehensive income/(loss) for the period	0	0	0	-504	-1,786	-2,290
Voluntary reserve	0	0	0	0	5	5
Balance as at 31 December 2024	3,855	8,917	385	7,755	1,098	22,010
Net profit/(loss) for the year	0	0	0	399	640	1,039
Other comprehensive income/(loss) for the period	0	0	0	491	-1,339	-848
Voluntary reserve	0	0	0	0	5,821	5,821
Dividends paid	0	0	0	-1,002	0	-1,002
Issue of shares	58	0	0	0	0	58
Balance as at 31 December 2025	3,913	8,917	385	7,643	6,220	27,078

Information on equity is presented in Note 15.

The notes presented on pages 61 to 111 form an integral part of the consolidated financial statements.

Consolidated statement of cash flows

in thousands of euros	Note	2025	2024
Net cash flows from (to) operating activities			
Operating profit of the year	28	3,359	4,332
Adjustments for:			
Depreciation of property, plant and equipment		99	204
Other adjustments		-692	-278
Income tax paid		-320	0
Changes in working capital:			
Change in trade receivables		-1,040	789
Change in inventories	27	4,116	6,464
Change in liabilities and prepayments		2,970	-2,602
Other non-cash changes		5,859	0
Cash flows from (to) operating activities		14,351	8,909
Net cash flows from (to) investing activities			
Payments for property, plant and equipment	5	-69	-23
Proceeds from sale of property, plant and equipment		2	0
Payments for intangible assets		0	-3
Payments for financial investments		-1,868	-4,420
Payments for acquisition of joint ventures	29	-2	0
Payments for acquisition of subsidiaries	29	-1,421	-1
Proceeds from sale of subsidiaries	29	4	1,601
Loans granted	9	-4,144	-918
Interest received	27	5	39
Cash flows from (to) investing activities		-7,493	-3,725
Net cash flows from (to) financing activities			
Loans raised	10	19,574	37,619
Loan repayments	10	-33,104	-38,869
Proceeds from bond issue (net)	10	7,808	0
Interest paid	27	-3,522	-5,326
Payments of finance lease principal	11	-10	-9
Payments of right to use lease liabilities	11	-42	-147
Non-controlling interest contributions to share capital	29	249	209
Payments upon demerger of a subsidiary	14	0	-1,537
Share capital payments to a non-controlling interest	29	0	-134
Dividends paid		-1,002	0
Other receipts from financing activities	13	610	1,738
Other payments from financing activities		-16	-83
Cash flows from financing activities		-9,455	-6,539
Net cash flow		-2,597	-1,355
Cash and cash equivalents at beginning of year	2	6,249	7,604
Cash and cash equivalents acquired through acquisition of subsidiaries	29	169	0
Increase / decrease in cash and cash equivalents		-2,597	-1,355
Cash and cash equivalents at end of year	2	3,821	6,249

The notes presented on pages 61 to 111 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

Note 1. Accounting policies

1.1. General information

Hepsor AS (hereinafter referred to as the 'Group' or 'Hepsor'), a real estate development company based on Estonian capital, operates in Estonia, Latvia and Canada.

The consolidated financial statements of the Group for 2025 were signed by a member of Management Board of Hepsor AS on 23 April 2026.

In accordance with the requirements of the Commercial Code of the Republic of Estonia, the annual report prepared by the Management Board and approved by the Supervisory Board, which also includes the consolidated financial statements, is approved by the General Meeting of Shareholders. The Shareholders have the right not to approve the annual report prepared by the Management Board and approved by the Supervisory Board and to request that a new report be prepared. The Annual General Meeting of Shareholders, one of the items on the agenda of which is the approval of the consolidated annual report of Hepsor AS for 2025, will be held on 20 May 2026.

1.2. Basis of preparation of consolidated financial statements

The Group's consolidated annual financial statements have been prepared in conformity with the International Financial Reporting Standards as endorsed by the European Union (hereinafter the 'IFRS (EU)'). The Group has consistently applied the accounting policies throughout all periods presented unless stated otherwise.

The consolidated annual financial statements for 2025 have been prepared on a going-concern basis.

The preparation of consolidated annual financial statements in conformity with the IFRS (EU) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. The management of the Group believes the underlying assumptions in the preparation of consolidated annual financial statements for 2025 are appropriate.

These consolidated annual financial statements consist of consolidated statements of financial position, consolidated statement of comprehensive income, statement of changes in equity, consolidated statement of cash flows, and explanatory notes.

The consolidated annual financial statements are presented in euros, and all values are rounded to the nearest thousand (EUR 000), except when otherwise indicated.

1.3. Accounting policies, changes in accounting estimates and errors (IAS 8)

When an IFRS (EU) specifically applies to a transaction, other event, or condition, the accounting policy or policies applied to that item will be determined by applying the IFRS (EU). In the absence of an IFRS (EU) that specifically applies to a transaction, other event or condition, management will use its judgment in developing and applying an accounting policy that results in information that is relevant to the economic decision-making needs of users and reliable.

The Group selects and applies its accounting policies consistently for similar transactions, other events, and conditions unless an IFRS (EU) specifically requires or permits categorising items for which different policies may be appropriate. If an IFRS (EU) requires or permits such categorisation, an appropriate accounting policy shall be selected and applied consistently to each category.

The Group changes an accounting policy only if the change is required by the IFRS (EU) or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events, or conditions on the entity's consolidated financial position, consolidated financial performance or consolidated cash flows. When a change in accounting policy is applied retrospectively the Group adjusts the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

The effect of a change in an accounting estimate shall be recognised prospectively by including it in profit or loss in the period of the change if the change affects that period only or the period of the change and future periods if the change affects both.

The Group corrects material prior period errors retrospectively in the first set of consolidated financial statements authorised for issue at their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred; or if the error occurred before the earliest prior period presented, restating the consolidated opening balances of assets, liabilities and equity for the earliest prior period presented.

1.4. Impact of new and revised standards and interpretations

The accounting principles applied in the preparation of this report are the same as those used in the Group's consolidated report for the financial year ended on 31 December 2024.

Impact of new standards and interpretations

In reporting periods starting on or after January 1, 2025, it became mandatory for the Group to apply:

Amendments to IAS 21 "Lack of exchangeability"

In August 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 21 to clarify how to assess whether a currency is exchangeable and how to determine the spot exchange rate when exchangeability is lacking. Under the new requirements, comparative information is not restated and the effect is recognised at the date of initial application.

In the opinion of the Group, the aforementioned change did not have any impact on the Group's financial statements.

New or amended standards and interpretations

New or amended standards and interpretations have been issued, which will become mandatory for the Group starting from 1 January, 2026, or later periods, and which the Group has not applied prematurely. The Group will analyse and disclose the impact of all the changes mentioned below after they come into effect.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

On 30 May 2024, the International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to:

- clarify the timing of recognition and derecognition of certain financial assets and financial liabilities, including a new exception for some financial liabilities settled through an electronic payment system;
- clarify and provide additional guidance on assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- introduce new disclosure requirements for certain instruments with contractual terms that may change cash flows (for example, some instruments with features linked to environmental, social and governance (ESG) targets); and
- update disclosure requirements for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group is assessing the impact of these amendments on its financial statements and does not expect them to have a material impact.

Annual improvements to IFRS Accounting Standards

In IFRS 1, it was clarified that, upon transition to IFRS Accounting Standards, hedge accounting must be discontinued if it does not meet the “qualifying criteria” for hedge accounting, rather than the “conditions”, in order to resolve confusion arising from inconsistencies in wording between IFRS 1 and IFRS 9 hedge accounting requirements. IFRS 7 requires disclosure of gains or losses on derecognition of financial assets in which the entity has continuing involvement, including whether fair value measurements included “significant unobservable inputs”. This new phrase replaced the reference to “significant inputs that were not based on observable market data”. Following the amendment, the wording is aligned with IFRS 13. In addition, certain application guidance examples in IFRS 7 were clarified and text was added to state that the examples may not illustrate all requirements set out in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished at or after the beginning of the reporting period in which the entity first applies the amendment. To resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at the amount determined by applying IFRS 15, rather than at the “transaction price (as defined in IFRS 15)”. IFRS 10 was amended to use less persuasive wording where an entity is a de facto agent and to clarify that the relationship described in paragraph B74 of IFRS 10 is only one example of circumstances in which it is necessary to assess whether a party is acting as a de facto agent. IAS 7 was amended to remove references to the cost method, which was removed from IFRS Accounting Standards in May 2008 when the IASB issued the amendment “Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate”.

IFRS 18 “Presentation and Disclosure in Financial Statements”

In April 2024, the International Accounting Standards Board (IASB) issued a new standard, IFRS 18, on presentation and disclosure in financial statements, focusing on improvements to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (i.e. management-defined performance measures); and
- enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes in general.

IFRS 18 replaces IAS 1; many of the existing principles in IAS 1 remain with limited changes. IFRS 18 does not affect the recognition or measurement of items in the financial statements, but it may affect how the Group presents its financial performance, including operating profit or loss. IFRS 18 applies to reporting periods beginning on or after 1 January 2027 and is also applicable to comparative information.

The remaining new or amended standards or interpretations that are not yet effective are not expected to have a material impact on the Group.

1.5. Consolidation (IFRS 10)

The Group's consolidated financial statements comprise of the parent entity and all its subsidiaries as at 31 December. All subsidiaries have a reporting date of 31 December. Consolidation of a subsidiary begins when the parent entity obtains control over the subsidiary and ceases when the parent entity loses control over the subsidiary.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries where the Group holds 50% ownership interest are

consolidated based on, the assessment of the management of the Group that the Group effectively controls the subsidiary by virtue of managing the real estate development projects and/or through a shareholder agreement.

All transactions and balances between the Group entities are eliminated on consolidation, including unrealised gains and losses on transactions between the Group entities. Amounts reported in the statutory financial statements of subsidiaries have been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

The Group prepares consolidated financial statements using uniform accounting policies for similar transactions and other events in similar circumstances.

The Group presents non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the reporting period is recognised from the effective date of acquisition or up to the effective date of disposal, as applicable.

1.6. Business combinations (IFRS 3, IAS 36)

The Group uses the acquisition method of accounting to account for business combinations where the Group has obtained control over a subsidiary or merged the net assets of one or more businesses into the Group. The cost of acquisition is calculated as the sum of the acquisition date fair values of assets transferred. Acquisition-related costs that the Group incurs in a business combination are expensed as incurred.

As at the acquisition date, the Group recognises the identifiable assets acquired and the liabilities assumed at their fair values.

The Group applies adjusted purchase method when acquiring business combinations under common control by recognising the assets and liabilities of the acquiree or business on the acquirer's statement of financial position at the carrying amount. The difference between the cost of acquisition and the carrying amount of the acquired net assets will be recognised as an increase or decrease of the equity of the acquirer.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its financial statements provisional amounts for the items for which the accounting is incomplete. The measurement period is the period after the acquisition date, during which the acquirer may adjust the provisional amounts recognised for a business combination. During the measurement period, the acquirer will recognise adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thus, the acquirer will revise comparative information for prior periods presented in financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting. After the measurement period ends, the acquirer will revise the accounting for a business combination only to correct an error.

1.7. Investments in associates (IAS 28)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounted for using the equity method. The initial recognition of the investment in an associate is recognised at cost. The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of associates, adjusted where necessary to ensure consistency with the accounting policies of the Group.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale.

1.8. Joint ventures (IFRS 11)

In 2023, the Group invested in two joint ventures in Canada: Weston Limited Partnership and Elysium Isabella Limited Partnership. These joint ventures are accounted for using the equity method. Initially, the investment is recognised at cost in jointly controlled entities, which is then adjusted for changes in net assets that occurred after the acquisition in the jointly controlled entity. The Group's income statement includes the Group's share of the jointly controlled entity's profit or loss. Unrealised gains and losses from intra-group transactions are eliminated.

1.9. Property, plant and equipment (IAS 16)

Property, plant and equipment are assets used for production, provision of services or administrative purposes over a period of more than one year.

Items of property, plant and equipment are recognised at an acquisition cost less any accumulated depreciation and impairment losses, if any. Acquisition cost consists of the purchase price and other costs directly attributable to the acquisition that are necessary for bringing the asset to its working condition and location. When an item of property, plant and equipment consists of separately identifiable components that have different useful lives, these components are accounted as separate assets and separate depreciation rates are assigned to them according to the useful lives of the components. Items of property, plant and equipment leased under the lease terms are accounted for similarly to purchased property, plant and equipment.

Depreciation is recognised as an expense on a straight-line basis over the estimated useful life of an item of property, plant and equipment and its identifiable components.

The following estimated useful lives are applied:

- buildings and structures 2–33 years;
- plant and equipment 5–10 years;
- other equipment and fixtures 3–5 years;
- vehicles 5–7 years.

Land and construction in progress are not depreciated.

The Group uses uniform depreciation rates in all Group companies. The estimated useful lives, residual values and depreciation methods are reviewed annually. The effect of the changes is reflected in the reporting period and in subsequent periods.

Items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from the continued use or disposal of the asset. Gains or losses arising from derecognition of items of property, plant and equipment are included either within other operating income or other operating expenses in the income statement.

1.10. Intangible assets (IAS 38, IAS 36)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Depreciation is recognised as an expense on a straight-line basis over the estimated useful life of an item of property, plant and equipment and its identifiable components.

The following estimated useful lives are applied:

- licences and software 2–5 years.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income for the period.

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is more than the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the statement of comprehensive income for the period.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

1.11. Investment property (IAS 40)

Investment properties are real estate assets held primarily for earning rental income, for capital appreciation, or both, rather than for producing goods and services, administrative purposes or sale in the ordinary course of business.

Initial recognition: investment properties are initially recognised at cost, which includes the purchase price and all direct costs associated with acquiring the asset.

Subsequent measurement: investment properties are measured using the fair value model. The fair value of the property is assessed regularly, at least at each reporting period.

Derecognition: investment properties are derecognised upon disposal (i.e. when the recipient gains control). Any gains or losses arising from the disposal of the asset (calculated as the difference between the net sales proceeds and the carrying amount of the asset) are recognised in the comprehensive income statement.

Reclassification: investment properties are reclassified if they no longer meets the definition of an investment property, for example, if the Group starts using the property for administrative purposes.

1.12. Cash and cash equivalents, cash flows (IAS 7)

Cash and cash equivalents are cash at bank and cash on hand, short-term high liquidity investments (up to three months) that are readily convertible into a known amount of cash and which are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalent balances are those which meet the definition of cash and cash equivalents but are not available for use by the Group. The Group has a requirement, as part of its business operations, to set aside cash by way of deposit into an escrow account. Such escrow accounts are classified in the cash flow statement as change in receivables from operating activities.

The statement of cash flows reports cash flows during the period classified by operating, investing and financing activities. The Group reports cash flows from operating activities using the indirect method whereby operating profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

1.13. Foreign currency

Foreign currency transactions are recorded based on the foreign currency exchange rates of the European Central Bank prevailing at the dates of the transactions. Monetary financial assets and liabilities denominated in foreign currencies at the statement date are translated into euros based on the foreign currency exchange rates of the European Central Bank prevailing at the balance sheet date. Exchange rate differences from translation are reported in the income statement of the reporting period. The functional currency of subsidiaries located abroad is the currency of their business environment. Therefore, the financial statements of such subsidiaries are translated into euros for consolidation purposes; the asset and liability items are translated using the foreign exchange rates of the European Central Bank prevailing at the balance sheet date, income and expenses using the weighted average foreign exchange rates for the year and other changes in equity using the foreign exchange rates at the date at which they arose. Exchange rate differences arising from translation are reported in the equity.

1.14. Inventories (IAS 2, IAS 23)

In inventories, development projects are recorded under development projects ready for sale from the moment the project has been granted a use permit. Otherwise, development projects under development are recorded under development projects in progress.

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. If inventory items are not clearly distinguishable from each other, then the weighted average cost method is used. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Borrowing costs related to real estate development projects are included in the cost of inventories. The Group capitalises borrowing costs that are directly attributable to the real estate development projects and ceases to capitalise when the real estate development project is ready for sale but not later than the real estate development project has been granted a permit for use. Interest expenses that are related to real estate maintenance or usage are not capitalised but expensed in the period when they occur. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Completed real estate inventories are sold either in units or as a whole. Revenue from the sale is recognised as income from the sale of real estate.

All the Group's development projects are recorded as inventories, even if the Group earns rental income before the full or partial sale of the development project. The Group aims to develop the acquired properties and sell the developed projects.

1.15. Financial instruments (IFRS 9, IAS 32)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers and stamp duties. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial assets

At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition, the Group measures a financial asset at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Purchases and sales of financial assets are recognised using settlement date accounting. Settlement date is the date that an asset is delivered to or by the Group.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition the Group recognises the difference between the carrying amount and consideration received as profit or loss. Transaction costs of financial assets carried at fair value plus or minus are expensed in profit or loss. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

The Group measures its debt instruments at amortised cost. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The Group recognises loss allowance for expected credit losses on loan instruments, lease receivables, trade receivables, contract assets and financial guarantee contracts. Expected credit loss is based on the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of original effective interest rate. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss

experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. Lifetime expected credit losses represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. At the same time, 12-month expected credit losses represent the portion of lifetime expected credit losses that are expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Interest income is recognised using the effective interest method for receivables measured subsequently at amortised cost. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans, and borrowings. Interest-bearing loans and borrowings are recognised at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Embedded derivatives

When the Group enters an SPV agreement with a business partner, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts. A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in other comprehensive income. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through other comprehensive income.

1.16. Provisions and contingent liabilities (IAS 37)

Provisions are recognised when the Group has a present obligation (legal or constructive) because of a past event it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received.

Contingent liabilities

Contingent liabilities are those liabilities the realisation of which is less probable than non-realisation or the amount of which cannot be measured sufficiently reliably. The Group does not recognise contingent liabilities but discloses a brief description of the nature of the contingent liability and, where practicable, an estimate of its financial effect; an indication of the uncertainties relating to the amount or timing of any outflow; and the possibility of any reimbursement unless the possibility of any outflow in settlement is remote.

1.17. Government grants (IAS 20)

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets. Grants related to operating expenses are government grants that are not government grants related to assets.

Government grants will be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred will be recognised in profit or loss of the period in which it becomes receivable.

1.18. Leases (IFRS 16)

The Group assesses at contract inception whether a contract is, or contains, a lease. A lease is a contract that conveys the right to control the use of an identified asset for a period in exchange for consideration.

Group as a lessee

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases which are both short-term and of low value.

The right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-to-use assets includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments are discounted using the interest rate implicit in the lease or, alternatively, the

lessee's incremental borrowing rate. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow the funds necessary to obtain a similar asset.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease if the lease term reflects the Group exercising the option to terminate.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group will depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is measured as follows:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Gains from the expected disposal of assets will not be taken into account in measuring a provision. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term on the same basis as lease income.

The Group enters into short-term lease agreements as a lessor with respect to some of its real estate development properties in Latvia until the property is sold. Such real estate property is continuously recognised as inventories because it is being held for sale in the ordinary course of business.

1.19. Revenue (IFRS 15)

The Group recognises revenue from the following major sources:

- revenue from the sale of real estate;
- revenue from project management services;
- rental income;
- revenue from other services.

The Group recognises revenue to depict the transfer of promised goods or services to the client in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group recognises revenue when it transfers control of a product or service to a client.

Revenues from sale of real estate

Revenue from the sale of goods purchased and finished goods, including real estate developed by the Group, is recognised when control of the goods has been substantially transferred to the buyer; it is probable that economic benefits associated with the

transaction will flow to the Group, the costs incurred or to be incurred in respect of the transaction including potential returns can be measured reliably, the Group retains no continuing involvement with the goods, and the amount of the revenue can be measured reliably. The sale is considered completed upon signing the real right contract with the buyer.

The Group recognises revenue in the amount of the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a client.

Revenue from project management services

Project management income includes revenues from project management services the Group provides to external partners and associated companies. Project management income is recognised in the accounting period when the service is rendered.

Rental income

Rental income includes revenues from renting the Group's residential and commercial property. Rental income from operating leases is recognised on a straight-line basis over the lease term.

Revenue from other services

Revenue from other services includes revenues from services provided by the Group other than project management or rental income and income from the sale of goods other than development projects.

1.20. Operating segments (IFRS 15, IFRS 8)

A segment is a distinguishable component of the Group, which generates revenue and incurs expenditure. The segment reporting is presented in respect of operating and geographical segments.

The Group reports separate information about the following operating segments:

- residential real estate;
- commercial real estate;
- headquarters

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

The operating results are regularly reviewed by the Group's Management Board to monitor the performance of the various segments in terms of sales revenue and operating profit (loss). Segment profit represents the segment's external sales and operating profit (loss).

1.21. Income tax (IAS 12)

Corporate income tax in Estonia

According to the Income Tax Act entered into force in Estonia on 1 January 2000, it is not the company's profits that are taxed but net dividends paid. Income tax is paid on dividends, fringe benefits, gifts, donations, costs of reception of guests, non-business payments and transfer price adjustments. The effective income tax rate is 22/78 on net dividends paid out. During 2019-2024, it was possible to apply a more favourable tax rate on dividend payments (14/86).

Corporate income tax in Latvia

From 1 January 2018, profits earned after 2017 will be taxed at a rate of 20/80. The transitional rules of the Income Tax Act allow for a reduction in the profit payable on dividends if the company has unused tax losses or certain provisions as at 31 December 2017. As a result of the implementation of the Income Tax Act effective from 2018, there are no longer differences between the

tax accounting and carrying amounts of assets and liabilities in Latvia, and therefore, deferred income tax assets and liabilities to Latvian subsidiaries are not recognised.

Corporate income tax in Canada

Foreign controlled corporations' resident in Canada are subject to Canadian corporate income tax on taxable income at a combined federal and provincial tax rate of 26.5%. Taxable income is calculated from the company's profit before income tax, adjusted in the income tax return by temporary and/or permanent adjustments under the Canadian Income Tax legislation. Dividends paid to foreign shareholders are subject to a treaty-reduced withholding tax rate of 5%.

Deferred income tax liability

Deferred income tax liability is recognised in respect to investments in subsidiaries, except if the Group can control the timing of the reversal of the taxable temporary differences and it is probable that the reversal will not occur in the foreseeable future. As the parent controls the payment of dividends, the sale or liquidation of an investment, and other transactions in subsidiaries, it can control the timing of the reversal of taxable temporary differences associated with these investments. Therefore, when the parent has determined that those profits will not be distributed in the foreseeable future, the parent does not recognise a deferred tax liability. If the parent company assesses that the dividend will be paid in the foreseeable future, the deferred income tax liability is measured to the extent of the planned dividend payment provided that, as at the reporting date, there are sufficient funds to pay the dividend and owner's equity on account of which to distribute profit in the foreseeable future.

1.22. Fair value measurement (IFRS 13)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The Group measures its financial instruments at fair value at each statement of financial position date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available.

Cash and cash equivalents include deposits in local commercial banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Due to their short-term nature, the carrying amounts approximate the fair value of cash and cash equivalents.

Expected credit loss rate for current loan receivables, non-current loans and other non-current receivables is 0%, historical average of trade receivables as at 31 December 2025: 2.6% (31 December 2024: 2.3%). The impact on recoverability of receivables in a short perspective and in consideration of expected lifetime losses is estimated as insignificant at each statement of financial position date.

Inventories are stated at the lower of cost and net realisable value in the statement of financial position. Fair value is evaluated based on net realisation value with a 15% discount to cover any risks and setbacks before the development is completed and properties sold (hair-cut). The applied percentage is based on the management's estimate made based on their professional expertise in the field of operations.

Property, plant and equipment fair value is assumed to be equal to carrying value as its estimated useful lives, residual values and depreciation methods are reviewed annually.

According to the estimation of the Group, the carrying values of financial liabilities in the consolidated statement of financial position do not vary significantly from the fair value since they are measured at net cash flows discounted at the effective interest rate that considers all additional direct costs of lending, as well as timing of settling of such financial obligations.

Part of the Group's long-term borrowings have a floating interest rate (includes six months Euribor). Based on the estimation of the management, the Group's financial outlook and market risks have not materially changed since the loans were obtained and the interest rates on the Group's debt are in line with market conditions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level (L) 1 – quoted (unadjusted) market prices in active markets for identical assets and liabilities.

Level (L) 2 – fair value is estimated using market information and valuation is based on observable inputs.

Level (L) 3 – fair value is estimated using the discounted cash flow valuation technique and the valuation is based on non-observable inputs

In thousands of euros	31.12.2025			31.12.2024		
	Carrying value	Fair value	L	Carrying value	Fair value	L
Assets						
Current assets						
Cash and cash equivalents	3,821	3,821	1	6,249	6,249	1
Trade and other receivables	1,807	1,807	3	761	761	3
Current loan receivables	0	0	3	200	200	3
Inventories	58,938	57,116	3	64,141	61,220	3
Total current assets	64,566	62,744		71,351	68,406	
Non-current assets						
Property, plant and equipment	260	260	3	288	288	3
Intangible assets	0	0	3	2	2	3
Investment properties	11,820	11,820	3	7,980	7,980	3
Financial investments	7,837	7,837	3	6,424	6,424	3
Non-current loans	6,521	6,521	3	2,428	2,428	3
Other non-current receivables	805	805	3	340	340	3
Total non-current assets	27,269	27,269		17,462	17,462	
Total assets	91,835	89,987		88,813	85,868	
Liabilities and equity						
Current liabilities						
Loans and borrowings	5,687	5,687	3	23,336	23,336	3
Current lease liabilities	50	50	3	52	52	3
Prepayments from clients	1,544	1,544	3	724	724	3
Trade and other payables	6,832	6,832	3	6,542	6,542	3
Total current liabilities	14,113	14,113		30,654	30,654	
Non-current liabilities						
Loans and borrowings	42,060	42,060	3	31,352	31,352	3
Non-current lease liabilities	112	112	3	162	162	3
Other non-current liabilities	8,472	8,472	3	4,635	4,635	3
Total non-current liabilities	50,644	50,644		36,149	36,149	
Total liabilities	64,757	64,757		66,803	66,803	

1.23. Employee benefits (IAS 19)

The Group operates only short-term employee benefits (expected to be settled wholly before twelve months after the end of the reporting period in which the employees render services) such as wages and salaries and social security contribution; paid annual leave and sick leave; and bonuses. There are no special benefits, share-based payments or share options granted for the Group employees during the reporting periods or subsequent to the last statement of financial position dated 31 December 2025.

1.24. Related parties (IAS 24)

A related party is a person or entity that is related to the entity that is preparing its financial statements. A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. Such transactions could have an effect on the profit or loss and financial position of the Group. For this reason, knowledge of the Group's transactions, outstanding balances, including commitments, and relationships with related parties may affect assessments of its operations by users of financial statements, including assessments of the risks and opportunities facing the Group.

Relationships between a parent and its subsidiaries are disclosed irrespective of whether there have been transactions between them. The Group discloses the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.

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

1.25. Earnings per share (IAS 33)

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all the dilutive potential shares into shares.

1.26. Events after the reporting period (IAS 10)

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Events after the reporting period are those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period) and those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

Note 2. Cash and cash equivalents

in thousands of euros	31.12.2025	31.12.2024
Bank accounts	3,821	6,249
Total cash and cash equivalents	3,821	6,249

Note 3. Trade and other receivables

in thousands of euros	31.12.2025	31.12.2024
Trade receivables	1,001	463
Allowance for doubtful receivables	-13	-13
Net trade receivables	988	450
Prepayments		
Tax prepayments		
Value added tax	320	147
Other prepayments for goods and services	59	113
Total prepayments	379	260
Other current receivables		
Interest receivables (Note 27)	0	2
Other current receivables	440	49
Total other current receivables	440	51
Total trade and other receivables	1,807	761

Note 4. Inventories

Inventories are accounted as ready for sale development projects once the project has been granted a usage permit. As at 31 December 2025, usage permits have been issued for residential development projects 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 has been issued for the commercial real estate development project at Ulbrokas 34 in Latvia.

As at 31 December 2025, the Group had 28 unsold apartments (31 December 2024: 30), of which 10 apartments were located in Riga and 18 apartments in Tallinn, as well as 453 m² of commercial space in Tallinn.

In 2025, the properties located at Alvari 1, 1a and 5, and Narva mnt 150b were reclassified as investment property. Further information is presented in Note 5.

In the statement of cash flows for the reporting period, changes in inventories have been adjusted for loan interest costs capitalised into the cost of inventories. As at 31 December 2025, borrowing costs capitalised to inventories during the reporting period amounted to 1,859 thousand euros (31 December 2024: 3,740 thousand euros). Further information about paid interests is provided in Note 24.

Further information on inventories as collateral for bank loans is provided in Note 10.

As at 31 December, the following development projects are reflected in inventories:

In thousands of euros				31.12.2025		31.12.2024	
Address	Project company	Location	Segment	Carrying amount	Project status	Carrying amount	Project status
Work in progress							
Paldiski mnt 227c, Tallinn	Hepsor 3Torni OÜ	Estonia	Residential	0	-	9,530	E
Narva mnt 150b, Tallinn	Hepsor N450 OÜ	Estonia	Residential/ Commercial	0	-	4,071	A
Manufaktuuri 5, Tallinn	Hepsor Phoenix 3 OÜ	Estonia	Residential/ Commercial	10,776	D	7,556	D
Manufaktuuri 7, Tallinn	Hepsor Phoenix 2 OÜ	Estonia	Residential/ Commercial	0	-	7,260	E
Alvari 2 / Paevälja 9, Tallinn	Hepsor Fortuuna OÜ	Estonia	Residential	0	-	1,885	B
Alvari 1, 1a, 5, Tallinn	Hepsor A1 OÜ	Estonia	Residential	0	-	2,022	A
Kadaka tee 197, Tallinn	H&R Residentsid OÜ	Estonia	Residential	1,387	A	1,305	A
Manufaktuuri 12, Tallinn	Hepsor Phoenix 4 OÜ	Estonia	Residential	2,867	D	1,131	B
Vana-Tartu mnt 49, Tallinn	Hepsor VT49 OÜ	Estonia	Commercial	1,295	B	1,153	B
Võistluse 7, Tallinn	Hepsor V7 OÜ	Estonia	Residential	490	B	425	B
Manufaktuuri 3, Tallinn	Hepsor PHX5 OÜ	Estonia	Residential	5,834	A	0	-
Saules aleja 2, Riga	Hepsor SA2 SIA	Latvia	Residential	1,082	B	1,079	B
Ulbrokas 34, Riga	Hepsor U34 SIA	Latvia	Commercial	0	-	6,794	D
Braila 23, Riga	Hepsor Jugla SIA	Latvia	Residential	1,681	D	618	B
Ganibu Dambis 17a, Riga	Hepsor Ganibu Dambis SIA	Latvia	Commercial	4,928	C	4,431	B
Jūrmalas gatve, Riga	Hepsor JG SIA	Latvia	Residential	0	-	5,226	D
Smaidu, Dreilini	Riga Properties 4 SIA	Latvia	Commercial	4,484	A	4,226	A
Eiženijas 18, Riga	Hepsor E18 SIA	Latvia	Residential	546	D	361	B
Dzelzavas 74c, Riga	Hepsor Dz74c SIA	Latvia	Residential	4,036	D	0	-
Starta 17, Riga	Hepsor S17 SIA	Latvia	Residential	1,288	B	0	-
Total work in progress				40,694		59,073	
Finished real estate development							
Manufaktuuri 22, Tallinn (parking spaces)	Hepsor Phoenix OÜ	Estonia	Residential	16	E	16	E
Nõmme tee 57, Tallinn	Hepsor N57 OÜ	Estonia	Residential	122	E	2,349	E
Paldiski mnt 227c, Tallinn	Hepsor 3Torni OÜ	Estonia	Residential	1,884	E	0	-
Manufaktuuri 7, Tallinn	Hepsor Phoenix 2 OÜ	Estonia	Residential/ Commercial	2,380	E	0	-
Strēlnieku 4b, Riga	Hepsor S4B SIA	Latvia	Residential	0	-	77	E
Ranka Dambis 5, Riga	Hepsor RD5 SIA	Latvia	Residential	671	E	2,626	E
Jūrmalas gatve 74, Riga	Hepsor JG SIA	Latvia	Residential	578	E	0	-
Ulbrokas 34, Riga	Hepsor U34 SIA	Latvia	Commercial	12,593	E	0	-
Total finished real estate development				18,244		5,068	
Total inventories				58,938		64,141	

Project statuses are classified as follows:

In thousands of euros	31.12.2025	31.12.2024
A – planning proceedings	11,705	11,624
B – building permit proceedings	4,155	11,083
C – building permit available / construction has not yet started	4,928	0
D – construction started / sale started	19,906	19,576
E – construction ready for sale	18,244	21,858
Total inventories	58,938	64,141

Note 5. Property, plant and equipment

In thousands of euros	Buildings and structures	Machinery and equipment	Other items	Total
2025				
Cost as at 31.12.2024	270	58	170	498
Accumulated depreciation as at 31.12.2024	-55	-25	-130	-210
Carrying amount as at 31.12.2024	215	33	40	288
Acquisition	28	0	38	66
Advances for property, plant and equipment	0	0	3	3
Depreciation	-61	-12	-24	-97
Write-off of acquisition cost	0	0	-6	-6
Write-off of accumulated depreciation	0	0	6	6
Cost as at 31.12.2025	298	58	205	561
Accumulated depreciation as at 31.12.2025	-116	-37	-148	-301
Carrying amount as at 31.12.2025	182	21	57	260
2024				
Cost as at 31.12.2023	256	58	157	471
Accumulated depreciation as at 31.12.2023	-173	-14	-122	-309
Carrying amount as at 31.12.2023	83	44	35	162
New lease contracts (Note 11)	302	0	0	302
Acquisition	0	0	23	23
Depreciation	-170	-11	-18	-199
Termination of lease contracts	-288	0	0	-288
Write-off of accumulated depreciation from terminations of lease contracts	288	0	0	288
Write-off of acquisition cost	0	0	-10	-10
Write-off of accumulated depreciation	0	0	10	10
Cost as at 31.12.2024	270	58	170	498
Accumulated depreciation as at 31.12.2024	-55	-25	-130	-210
Carrying amount as at 31.12.2024	215	33	40	288

The lease agreement of an office in Riga is recorded in the asset class of buildings and structures. In 2024, a new lease agreement was signed for the Riga office, with a term of 5 years. In Riga, the Group subleases assets under operating leases to a related party. In 2025, the income from rent amounted to 30 thousand euros (2024: 30 thousand euros). The operating sublease is accounted for using a simplified approach, with income and expenses recognised under other operating income and other operating expenses (Note 22).

Note 6. Investment properties

During the reporting period, properties located in Tallinn at Alvari 1, 1a and 5, and Narva mnt 150b were reclassified from inventories to investment property. The Group does not plan to carry out development activities on these properties and holds them with the objective of earning returns from capital appreciation. For the determination of the fair value of the Alvari street properties, which are designated as residential land, the Group relied on transaction prices of similar nearby properties during the reporting period. The fair value of the Narva mnt 150b property, which is designated as commercial land, was determined based on a valuation prepared by an independent expert. As at 31 December 2025, the fair value of these properties was estimated at 3.8 million euros. The Group recognised a gain of 792 thousand euros from the reclassification (Note 22).

Hepsor M14 OÜ's office building development project in Tallinn, Meistri 14 was completed in 2021. As at 31 December 2025, 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 December 2025, the fair value of the asset was estimated at 8.0 million euros (31 December 2024: 8.0 million euros).

Note 7. 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.

From 2023 to 2025, the Group invested in a total of five joint ventures in Canada. Joint ventures are accounted for using the equity method. In 2023, the Group invested in two joint ventures in Canada: Weston Limited Partnership and Elysium Isabella Limited Partnership. In 2024 and 2025, the Group has invested in three Canadian joint ventures: Elysium Glenavy Limited Partnership, Brownville Limited Partnership, and EH High Park Limited Partnership. The carrying amount of investments in Canada as at 31 December 2025 is 7,835 euros.

As at 31 December 2025, the carrying amount of financial investments is 7,837 thousand euros (31 December 2024: 6,424 thousand euros).

Note 8. Other non-current receivables

In thousands of euros	31.12.2025	31.12.2024
Interest receivables (Note 27)	782	309
Other non-current receivables	23	31
Total	805	340

Note 9. Loans granted

In thousands of euros	Unrelated legal entities	Related legal entities	Total
2025			
Loan balance as at 31.12.2024			
- current portion	200	0	200
- non-current portion	0	2,428	2,428
Total loan balance as at 31.12.2024	200	2,428	2,628
Loan granted	296	4,144	4,440
Reclassification to Group loan	-296	0	-296
Division of subsidiary (Note 14)	-200	0	-200
Effect of the effective interest rate	0	-51	-51
Total loan balance as at 31.12.2025	0	6,521	6,521
- non-current portion	0	6,521	6,521
Contractual interest rate per annum	0-12%	7-12%	
Effective interest rate per annum	0%	6.47-17.17%	
2024			
Loan balance as at 31.12.2023			
- current portion	311	0	311
- non-current portion	0	1,729	1,729
Total loan balance as at 31.12.2023	311	1,729	2,040
Loan granted	200	718	918
Division of subsidiary	-311	0	-311
Effect of the effective interest rate	0	-19	-19
Total loan balance as at 31.12.2024	200	2,428	2,628
- current portion	200	0	200
- non-current portion	0	2,428	2,428
Contractual interest rate per annum	0%	7.0%	
Effective interest rate per annum	0%	6.7%	

Additional information on transactions with related legal entities is provided in Note 32.

Note 10. Loans and borrowings

in thousands of euros	Bank loans	Bonds	Unrelated legal entities	Related legal entities	Total
2025					
Loan balance as at 31.12.2024					
- current portion	17,753	0	4,345	1,238	23,336
- non-current portion	16,075	0	15,144	133	31,352
Total loan balance as at 31.12.2024	33,828	0	19,489	1,371	54,688
Received	14,627	8,000	4,947	0	27,574
Repaid	-25,249	0	-6,617	-1,238	-33,104
Reclassification to Group loan	0	0	-1,226	0	-1,226
Bond issuance costs	0	-192	0	0	-192
Effective interest rate impact	114	5	-112	0	7
Loan balance as at 31.12.2025	23,320	7,813	16,481	133	47,747
- current portion	1,558	0	4,129	0	5,687
- non-current portion	21,762	7,813	12,352	133	42,060
<i>Contractual interest rate per annum</i>	<i>EU6+3.25%-8%; 5.46%</i>	<i>9.50%</i>	<i>0-15%</i>	<i>0-12%</i>	
<i>Effective interest rate per annum</i>	<i>EU6+3.25%-8%; 5.46%</i>	<i>10.35%</i>	<i>9.16-11.67%</i>	<i>5.57-9.85%</i>	
2024					
Loan balance as at 31.12.2023					
- current portion	34,372	0	4,845	1,383	40,600
- non-current portion	1,937	0	14,368	0	16,305
Total loan balance as at 31.12.2023	36,309	0	19,213	1,383	56,905
Received	28,221	0	4,688	4,710	37,619
Repaid	-29,296	0	-4,851	-4,722	-38,869
Reduction of loan resulting from the sale of a subsidiary	-1,300	0	0	0	-1,300
Effective interest rate impact	-106	0	439	0	333
Loan balance as at 31.12.2024	33,828	0	19,489	1,371	54,688
- current portion	17,753	0	4,345	1,238	23,336
- non-current portion	16,075	0	15,144	133	31,352
<i>Contractual interest rate per annum</i>	<i>EU6+3.75%-5.9%; 5.5%</i>		<i>0-12%</i>	<i>7-12%</i>	
<i>Effective interest rate per annum</i>	<i>7.34-13.7%</i>		<i>5.6%-10.6%</i>	<i>8.9%</i>	

The adjustment in change in inventories in the cash flow statement of the reporting period arising from capitalising the effective interest rate impact on loans as part of the cost of the inventories amounted to 102 thousand euros (2024: 417 thousand euros).

Additional information on cash flows is provided in Note 27.

Further information on transactions with related parties is presented in Note 32.

As at 31 December 2025, 79% (31 December 2024: 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 31.12.2025					
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 31.12.2024					
Loans for development projects	27,888		19,489	1,371	48,748
Loans to headquarters to finance development projects	5,940		0	0	5,940
Total	33,828		19,489	1,371	54,688

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 4, 6)	Guarantee given
LHV Pank AS	Estonia	4,664	2027	4,900	5.46%	Mortgage – Meistri 14, Tallinn	7,980	-
LHV Pank AS	Estonia	4,746	2026	13,900	6M Euribor+4.5%	Mortgage – Paldiski mnt 227c, Tallinn	9,530	-
LHV Pank AS	Estonia	5,678	2026	5,758	6M Euribor+4.5%	Mortgage – Manufaktuuri 7, Tallinn	7,260	-
LHV Pank AS	Estonia	1,549	2029	7,600	6M Euribor+8%			
LHV Pank AS	Estonia	0	2029	25,650	6M Euribor+6.5%	Mortgage – Manufaktuuri 3, 5 ja 12 Tallinn	19,477	3,000
LHV Pank AS	Estonia	870	2029	7,000	6M Euribor+5.5%			
Bigbank AS	Latvia	1,900	2025	2,000	6M Euribor+4.5%	Mortgage – Ganību dambis 17A Riga; commercial pledge	4,431	-
Bigbank AS	Latvia	2,138	2026	4,000	6M Euribor+4.9%	Mortgage – Ranka Dambis 5, Riga	2,626	460
Bigbank AS	Latvia	3,945	2026	4,000	6M Euribor+4.6%	Mortgage – Jurmala Gatve 74, Riga	5,226	430
Bigbank AS	Latvia	3,765	2027	9,000	6M Euribor+4.4%	Mortgage – Ulbrokas 34 Riga; commercial pledge	6,794	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 December 2024, the Group had the following bank loans under the following conditions:

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

- ✓ In February 2025, Hepsor AS signed an amendment to the loan agreement with AS LHV Pank, reducing the Group loan facility limit from 9 million euros to 6 million euros. The loan maturity date was 12 March 2026. The Group loan was repaid early on 27 November 2025.
- ✓ On 12 August 2025, a new loan agreement in the amount of 2 million euros was signed with AS LHV Pank. The loan is secured by mortgages established over properties owned by subsidiaries of the Hepsor AS Group located in Lasnamäe, Tallinn. The loan maturity date is August 2028, and the interest rate is 6-month Euribor + 6.5%.
- ✓ In addition to the bank loan, a joint mortgage in the amount of 2.75 million euros has been established in favour of unrelated legal entities over the properties of the Group company Riga 4 Properties SIA as security for the loan until the loan obligation is fulfilled.
- ✓ In November 2025, Hepsor AS raised 8 million euros from investors under a public bond programme. The bonds carry an annual interest rate of 9.50%. The first interest payment will be made on 26 February 2026. Bond issuance costs amounted to 192 thousand euros.

Additional information on other guarantees given by the Group is provided in Note 16.

Note 11. Lease liabilities

in thousands of euros	Right to use lease liabilities	Finance lease liabilities	Total
2025			
Total lease liabilities balance as at 31.12.2024	185	29	214
Repaid	-42	-10	-52
Total lease liabilities balance as at 31.12.2025	143	19	162
- current portion	40	10	50
- non-current portion	103	9	112
2024			
Total lease liabilities balance as at 31.12.2023	30	38	68
New lease contracts (Note 5)	302	0	302
Repaid	-147	-9	-156
Total lease liabilities balance as at 31.12.2024	185	29	214
- current portion	42	10	52
- non-current portion	143	19	162

Note 12. Trade and other payables and prepayments

in thousands of euros	31.12.2025	31.12.2024
Prepayment from clients	1,544	724
Trade payables	1,588	1,138
Tax payables		
Value added tax	274	663
Personal income tax	42	40
Social security tax	68	65
Corporate income tax	69	41
Other taxes	71	7
Total tax payables	524	816
Accrued expenses		
Payables to employees	156	113
Interest payables (Note 27)	915	1,011
Other accrued expenses	628	67
Total accrued expenses	1,699	1,191
Other current payables		
Embedded derivatives (Note 14)	2,588	2,074
Other payables	433	1,323
Total other current payables	3,021	3,397
Total trade and other payables	8,376	7,266

Advance payments received on the basis of contracts under law and obligations and apartments reservation contracts are recorded as a prepayment from clients.

As at 31 December 2025, other payables include 382 thousand euros (31 December 2024: 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 16.2).

Note 13. Other non-current liabilities

in thousands of euros	31.12.2025	31.12.2024
Interest payables (Note 28)	3,468	2,539
Other non-current payables	3,162	2,096
Deferred income	1,842	0
Total other non-current liabilities	8,472	4,635

As at 31 December 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 2024: 1.7 million euros) and 0.6 million euros related to the Zaļā Jugla development project.

Note 14. 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, upon partial or full realisation of the business plan of the development project, the Group had liabilities arising from embedded derivatives with regard to the following projects:

in thousands of euros	31.12.2025	31.12.2024
Current liabilities arising from embedded derivatives balance as at 01.01	2,074	2,061
Settlements with shareholder loan arising from the division agreement:		
<i>Commercial development project in Tooma 2/Tooma 4, Tallinn</i>	0	-311
<i>Residential development project in Gregora iela 2a, Riga</i>	-200	-825
<i>Residential development project in Liela 45, Marupe</i>	0	-725
Total change in liabilities arising from embedded derivatives	1,874	200
Change in the value of the embedded derivative of the non-controlling interest during the reporting year		
<i>Residential development project in Manufaktuuri 7, Tallinn</i>	714	1,874
Total change in the value of embedded derivatives of the non-controlling interest for the reporting year	714	1,874
Total current liabilities arising from embedded derivatives (Note 12)	2,588	2,074

In accordance with the demerger agreement concluded between the shareholders of Kvarta SIA, the loan granted by the company to the shareholders was offset against the liability arising from embedded derivative instruments in the amount of 200 thousand euros (Note 9).

Note 15. 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 December 2025, 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.

On 8 November 2021, the general meeting of shareholders decided to list the shares of Hepsor AS on the Nasdaq Tallinn Stock Exchange Main List and to issue up to 854,701 new shares at an offering price of 11.70 euros, of which 1 euro was the nominal value and 10.70 euros was share premium. The share premium was adjusted for the costs related to the issuance and listing of the new shares. As at 31 December 2025, the share premium amounted to 8,917 thousand euros (31 December 2024: 8,917 thousand euros).

According to the Estonian Commercial Code, companies are required to establish a mandatory reserve capital. Each financial year, the reserve capital must be increased by at least 1/20 of the net profit until the reserve capital reaches 1/10 of the share capital amount. At the General Meeting of Shareholders of Hepsor AS held on 25 May 2023, it was decided to allocate the mandatory reserve capital at 1/10 of the share capital, amounting to 385 thousand euros from the net profit of 2022.

In 2025, dividends in the total amount of 1,002 thousand euros were paid to shareholders, at 0.26 euros per share. The dividend payment was accompanied by dividend income tax in the amount of 283 thousand euros.

In July 2025, the shareholders of Hepsor Phoenix 3 OÜ decided to allocate 24 thousand euros (2024: 10 thousand euros) to the company's voluntary reserve, of which the minority shareholder's portion was 12 thousand euros (2024: 5 thousand euros), and this was offset against the interest claim on the shareholder loan (Note 27).

In December, the shareholders of the newly established company Hepsor PHX5 OÜ made contributions to the company's voluntary reserve in the total amount of 5,858,510 euros. The contribution attributable to the non-controlling interest, amounting to 5,808,510 euros, was made as a non-cash contribution in the form of an immovable property located at Manufaktuuri 3, Tallinn.

Note 16. Contingent assets and liabilities

16.1. Contingent liabilities arising from embedded derivatives

In accordance with the shareholders agreements between the Group and minority shareholders of subsidiaries (SPVs), the Group has an obligation as at 31 December 2025 to pay 13,977 thousand euros (31 December 2024: 5,921 thousand euros) to the minority shareholders upon realisation of the business plan. The obligation amounts are estimations calculated based on current business plans for the development projects as at the statement of financial position dates. Contingent liabilities are estimated before the full realisation of the development projects at each reporting date. As at 31 December 2025, the realisation time of contingent liabilities remains between 2025 and 2033.

16.2. Lawsuits

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 14.

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.

16.3. Group warranties given

As at 31 December 2025, 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 10.

Notes to the consolidated statement of profit and loss and other comprehensive income

Note 17. Revenue

in thousands of euros	2025	2024
Revenue from sale of real estate	33,243	36,188
Revenue from project management services	454	915
Revenue from rent	1,142	1,078
Revenue from other services	575	216
Total	35,414	38,397

In 2025, 20.4 million euros (2023: 33.5 million euros) were earned, which is 61% (2024: 93%) of real estate sales from private clients. The most significant corporate clients in 2025 were Artex KV OÜ, with transaction volume of 4 million euros, representing 12% of total sales, and the joint venture Hepsor SOF OÜ, with transaction volume of 7.2 million euros, representing 22% of total sales. In 2025, 141 (2024: 194) apartments were sold, of which 91 in Estonia (2024: 165) and 50 in Latvia (2024: 29).

Revenue by geographical area

in thousands of euros	2025	2024
Estonia	26,067	32,541
Latvia	9,347	5,856
Total	35,414	38,397

Revenue by operating segment

in thousands of euros	2025	2024
Residential real estate	33,432	36,450
Commercial real estate	1,528	1,031
Headquarters	454	916
Total	35,414	38,397

Additional information on operating and geographical segments is provided in Note 28.

Note 18. Cost of sales

in thousands of euros	2025	2024
Cost of real estate sold	-27,625	-29,729
Personnel expenses (Note 21)	-770	-868
Depreciation	-4	-33
Other costs	-1,379	-1,005
Total	-29,778	-31,635

Note 19. Marketing expenses

in thousands of euros	2025	2024
Personnel expenses (Note 21)	-244	-192
Depreciation	-26	-48
Other marketing expenses	-1,064	-658
Total	-1,334	-898

Note 20. Administrative expenses

in thousands of euros	2025	2024
Personnel expenses (Note 21)	-1,141	-1,108
Depreciation	-69	-123
Travelling and transport expenses	-69	-113
Purchased service expenses	-324	-309
Other administrative expenses	-225	-149
Total	-1,828	-1,802

Note 21. Personnel expenses

in thousands of euros	2025	2024
Salaries	-1,660	-1,657
Social security and other payroll taxes	-495	-511
Total (Notes 18, 19, 20)	-2,155	-2,168

As at 31 December 2024, the Group, together with the members of the Management Board and the Supervisory Board, had 26 (31.12.2024: 28) employees, of which 14 in Estonia (31.12.2024: 14) and 12 in Latvia (31.12.2024: 14).

The average number of employees of the Group in 2025 was 21 (2024: 21), of which 9 were in Estonia (2024: 9) and 12 were in Latvia (2024: 12).

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

Gross fees paid to the members of the Management Board and of the Supervisory Board during the twelve months of 2025 amounted to 516 thousand euros (12M 2024: 500 thousand euros).

No special benefits, share-based payments or share options have been granted to the Group's employees, including key personnel.

Note 22. Other operating income and expenses

Other operating income

in thousands of euros	2025	2024
Sublease income (Note 5)	29	30
Revaluation income (Note 6)	792	312
Other operating income	334	107
Total	1,155	449

In the comparative figures for 2024, "Other operating income" includes penalties and compensation in the amount of 19 thousand euros and other operating income in the amount of 88 thousand euros, which were presented as separate line items in the 2024 annual report.

Other operating expenses

in thousands of euros	2025	2024
Loss from doubtful accounts receivable	-24	-14
Sublease expenses (Note 5)	-29	-30
Other operating expenses	-216	-135
Total	-270	-179

Note 23. Financial income

in thousands of euros	2025	2024
Interest income (Note 28)	476	185
Profit from a financial investment of equity method	26	0
Other financial income from financial investment	9	38
Financial income from discounting	201	198
Total	712	421

Note 24. Financial expenses

in thousands of euros	2025	2024
Interest expenses (Note 27)	-2,508	-2,473
Loss from associates of equity method (Note 31)	-42	0
Financial expenses from discounting	-119	-22
Other financial expenses	-16	-83
Total	-2,685	-2,578

In 2025, borrowing costs in the amount of 1,859 thousand euros (2024: 3,740 thousand euros) have been capitalised as the cost of inventories (Note 4).

The actual interest rate has been used for discounting long-term financial receivables and liabilities.

Note 25. Corporate income tax and deferred income tax

Historically the Group has financed its development activity mainly from retained earnings and dividend payments have been made in minor amounts.

The Group's dividend policy considers the Group's growth ambition, capital need for development projects, financial position, liquidity ratios, and other factors.

The Management Board proposes to pay shareholders dividends in the amount of 1,056 thousand euros (0.27 euros per share) from retained earnings in 2025. Based on the share price as at 31 December 2025, the proposed dividend corresponds to a yield of 4.3%. The Group intends to continue paying dividends at a similar level in the coming years, with the aim of increasing the dividend per share annually where possible.

In 2025, a total of 65 thousand euros in income tax was calculated for the Group's Latvian companies, which was paid in 2026.

In 2025, income tax of 283 thousand euros was paid on dividends, and additionally, income tax of 37 thousand euros related to the Group's Latvian entities for 2024 was paid in 2025.

The Group's deferred income tax liability is based on the profit or loss from subsidiaries with minority holding, and where the distribution of profit has not been agreed in the shareholders' agreement. If the parent company assesses that the dividend will be paid in the foreseeable future, the deferred income tax liability is measured to the extent of the planned dividend payment as at the reporting date. The deferred income tax liability is reduced if the distribution of profit from the development project has been agreed between the shareholders.

Note 26. Earnings per share

The number of shares of Hepsor AS: 3,912,522 (EUR) / 1 (EUR) nominal value = 3,912,522 shares.

	2025	2024
Profit for the year attributable to owners of the parent (thousands of euros)	399	423
Weighted average number of ordinary shares (thousand pcs)	3,880	3,855
Basic earnings per share (euros)	0.10	0.11
Diluted earnings per share (euros)	0.10	0.11

Earnings per share is calculated when profit for the year attributable to owners of the parent is divided by number of shares.

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

The increase of Hepsor's share capital was registered in the commercial register on 17 July 2025, from which date the share capital of Hepsor amounts to 3,912,522 euros, divided into 3,912,522 shares with a nominal value of 1 euro each. In accordance with the decision of the Management Board of Nasdaq Tallinn Stock Exchange on 18 July 2025, the additional 57,821 shares issued by Hepsor were listed and admitted to trading on the Nasdaq Tallinn Stock Exchange Main List as at 22 July 2025.

Note 27. Information about line items in the consolidated statement of cash flows

in thousands of euros	2025	2024
Inventories		
Reclassification of cash flows from financing activities to operating activities (Note 4)	1,859	3,740
Decrease (-)/ increase (+) of change inventories balances (Note 4)	5,203	13,298
Change resulting from the sale of a subsidiary (Note 4)	0	-3 324
Reclassification from inventory to investment property	-3,048	-7,667
Effective interest rate impact (Note 10)	102	417
Change in inventories	4,116	6,464
Interest paid		
Interest expense in statement of profit or loss and other comprehensive income (Note 24)	-2,508	-2,473
Reclassification of cash flows from financing activities to operating activities (Note 24)	-1,859	-3,740
Decrease (-)/ increase (+) of interest payables (Notes 12, 13)	833	882
Voluntary reserve (Note 15)	12	5
Interest paid	-3,522	-5,326
Interest received		
Interest income in statement of profit or loss and other comprehensive income (Note 23)	476	185
Decrease (+)/increase (-) (Notes 3, 8)	-471	-146
Interest received	5	39

Note 28. Operating segments

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

The Group reports separate information about the following operating segments:

- ✓ Residential real estate;
- ✓ Commercial real estate;
- ✓ Headquarters.

Revenues generated by headquarters are gained from the 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.

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

in thousands of euros	Residential development			Commercial development		Headquarters		
2025	Estonia	Latvia	Canada	Estonia	Latvia	Estonia	Latvia	Total
Revenue,	25,107	8,325	0	712	816	248	206	35,414
incl. revenue from rent	116	1	0	594	431	0	0	1,142
Operating profit	4,992	1,142	-36	553	182	-2,332	-1,142	3,359
Assets	31,714	10,518	8,191	13,572	22,379	4,271	1,190	91,835
Liabilities	15,423	6,206	4,521	9,668	15,307	10,181	3,451	64,757

in thousands of euros	Residential development			Commercial development		Headquarters		
2024	Estonia	Latvia	Canada	Estonia	Latvia	Estonia	Latvia	Total
Revenue,	31,627	4,823	0	731	300	183	733	38,397
incl. revenue from rent	120	31	0	627	300	0	0	1,078
Operating profit	5,541	805	-47	897	102	-2,305	-661	4,332
Assets	37,703	10,316	6,826	12,784	16,077	4,033	1,074	88,813
Liabilities	24,598	7,922	3,061	9,616	10,211	7,991	3,404	66,803

Additional information on sales revenue is provided in Note 17.

Note 29. Subsidiaries

Ettevõte	Ownership and voting rights %		Location	Segment
	31.12.2025	31.12.2024		
Hepsor Finance OÜ	100	100	Estonia	Head quarters
Hepsor Tooma OÜ	100	100	Estonia	Commercial development
Hepsor Kadaka OÜ	100	100	Estonia	Residential development
Hepsor Phoenix OÜ	100	100	Estonia	Residential development
Hepsor Peetri OÜ	100	100	Estonia	Residential development
Hepsor V10 OÜ	100	100	Estonia	Residential development
Hepsor Latvia OÜ	100	80	Estonia	Head quarters
Hepsor P26b OÜ	100	100	Estonia	Residential development
Hepsor Phoenix 2 OÜ	50	50	Estonia	Residential/ Commercial development
Hepsor Phoenix 3 OÜ	50	50	Estonia	Residential/ Commercial development
Hepsor PV11 OÜ	100	100	Estonia	Residential development
Hepsor M14 OÜ	51	51	Estonia	Commercial development
Hepsor 3Torni OÜ	100	51	Estonia	Residential development
Hepsor N450 OÜ	100	100	Estonia	Residential/ Commercial development
H&R Residentsid OÜ	50	50	Estonia	Residential development
Hepsor Fortuuna OÜ	100	100	Estonia	Residential development
Hepsor A1 OÜ	100	100	Estonia	Residential development
Hepsor Phoenix 4 OÜ	50	50	Estonia	Residential development
Hepsor N57 OÜ	100	100	Estonia	Residential development
Hepsor N170 OÜ	100	100	Estonia	Residential development
Hepsor V7 OÜ	50	50	Estonia	Residential development
Hepsor VT49 OÜ	50	50	Estonia	Commercial development
Hepsor PHX5 OÜ	50	-	Estonia	Residential development
Hepsor M7 OÜ	100	100	Estonia	Head quarters
Hepsor Kanada OÜ	100	100	Estonia	Head quarters
Kanada SPV1 OÜ	100	100	Estonia	Head quarters
Kanada SPV2 OÜ	100	100	Estonia	Head quarters
Hepsor SPV I Ltd	100	100	Canada	Residential development
Hepsor SPV II Ltd	100	100	Canada	Residential development
Kvarta Holding OÜ	100	80	Estonia	Head quarters
Hepsor Bal9 OÜ	100	80	Estonia	Head quarters
Hepsor Bal9 SIA	100	80	Latvia	Residential development
Hepsor Bal7 SIA	100	100	Latvia	Residential development
Hepsor Agen24 SIA	100	100	Latvia	Residential development
Hepsor SIA	100	80	Latvia	Head quarters
Hepsor Marupe SIA	100	40	Latvia	Residential development
Hepsor S4B SIA	100	100	Latvia	Residential/ Commercial development
Hepsor SA2 SIA	51	41	Latvia	Residential development
Hepsor RD5 SIA	100	80	Latvia	Residential development
Hepsor U34 SIA	59	47,4	Latvia	Commercial development
Hepsor JG SIA	100	80	Latvia	Residential development
Hepsor Jugla SIA	100	80	Latvia	Residential development
Hepsor Ganibu Dambis SIA	100	80	Latvia	Commercial development
Kvarta SIA	100	40	Latvia	Residential development
Riga Properties 4 SIA	50	40	Latvia	Commercial development
Hepsor E18 SIA	100	80	Latvia	Residential development
Hepsor Dz74c SIA	50	-	Latvia	Residential development
Hepsor S17 SIA	100	-	Latvia	Residential development

Subsidiaries where the Group holds 50% ownership interest are consolidated based on, the assessment of the management of the Group that the Group effectively controls the subsidiary by virtue of managing the real estate development projects and/or through a shareholder agreement.

In 2025, the following structural changes took place within the Group:

- ✓ In March, the minority shareholder of Hepsor V7 OÜ acquired a 50% share.
- ✓ On 20 March 2025, Hepsor AS subsidiary Hepsor Finance OÜ established a subsidiary Hepsor SOF OÜ and on 11 April 2025 sold a 50% share to Usaldusfond EfTEN Special Opportunities Fund. Hepsor Finance OÜ accounts for Hepsor SOF OÜ as a joint venture.
- ✓ On 30 April 2025, Hepsor AS acquired a 49% share in Hepsor 3Torni OÜ, becoming the sole owner of the company.
- ✓ On 8 July 2025, the Supervisory Board of Hepsor adopted a resolution to increase the share capital of Hepsor by 57,821 euros. The increase in share capital is related to the acquisition of a 20% share in Hepsor Latvia OÜ from Hugomon OÜ, approved by the shareholders' resolution on 12 June 2025, for which Hepsor partly paid by issuing shares and in monetary consideration of 20,000 euros.
- ✓ On 9 July 2025, Hepsor AS subsidiary Hepsor Latvia OÜ acquired a 50% share in Hepsor Dz74c SIA. The entry in the commercial register was made on 1 August 2025.
- ✓ On 1 August 2025, Hepsor AS subsidiary Hepsor Latvia OÜ acquired a 100% share in Hepsor S17 SIA. The entry in the commercial register was made on 14 August 2025.
- ✓ On 15 December 2025, Hepsor AS established a subsidiary Hepsor PHX5 OÜ, of which 50% is owned by Hepsor AS.
- ✓ In December 2025, the loan liability related to the non-controlling interest of SIA "Riga Properties 4" was converted into share premium and a contribution to share capital in the amount of 2,000 euros.

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

in thousands of euros	Other comprehensive income		Cash flow		
	Comprehensive income attributable to owners of the	Comprehensive income attributable to non-controlling interest	Cash flow from investing activities	Cash flow from financing activities	Cash received on acquisition of a subsidiary
Hepsor V7 OÜ	0	0	1	0	0
Hepsor SOF OÜ	0	0	-2	0	0
Hepsor 3Torni OÜ	-49	49	-1	0	0
Hepsor Dz74c SIA	0	0	-174	0	169
Hepsor Latvia OÜ	842	-923	-20	0	0
Hepsor S17 SIA	0	0	-1,226	0	0
Hepsor PHX5 OÜ	0	0	1	0	0
SIA "Riga Properties 4"	0	249	2	249	0
Kokku	793	-626	-1,419	249	169

In 2024, the following structural changes took place in the Group:

- ✓ In March, Hepsor Latvia OÜ established its subsidiary Hepsor E18 SIA.
- ✓ In April, the minority shareholder of Hepsor VT49 OÜ paid for a 50% share.
- ✓ In May, the share capital of Hepsor U34 was increased by 430 thousand euros, resulting in a decrease of Hepsor Group's stake in Hepsor U34 SIA by 8.6%, making it 47.4%.
- ✓ The share capital of Hepsor Marupe SIA was reduced by 267 thousand euros, of which 134 thousand euros was paid to the minority interest.

- ✓ Hepsor AS established a subsidiary, Hepsor V7 OÜ, with a 50% stake.
- ✓ In June, Hepsor Latvia OÜ acquired a 50% stake in Kvarita Holding OÜ, becoming the sole owner of the company. Kvarita Holding OÜ's stake in its subsidiary Kvarita SIA decreased from 100% to 50%.
- ✓ On 18 July 2024, Hepsor AS subsidiary Hepsor Kanada OÜ established a subsidiary, Kanada SPV2 OÜ. Kanada SPV2 OÜ established a 100% subsidiary, Hepsor SPV II Ltd. In the third quarter, Hepsor & Elysium Limited Partnership was added as a financial investment, where Hepsor SPV II Ltd holds a 50% share, which in turn holds a 50% share in Elysium & Hepsor High Park Limited Partnership. On 30 September 2024, the Elysium & Hepsor Brownville Limited Partnership agreement was signed, in which Hepsor SPV II Ltd. Share is 50%.
- ✓ In November 2024, the shareholders of Hepsor Marupe SIA signed a demerger agreement. The demerger entry was made in the business register on 4 February 2025.
- ✓ The demerger entry of Kvarita SIA was made in the business register on 20 January 2025.
- ✓ On 17 December 2024, the demerger of T2T4 OÜ was completed, with Hepsor Finance OÜ acquiring the part of the company owned by Hepsor.
- ✓ In December 2024, Hepsor AS sold its subsidiary Hotell L4 OÜ (former business name Hepsor L4 OÜ).

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

in thousands of euros	Other comprehensive income		Cash flow	
	Comprehensive income attributable to owners of the parent	Comprehensive income attributable to non-controlling	Cash flow from investing activities	Cash flow from financing activities
Hepsor VT 49 OÜ	0	1	1	0
Kvarita Holding OÜ	0	0	-1	0
Hepsor U34 SIA	-43	252	0	209
Kvarita SIA	19	4	0	0
Hepsor Marupe SIA	20	-164	0	-134
Hotell L4 OÜ	-397	0	1,600	0
T2T4 OÜ	0	-5	0	0
Total	-401	88	1,600	75

Note 30. Non-controlling interest

As at 31 December 2025, the Group had 12 (31 December 2024: 23) companies with non-controlling holdings.

Company	Non-controlling interest and voting rights at %		*Project statuses		Location	Segment
	31.12.2025	31.12.2024	31.12.2025	31.12.2024		
Hepsor Bal9 OÜ	-	20	-	-	Estonia	Headquarter
Hepsor Bal9 SIA	-	20	-	-	Latvia	Residential development
Hepsor Phoenix 2 OÜ	50	50	E	E	Estonia	Residential development
Hepsor Phoenix 3 OÜ	50	50	D	D	Estonia	Residential development
Hepsor M14 OÜ	49	49	E	E	Estonia	Commercial development
Hepsor 3Torni OÜ	-	49	E	E	Estonia	Residential development
Hepsor SA2 SIA	49	59	B	B	Latvia	Residential development
Hepsor Latvia OÜ	-	20	-	-	Estonia	Headquarter
H&R Residentsid OÜ	50	50	A	A	Estonia	Residential development
Hepsor U34 SIA	41	52,6	E	D	Latvia	Commercial development
Hepsor RD5 SIA	-	20	E	E	Latvia	Residential development
Hepsor SIA	-	20	-	-	Latvia	Headquarter
Hepsor Marupe SIA	-	60	-	-	Latvia	Residential development
Hepsor Phoenix 4 OÜ	50	50	D	B	Estonia	Residential development
Hepsor JG SIA	-	20	E	D	Latvia	Residential development
Hepsor Jugla SIA	-	20	D	B	Latvia	Residential development
Hepsor Ganibu Dambis SIA	-	20	C	B	Latvia	Commercial development
Kvarta Holding OÜ	-	20	-	-	Estonia	Headquarter
Kvarta SIA	-	60	-	-	Latvia	Residential development
Hepsor VT49 OÜ	50	50	B	B	Estonia	Commercial development
Hepsor V7 OÜ	50	50	B	B	Estonia	Residential development
Riga Properties 4 SIA	50	60	A	A	Latvia	Commercial development
Hepsor E18 SIA	-	20	D	B	Latvia	Residential development
Hepsor Dz74c SIA	50	-	D	-	Latvia	Residential development
Hepsor PHX5 OÜ	50	-	A	-	Estonia	Residential development

*Project statuses are classified as follows:

A – planning proceedings

B – building permit proceedings

C – building permit available / construction has not yet started

D – construction started / sale started

E – construction ready for sale

Financial information for subsidiaries with non-controlling interest as at 31 December 2025:

in thousands of euros	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Net profit for the year	Comprehensive income (loss)
Company	Balance as at 31.12.2025					2025	
Hepsor Phoenix 2 OÜ	2,999	2,852	700	9	5,142	1,391	-714
Hepsor Phoenix 3 OÜ	12,452	0	1,131	11,314	7	-9	-9
Hepsor M14 OÜ	228	7,998	181	7,951	94	375	375
Hepsor SA2 SIA	1,095	0	1,120	0	-25	0	0
H&R Residentsid OÜ	1,634	0	0	1,631	3	0	0
Hepsor U34 SIA	13,908	0	768	12,558	582	-169	-169
Hepsor Phoenix 4 OÜ	3,447	0	2,566	871	10	0	0
Hepsor VT49 OÜ	1,586	0	4	1,580	2	0	0
Hepsor V7 OÜ	570	0	4	557	9	7	7
Riga Properties 4 SIA	4,660	0	1,053	2,810	797	-37	249
Hepsor Dz74c SIA	4,362	0	1,912	2,272	178	-4	-4
Hepsor PHX5 OÜ	5,875	0	14	0	5,861	0	0

Financial information for subsidiaries with non-controlling interest as at 31 December 2024:

in thousands of euros	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Net profit for the year	Comprehensive income (loss)
Company	Balance as at 31.12.2024					2024	
Hepsor Bal 9 OÜ	7	3	0	0	10	7	7
Hepsor Bal9 SIA	46	0	7	0	39	-1	-1
Hepsor Phoenix 2 OÜ	10,566	0	6,805	10	3,751	3,735	1,874
Hepsor Phoenix 3 OÜ	8,360	0	728	7,640	-8	-12	-12
Hepsor M14 OÜ	142	8,011	172	8,262	-281	230	230
Hepsor 3 Torni OÜ	9,905	0	10,005	0	-100	-88	-88
Hepsor SA2 SIA	1,092	0	1,117	0	-25	0	0
Hepsor Latvia OÜ	2,209	6,721	1,340	6,244	1,346	-59	-59
H&R Residentsid OÜ	1,485	0	1	1,481	3	0	0
Hepsor U34 SIA	7,816	0	571	6,494	751	3	3
Hepsor RD5 SIA	2,939	0	2,735	0	204	-25	-25
Hepsor SIA	273	2,350	2,560	0	63	289	289
Hepsor Marupe SIA	774	0	2	0	772	52	52
Hepsor Phoenix 4 OÜ	1,352	0	2	1,340	10	0	0
Hepsor JG SIA	5,666	0	5,467	0	199	-1	-1
Hepsor Jugla SIA	1,209	0	4	860	345	0	0
Hepsor Ganibu Dambis SIA	5,282	0	54	4,531	697	72	72
Kvarta Holding OÜ	0	0	0	0	0	0	0
Kvarta SIA	1,291	0	32	0	1,259	15	15
Hepsor VT49 OÜ	1,252	0	0	1,249	3	0	0
Hepsor V7 OÜ	456	0	5	448	3	0	0
Riga Properties 4 SIA	4,525	0	22	4,171	332	-17	-17
Hepsor E18 SIA	454	0	6	451	-3	-5	-5

Note 31. Associates

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

	Ownership and voting rights %	
	31.12.2025	31.12.2024
Hepsor P113 OÜ	45	45
Hepsor SOF OÜ	50	0

Financial information about associates:

in thousands of euros	31.12.2025	31.12.2025	31.12.2024
	Hepsor P113 OÜ	Hepsor SOF OÜ	Hepsor P113 OÜ
Current assets			
Cash and cash equivalents	188	106	210
Trade and other receivables	54	63	292
Inventories	0	10,603	0
Total current assets	242	10,772	502
Non-current assets			
Investment property	11,270	0	10,610
Investments in subsidiaries	3	0	3
Non-current receivables and prepayments	46	0	0
Total non-current assets	11,319	0	10,613
Total assets	11,561	10,772	11,115
Current liabilities			
Loans and borrowings	7,988	0	147
Trade and other payables	62	506	178
Total current liabilities	8,050	506	325
Non-current liabilities			
Loans and borrowings	5,956	9,354	13,390
Other non-current liabilities	1,228	860	771
Total non-current liabilities	7,184	10,214	14,161
Total liabilities	15,234	10,720	14,486
Total equity	-3,673	52	-3,371
Total liabilities and equity	11,561	10,772	11,115

As at 31 December 2025, the P113 Tervisemaja owned by Hepsor P113 OÜ is 96% (31 December 2024: 77%) covered by lease agreements. Hepsor AS has granted a loan to the associate company Hepsor P113 OÜ amounting to 2,748 thousand euros as at 31 December 2025. P113 Tervisemaja is recognised as investment property and its fair value as at 31 December 2025 is 11.2 million euros (31 December 2024: 10.6 million euros). The valuation has been performed using the discounted cash flow method. The valuation is based on existing cash flows or cash flows based on market averages, the yield and an appropriate discount rate, which takes into account the expected return of investors for similar assets, considering the location of the property, its technical condition, tenant risk levels, etc. At the end of 2025, a yield of 7.7% (31 December 2024: 7.7%) and a discount rate of 8.7% (31 December 2024: 8.75%) were used for the valuation of the asset.

Hepsor AS subsidiary Hepsor Finance OÜ entered into a shareholders' agreement under which a 50% share in Hepsor SOF OÜ was sold to the trust fund EFTEN Special Opportunities Fund managed by EFTEN Capital. The sale of the share in Hepsor SOF OÜ created the basis for the joint development of a project located in Lasnamäe. Hepsor SOF OÜ acquired in April properties located at Paevälja pst 7 and 9, Tallinn, and in July properties located at Narva mnt 150 and 150a, Tallinn, from a subsidiary of the Hepsor Group. As at 31 December 2025, the Group companies of Hepsor AS have granted loans to the associate company Hepsor SOF OÜ in the total amount of 3,880 thousand euros.

Lawsuits

In September 2023, Hepsor P113 OÜ cancelled the lease agreement with Novel Clinic Assets OÜ (NCA) due to outstanding debts. On 8 November 2023, NCA filed a lawsuit against Hepsor P113 OÜ to enforce the lease agreement, claim compensation for damages and seek the return of unjust enrichment. Based on the experience to date, the evidence presented so far and the current status of the proceedings (including NCA's bankruptcy proceedings), the claim of NCA is considered more likely to be unsuccessful than successful.

In December 2024, the court declared NCA bankrupt. The bankruptcy decree entered into force on 11 February 2025. It has been decided in the bankruptcy proceedings to dissolve NCA. In the bankruptcy proceedings, the court assessed the termination of the lease agreement with NCA as lawful and recognised the damage claim of Hepsor P113 OÜ against NCA as a first-rank claim (the court decision dated 19 December 2025 has not yet entered into force).

In January 2024, Hepsor P113 OÜ filed a counterclaim against NCA, Tomas Godelis, Concept 4 Clinic UAB and Vertas Management UAB for compensation of damages and additional related claims. The damages arose due to NCA's breach of the lease agreement, which was terminated early, resulting in losses incurred by Hepsor P113 OÜ that have not been compensated. In the bankruptcy proceedings, the court has recognised the claim of Hepsor P113 OÜ against NCA in the amount submitted (the decision has not yet entered into force). Based on the experience to date and the evidence presented so far, the claim of Hepsor P113 OÜ against NCA and Tomas Godelis is considered more likely to be successful than unsuccessful.

In January 2024, Ilsanta UAB, which belongs to the same group as NCA, filed a lawsuit against Hepsor P113 OÜ, requesting the return of items allegedly owned by Ilsanta to NCA or, alternatively, compensation for the purchase price of these items. The proceedings have been suspended until the recognition of claims and approval of the list of creditors in the NCA bankruptcy proceedings has entered into force. Based on the experience to date and the evidence presented so far, the claim of Ilsanta is considered more likely to be unsuccessful than successful.

In January and November 2024, Hepsor P113 OÜ filed claims against Ilsanta UAB for compensation of damages caused by the securing of Ilsanta UAB's claim. The proceedings have been suspended until the recognition of claims and approval of the list of creditors in the NCA bankruptcy proceedings has entered into force. Based on the experience to date, the evidence presented so far and the current status of the proceedings (including NCA's bankruptcy proceedings), the claim of Hepsor P113 OÜ is considered more likely to be successful than unsuccessful.

In April 2024, Concept 4 Clinic UAB filed a lawsuit against Hepsor P113 OÜ for compensation of damages. According to a ruling of the Supreme Court in the dispute concerning interim relief, the claim as such has no prospect of success. As at the reporting date, the proceedings in this case have been concluded – the claim of Concept 4 Clinic UAB was dismissed without consideration and legal costs were awarded to Hepsor P113 OÜ.

Hepsor P113 OÜ filed a misdemeanour complaint against the sworn advocate representing NCA and a bailiff in connection with an unlawful intrusion into the building at Pärnu mnt 113. The violation was established, but the misdemeanour proceedings were terminated on grounds of expediency. This dispute has no impact on the financial position of Hepsor P113 OÜ.

At present, the timing of final resolutions cannot be predicted.

Note 32. Related parties

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

Balances and transactions with related parties

in thousands of euros	31.12.2025	31.12.2024
Receivables		
Loans granted (Note 9)		
Associated companies		
Opening balance 01.01	2,428	1,729
Loan granted	4,144	718
Effective interest rate impact	-51	-19
Balance at the end of the period	6,521	2,428
Trade and other receivables		
Key members of the management and all companies directly or indirectly owned by them	14	9
Associated companies	3	1
Interest receivables		
Associated companies	783	309
Payables		
Prepayments from clients		
Management and all companies directly or indirectly owned by them	3	564
Loans and borrowings (Note 10)		
Key members of the management and all companies directly or indirectly owned by them		
Opening balance 01.01	1,371	1,383
Received	0	4,710
Repaid	-1,238	-4,722
Balance at the end of the period	133	1,371
Bonds		
Management and all companies directly or indirectly owned by them	390	0
Trade payables		
Key members of the management and all companies directly or indirectly owned by them	300	942
Interest payables		
Key members of the management and all companies directly or indirectly owned by them	18	27

Purchases and sales of goods and services

in thousands of euros	2025	2024
Sales of goods and services		
Associated companies	153	117
Key members of the management and all companies directly or indirectly owned by them	90	515
Total sales of goods and services	243	632
Purchases of goods and services		
Key members of the management and all companies directly or indirectly owned by them	12,795	20,022
<i>Incl. construction service</i>	<i>12,565</i>	<i>19,847</i>
Interest income earned		
Associated companies		
Interest earned	474	150
Interest expenses incurred		
Key members of the management and all companies directly or indirectly owned by them		
Accrued interest	84	187
Interest paid	93	228

Note 33. Events after the reporting period

- ✓ 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 purpose of the loan, with a term of five years, is to finance the construction of the Ķiršu Kalna Mājas residential development project and the development of infrastructure at Eiženijas iela 18, Dzirciems, Riga.

Note 34. 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 to which the Group is exposed. The main market risks are price risk and interest rate risk. The Group is exposed to price risk resulting from a decrease in the market values of the Group's real estate development projects or a price increase due to a change in input prices. There can be no guarantee that the Group will be able to sell its development projects in future with prices that are similar to or higher than the expected market value of these projects.

The Group cannot ensure it is able to sell its development projects with expected prices could have an unfavourable impact on the Group's statement of financial position and may have a material adverse effect on the Group's business, financial condition, prospects and results of operations and execution of its strategy. For mitigating the market risk, the management of the Group constantly monitors the changes and situation in the market when making development decisions.

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

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

The Group's bank loans have both fixed and floating interest rates based on Euribor. Bank loans have a 0% floor clause as protection against a negative Euribor, meaning that in case of a negative Euribor, the Euribor is equalised to zero, and the margin of such loans does not decrease. The management constantly monitors the Group's exposure to interest rate risk, which arises from loans with floating interest rates. Such risk is mainly related to the potential upward movement in Euribor, as already warned by the European Central Bank. In 2025, the 6-month Euribor decreased by 0.5%, (2024: 1,3%).

in thousands of euros	31.12.2025	31.12.2024
Financial liabilities with fixed interest rate	28,950	25,523
incl. bank loan liabilities with fixed interest rate	4,523	4,663
Bank loan liabilities with floating interest rate	18,797	29,165
Total	47,747	54,688

For undrawn borrowings the Group is charged commitment fee, which is based on the average balance of the undistributed loan amount thus having direct impact on the effective interest rate of the Group.

Interest rate sensitivity

Increases in interest rates could adversely affect the Group's ability to cover interest costs from current cash flows. The impact to the Group's profit would appear on the realisation year of each specific project.

If Euribor had been 50 basis points higher and all other variables were held constant, the Group's cash flow need to cover interest costs for the year ended 31 December would increase as follows:

in thousands of euros	31.12.2025	31.12.2024
Increase by 50 basis points	138	181

Credit risk

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

In order to minimise credit risk, the Group is only dealing with creditworthy counterparties and deposits cash in banks well-recognised banks in Estonia, 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 client.

The Group is in the real estate development business, and upon the sale of the completed property, the Group enters into a 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.

As at 31 December, the following financial assets were exposed to credit risk:

in thousands of euros	2025	2024
Cash and cash equivalents	3,821	6,249
Trade and other receivables	1,451	530
Interest receivables	782	311
Current loan receivables	0	200
Non-current loan receivables	6,521	2,428
Total	12,575	9,718

As at 31 December, the aging of trade receivables was as follows:

in thousands of euros	2025	2024
Current	904	369
Up to 2 months past due date	58	52
2-4 months past due date	4	0
More than 4 months past due date	22	29
Total	988	450

At the date of the report, 31 March 2026, trade receivables outstanding as at 31 December 2025 amounted to 405 thousand euros (31 March 2025: 179 thousand euros).

Liquidity risk

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

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

Group's financial liabilities by maturity date:

in thousands of euros	up to 6 months	up to 12 months	1–5 years	Total
31.12.2025				
Loan and lease liabilities	2,631	3,106	42,172	47,909
Trade payable	1,588	0	0	1,588
Other liabilities	1,921	3,323	8,472	13,716

in thousands of euros	up to 6 months	up to 12 months	1–5 years	Total
31.12.2024				
Loan and lease liabilities	8,076	15,312	31,514	54,902
Trade payable	1,138	0	0	1,138
Other liabilities	3,030	2,374	4,635	10,039

Capital risk

The core purpose of the Group's capital risk management is to ensure the most optimal capital structure to support the sustainability of the Group's business operations and shareholders' interests. The Group finances its operations with both debt and equity capital.

The Group uses the debt-to-equity ratio to monitor capital structure. The debt-to-equity ratio is calculated as the ratio of net debt to total capital. The Group also monitors the ratio of equity and balance sheet volume.

The management considers the Group's capital structure optimal.

in thousands of euros	2025	2024
Interest-bearing loan liabilities	47,909	54,718
Cash and bank accounts	3,821	6,249
Net debt (interest-bearing loan liabilities - cash and bank accounts)	44,088	48,469
Total equity attributable to owners of the parent	20,858	20,912
Total of net debt and equity (net debt + total equity attributable to owners of the parent)	64,946	69,381
Debt-equity ratio (net debt / net debt and total equity attributable to owners of the parent)	68%	70%
Total assets	91,835	88,813
Equity to total assets (equity / total assets)	23%	24%

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 December 2025, the Group is not significantly exposed to currency risks, therefore, the Group has not used instruments to hedge currency risks.

Geopolitical risk

The Group's operations are affected by the geopolitical situation in its main operating regions – Estonia, Latvia and Canada. The greatest geopolitical uncertainty arises from the ongoing war of Russia against Ukraine, the duration, impact and outcome of which remain unclear. In addition, geopolitical tensions remained elevated in 2025, and uncertainty in the Middle East intensified at the beginning of 2026, affecting energy markets and international supply chains.

The geopolitical environment may affect the Group's operations through changes in the availability and price levels of construction materials, volatility in energy prices, financing conditions and interest rate levels, as well as overall economic uncertainty. These factors may in turn impact real estate demand and investment activity, particularly in the Baltic countries.

The Group's operations in the Canadian market help to mitigate regional risks, as the geopolitical influences there differ from those in Europe and the dependency on the security situation in Eastern Europe is lower. To manage risks, Hepsor has geographically diversified its development portfolio, actively monitors changes in market and financing conditions, and adjusts its investment decisions in line with the economic environment.

In the opinion of the management, the current geopolitical situation does not threaten the Group's going concern, but may affect the timing of projects, input costs and profitability.

Note 35. Primary financial statements of the parent company

Pursuant to the Estonian Accounting Act, the information on the unconsolidated main financial statements of the consolidating entity is disclosed in the notes to the consolidated financial statements. The main financial statements of the parent company have been prepared using the same accounting and valuation principles as used in the preparation of the consolidated financial statements, except for subsidiaries, which are accounted for in the parent company's separate unconsolidated financial statements using the acquisition method.

Statement of financial position

in thousands of euros	31.12.2025	31.12.2024
Assets		
Current assets		
Cash and cash equivalents	832	698
Trade and other receivables	442	727
Current loan receivables	2,047	3,524
Total current assets	3,321	4,949
Non-current assets		
Property, plant and equipment	22	46
Investments in subsidiaries	2,369	2,228
Financial investments	2	2
Non-current loan receivables	11,427	10,232
Other non-current receivables	3,836	2,798
Total non-current assets	17,656	15,306
Total assets	20,977	20,255
Liabilities and equity		
Current liabilities		
Trade and other payables	135	114
Loans and borrowings	0	1,238
Current lease liabilities	10	10
Total current liabilities	145	1,362
Non-current liabilities		
Loans and borrowings	2,000	5,941
Pikaajalised võlakirjad	7,813	
Non-current lease liabilities	9	19
Total non-current liabilities	9,822	5,960
Total liabilities	9,967	7,322
Equity		
Share capital	3,913	3,855
Share premium	8,917	8,917
Reserves	385	385
Retained earnings	-2,205	-224
Total equity	11,010	12,933
Total liabilities and equity	20,977	20,255

Statement of profit and loss and other comprehensive income

in thousands of euros	2025	2024
Revenue	91	53
Cost of sales (-)	-8	-15
Gross profit	83	38
Marketing expenses (-)	-99	-34
Administrative expenses (-)	-575	-626
Other operating income	29	29
Other operating expenses	-3	-7
Operating profit of the year	-565	-600
Financial income	1 419	1,751
interest income	1 407	1,562
other financial income	12	189
Financial expenses (-)	-1 550	-1,501
interest expenses (-)	-888	-993
other financial expenses (-)	-662	-508
Profit before tax	-696	-350
Income tax	-283	0
Net profit for the year	-979	-350
Other comprehensive income for the period	-979	-350

Statement of changes in equity

in thousands of euros	Share capital	Share premium	Reserves	Retained earnings	Total
Balance as at 31.12.2023	3,855	8,917	385	126	13,283
Net profit (loss) for the year	0	0	0	-350	-350
Balance as at 31.12.2024	3,855	8,917	385	-224	12,933
Net profit (loss) for the year	0	0	0	-979	-979
Issue of shares	58	0	0	0	58
Dividends paid	0	0	0	-1,002	-1,002
Balance as at 31.12.2025	3,913	8,917	385	-2,205	11,010

Adjusted unconsolidated equity

in thousands of euros	31.12.2025	31.12.2024
Parent company's unconsolidated equity	11,010	12,933
Carrying amount of investments in subsidiaries and associates in the parent company's unconsolidated statement of financial position (-)	-2,370	-2,228
Value of investments in subsidiaries and associates under the equity method (+)	16,133	13,967
Parent company's adjusted unconsolidated equity	24,773	24,672

Statement of cash flows

in thousands of euros	2025	2024
Net cash flows from (to) operating activities		
Operating profit of the year	-565	-600
Adjustments for:		
Depreciation of property, plant and equipment	13	13
Other adjustments	-2	0
Changes in working capital:		
Change in trade receivables	-25	14
Change in inventories	0	15
Change in liabilities and prepayments	-10	-14
Income tax paid	-283	0
Cash flows from (to) operating activities	-872	-572
Net cash flows to investing activities		
Payments for acquisition of subsidiaries	-22	-3
Proceeds from sale of subsidiaries	1	1,600
Loans granted	-7,169	-9,263
Loan repayments received	7,198	7,945
Interest received	350	706
Other payments for investing activities	-62	-5
Cash flows to investing activities	296	980
Net cash flows from (to) financing activities		
Loans raised	2,000	4,710
Loan repayments	-7,238	-3,472
Proceeds from bond issue (net)	7,808	
Interest paid	-846	-978
Payments of finance lease principal	-10	-9
Dividends paid	-1,002	
Other receipts from financing activities	-2	-45
Cash flows from financing activities	710	206
Net cash flow	134	614
Cash and cash equivalents at beginning of year	698	84
Increase / decrease in cash and cash equivalents	134	614
Cash and cash equivalents at end of year	832	698

Management Board's Confirmation of the Consolidated Annual Report

The Management Board confirms that the audited consolidated annual report for 2025, which is comprised of the Management Report, Corporate Governance Report, Remuneration Report and Sustainability Report as set out from page 5 to 54, provides a true and fair view of the Group's operations, financial position and results of operations and describe the significant risks and uncertainties the Group faces.

The Management Board confirms that according to their best knowledge, the audited consolidated annual accounts for 2025 as set out from page 57 to 111 present a correct and fair view of the financial position, profit and loss and other comprehensive income and cash flows of Hepsor AS. The consolidated annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Hepsor AS Group is going concern.

The consolidated annual report of Hepsor AS for 2025 will be submitted for approval to the General Meeting of Shareholders in May 2026.

Martti Krass

Member of the Management Board

/signed digitally/

Tallinn, 23 April 2026

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INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)

To the Shareholders of Hepsor AS

Report on the audit of the consolidated financial statements**Opinion**

We have audited the consolidated financial statements of Hepsor AS and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2025, and the consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia) (ISA (EE)s). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Group are in accordance with the applicable law and regulations in the Republic of Estonia and that we have not provided non-audit services that are prohibited under § 59¹ of the Auditors Activities Act of the Republic of Estonia.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Based on our risk and materiality assessments, we determined which components need to be fully audited, considering the relative impact of each component's size on the Group and how all material items in the consolidated financial statements are covered.

Accordingly, based on the size and risk characteristics, we performed a full scope audit of the financial information for the following subsidiaries and associated companies within the Group: Hepsor AS (the Group's parent entity), Hepsor Finance OÜ, Hepsor Phoenix 2 OÜ, Hepsor Phoenix 3 OÜ, Hepsor Latvia OÜ, Hepsor M14 OÜ, Hepsor N450 OÜ, Hepsor P113 OÜ, Hepsor SOF OÜ. We performed review of the financial information for the following subsidiaries within the Group: Hepsor SPV1 OÜ, Hepsor 3Torni OÜ, Hepsor Phoenix 4 OÜ, Hepsor Kanada OÜ, Hepsor Tooma OÜ, H&R Residentsid OÜ, Hepsor Fortuuna OÜ, Hepsor RD5 SIA, Hepsor U34 SIA, Kvarta SIA, Hepsor Ganibu Dambis SIA, SIA „Riga Properties 4“, Hepsor JG SIA, Hepsor N57 OÜ, Hepsor P26b OÜ, Hepsor PV11 OÜ, Hepsor VT49 OÜ, Hepsor SA2 SIA, Hepsor Jugla SIA, Hepsor A1 OÜ, Hepsor PHX5 OÜ, Hepsor Dz74 SIA and Hepsor S17 SIA.

SIA PKF Latvia performed specific review procedures over significant balances and transactions based on the instructions received from us for the following component subsidiary: Hepsor SIA We communicated frequently with the component auditor and reviewed the procedures performed and documentation to the extent we deemed necessary.

At the Group level we tested the consolidation process and performed separate analytical procedures over the components not covered by the above procedures to confirm our conclusion that no material misstatements exist that may affect the consolidated financial statements. Information describing the structure of the Group is included on page 31 of the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Accounting of inventory</p> <p>As at 31.12.2025, the Group has recognized inventories in total amount of 58 938 thousand euros. We focused on inventories, as its forms 64% of the Group's total assets.</p> <p>Additional information is provided in consolidated financial statements Note 1 “Summary of significant accounting policies” and Note 4 “Inventories”.</p> <p>Inventories consists of work in progress of real estate development projects and finished real estate development projects.</p> <p>As described in Note 1.14 in the consolidated financial statements, inventories are stated at the lower of cost and net realizable value. Acquisition cost consists of direct costs and their overheads without which inventories would not be in existing locations or condition. Borrowing costs directly attributable to the acquisition and construction of the real estate development projects form part of the cost of that asset.</p>	<p>While conducting the audit procedures, we performed, among other things, the following</p> <p>We assessed the principles for recognizing inventories and made sure that the method complies with the requirements of IFRS.</p> <p>We assessed the net realizable value of inventories by making inquiries to the Group, used project cash flow projections, and made sure that after the balance sheet date the apartments were not sold with a loss.</p> <p>In conclusion, we have determined that the accounting principles used for recognizing inventories are in accordance with the requirements of IFRS. The data and assumptions used are reasonable and in line with the actual results of the past period and the expected prospects.</p> <p>In our opinion, the disclosures about inventories in Note 4 to the consolidated financial statements are relevant and in accordance with IFRS requirements.</p>

Other Information, including the Management Report

Management is responsible for the other information. The other information comprises description of the Group, the Management report, the Profit Allocation proposal and the Remuneration Report (but does not include the consolidated financial statements and our auditor's report thereon). Our opinion on the consolidated financial statements does not cover the other information, including the Management report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the Management report, we also performed the procedures required by the Auditors Activities Act. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act.

In accordance with the Securities Market Act with respect to the Remuneration Report, our responsibility is to consider whether the Remuneration Report includes the information in accordance with the requirements of Article 135³ of the Securities Market Act.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management report for the financial year for which the financial statements are prepared is consistent, in all material respects, with the consolidated financial statements; and
- the Management report has been prepared in accordance with the requirements of the Accounting Act;
- the Remuneration Report has been prepared in accordance with Article 135³ of the Securities Market Act.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), and for such

internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA (EE)s will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA (EE)s, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report

to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on the compliance of the presentation of consolidated financial statements with the requirements of the European Single Electronic Format ("ESEF")

We have been engaged based on our agreement by the Management Board of the Parent Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable

requirements of the presentation of the consolidated financial statements of Hepsor AS for the year ended December 31, 2025 (the “Presentation of the Consolidated Financial Statements”).

Description of a subject matter and applicable criteria

The Presentation of the Consolidated Financial Statements has been applied by the Management Board of the Parent Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of December 17, 2018, supplementing Directive 2004/109/EC of the European Parliament and of the Council with regards to regulatory technical standards on the specification of a single electronic reporting format (the “ESEF Regulation”). The applicable requirements regarding the Presentation of the Consolidated Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Presentation of the Consolidated Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibility of the Management Board and Those Charged with Governance

The Management Board of the Parent Company is responsible for the Presentation of the Consolidated Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Consolidated Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of consolidated financial statements in accordance with the format resulting from the ESEF Regulation.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000(R) - ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (ISAE 3000(R)). This standard requires that we comply with ethical requirements, plan and perform

procedures to obtain reasonable assurance whether the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000(R) will always detect the existing material misstatement (significant non-compliance with the requirements).

Quality control requirements

We apply the provisions of the International Standard on Quality Management (Estonia) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Consolidated Financial Statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed, the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

Designate the auditor

We were first appointed as auditors of Hepsor AS, as a public interest entity, for the financial year ended December 31, 2021, representing the total period of our uninterrupted engagement appointment for Hepsor AS, as a public interest entity, of five years.

Compliance with the report to the Audit Committee

Our audit opinion presented in this report is in accordance with the supplementary report prepared for the Audit Committee on April 24, 2026. We confirm that our audit opinion is in line with the additional report submitted to the Group audit committee and we have not provided the prohibited non-audit services to the Group referred to in Article 5 (1) of Regulation (EU) No 537/2014. We were independent from the audited entity.

April 24, 2026

Mart Nõmper

Sworn Auditor 499

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License number 3

Pärnu mnt 22, 10141 Tallinn

Profit allocation proposal

Retained earnings attributable to the owner of the parent of the Group:

in thousands of euros	31.12.2025
Retained earnings for prior periods as at 31 December 2024	7,257
Net profit for 2025	399
Total distributable profit as at 31 December 2025	7,656
The Management Board proposes to distribute profit as follows:	
As dividends (0.27 euros per share)	1,056
Retained earnings after profit distribution	6,600

Martti Krass

Member of Management Board

/signed digitally/

Tallinn, 23 April 2026