

Company Hepsor AS
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The consolidated sales revenue of Hepsor AS amounted to 2.3 million euros in the first quarter of 2024 and the net loss was 0.97 million euros (including a net loss attributable to the owners of the parent of 0.88 million euros).

The Group's revenues and profitability are directly dependent on the development cycle of projects, which is approximately 24 to 36 months. Sales revenue is generated only at the end of the cycle. Calendar quarters vary in terms of the number of projects ending during the quarter, which is why both profits and sales revenue can differ significantly across quarters. Therefore, performance can be considerably weaker or stronger in some years and quarters than in others.

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

In 2024, we forecast sales revenue of EUR43.1 million, net profit of EUR4.5 million, and net profit attributable to the parent company's shareholders of EUR2.5 million. In the first quarter of 2024 we started with the sale of Manufaktuuri 5. Sales revenue of the first quarter of 2024 includes sales from completed projects in previous years, with sales from these projects continuing throughout the rest of 2024. However, a significant portion of the projected revenue for 2024 will come from projects that will be completed starting from the second quarter of 2024.

Completed development projects

In the first quarter of 2024, the last apartment in the Marupe Darz project near Riga was handed over. In Tallinn, the handover of apartments continued in the Paevälja Courtyard Houses project completed in 2022 (3 apartments), and one apartment was handed over in the Lilleküla Homes project completed at the end of 2023. The first house was completed in the Ojakalda Homes project in March, and



the handover of the first homes began in March - 7 real rights contracts were concluded.

There were no significant changes in commercial real estate. As of the end of the first quarter, the environmentally friendly Grüne building completed in Tallinn in 2023 was 96% occupied, and we are working on finding a new tenant for the recently vacated space. Regarding Büroo 113, reported as an associated company, we were preparing for the signing of new lease agreements. The vacancy in the Büroo 113 building arose because in the fall of 2023, we were forced to terminate the lease agreement with the anchor tenant due to their arrears.

Development projects under construction and available for sale

In the first quarter of 2024, Hepsor had four residential development projects under construction, totaling 329 apartments:

- * As part of the Ojakalda Homes development project, three apartment buildings with a total of 101 apartments will be built in Tallinn, of which the first building was completed in March, and the completion of the remaining two buildings is planned for the second quarter of 2024. The signing of real rights contracts began in March.
- * Manufaktuuri 7 (150 apartments and 453 m2 of commercial space) in Tallinn, set to be completed in the summer, with the commencement of initial real rights contracts planned for June-July.
- * Nameja Residence (38 apartments) in Riga, scheduled for completion in the third quarter of 2024, coinciding with the commencement of the first real rights contract signings.
- * Annenhof House (40 apartments) in Riga, expected to be completed in early 2025, with most of the sales revenue also reflected in 2025.

As of March 31, 2024, contracts under the law of obligations and written reservations have been made for a total of 148 apartments (45%) across these four projects.

Hepsor in Canada

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

In the first quarter of 2024, no new investments were made in Canada. As of the end of the first quarter, Hepsor, together with its Canadian partners, has made two investments:

- * A property located at 3406-3434 Weston Road, Toronto.
- * 3 properties in Toronto at the address 164-168 Isabella Street.



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

Outlook for 2024

A key focus for 2024 is the Manufaktuuri Quarter - new homes and commercial spaces will be completed at the address Manufaktuuri 7, and in the second quarter, the reconstruction of the former Baltic Cotton Spinning and Weaving Factory building located at historic Manufaktuuri 5 into a modern A-class energy-efficient building will commence. We are creating a comprehensive living environment in the Manufaktuuri Quarter, highlighting historical architecture with modern technical solutions, valuing the environment, and considering sustainable transportation methods. Manufaktuuri 5 includes both residential and commercial spaces. Additionally, we plan to start construction and sales of two new projects in Latvia in 2024 - the StokOfiss 34 office building (with approximately 9,000 m2 of leasable space) and the Zala Jugla project with 105 new homes.

While customers are not making quick purchase decisions today, interest in our projects remains, so we are moderately optimistic and continue the implementation of existing and new projects.

Please see Hepsor AS consolidated unaudited interim report for Q1 2024: <https://hepsor.ee/en/for-investors/stock/reports-2/>

Consolidated statement of financial position

in thousands of euros	31-Mar-24	31-Dec-23	31-Mar-23
Assets			
Current assets			
Cash and cash equivalents	7,674	7,604	2,126
Trade and other receivables	1,351	1,544	1,291
Current loan receivables	311	311	0
Inventories	83,086	77,439	73,610
Total current assets	92,422	86,898	77,027
Non-current assets			



Property, plant and equipment	230	162	269
Intangible assets	3	4	7
Financial investments	2,001	2,005	2
Investments in associates	0	0	972
Non-current loan receivables	1,947	1,729	1,766
Other non-current receivables	235	203	61
Total non-current assets	4,416	4,103	3,077
Total assets	96,838	91,001	80,104
Liabilities and equity			
Current liabilities			
Loans and borrowings	35,546	40,600	22,456
Current lease liabilities	116	40	96
Prepayments from customers	2,916	2,620	4,366
Trade and other payables	6,150	7,188	3,481
Total current liabilities	44,728	50,448	30,399
Non-current liabilities			
Loans and borrowings	28,596	16,305	26,686
Non-current lease liabilities	29	29	68
Other non-current liabilities	2,289	2,058	2,481
Total non-current liabilities	30,914	18,392	29,235
Total liabilities	75,642	68,840	59,634
Equity			
Share capital	3,855	3,855	3,855
Share premium	8,917	8,917	8,917



Reserves	385	385	0
Retained earnings	8,039	9,004	7,698
Total equity	21,196	22,161	20,470
incl. total equity attributable to owners of the parent	20,114	20,993	20,092
incl. non-controlling interest	1,082	1,168	378
Total liabilities and equity	96,838	91,001	80,104

Consolidated statement of profit and loss and other comprehensive income

in thousands of euros	Q1 2024	Q1 2023
Revenue	2,271	5,975
Cost of sales (-)	-2,234	-5,040
Gross profit	37	935
Marketing expenses (-)	-185	-71
Administrative expenses (-)	-443	-347
Other operating income	45	20
Other operating expenses (-)	-18	-23
Operating profit (-loss) of the year	-564	514
Financial income	37	50
Financial expenses (-)	-438	-425
Profit before tax	-965	139
Net profit (-loss) for the year	-965	139
Attributable to owners of the parent	-879	240
Non-controlling interest	-86	-101



Other comprehensive income (-loss)		
Change in value of embedded derivatives with minority shareholders	0	8
Other comprehensive income (-loss) for the period	0	8
Attributable to owners of the parent	0	-14
Non-controlling interest	0	22
Comprehensive income (-loss) for the period	-965	147
Attributable to owners of the parent	-879	226
Non-controlling interest	-86	-79
Earnings per share		
Basic (euros per share)	-0.23	0.06
Diluted (euros per share)	-0.23	0.06

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Hepsor AS (www.hepsor.ee) is one of the fastest growing residential and commercial real estate developers in Estonia and Latvia. Over the last thirteen years Hepsor has developed more than 1,600 homes and 36,000 m2 of commercial space. Hepsor was the first real estate developer in the Baltic States to implement a number of innovative engineering solutions that make the buildings we construct more energy-efficient and thus more environmentally friendly. The company's portfolio is comprised of 24 development projects with a total



sellable space of 171,000 m2.

