SATPO Group B.V.
Prague

Consolidated Interim Financial Statements

June 30, 2025

(unaudited)

SATPO Group B.V.
Prague

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Management board's report

General Corporate Overview

SATPO Group B.V. has been active in the Czech real estate market since 1994. Initially focused on the sale and purchase of residential properties, the Group soon expanded into attic conversions, investments in existing housing stock, and property management. Since 2000, it has delivered small- and medium-sized residential projects in Prague, later reviving housing stock investments under the **City Home** brand and, since 2020, expanding into land development.

Today, the Group is recognized as a stable player in the Prague market, investing in and developing projects under the **SATPO** and **City Home** brands through dedicated project companies. Comprehensive services, including client care, consulting, turnkey interiors, and a representative sales centre, are provided by SATPO management. The Group has received numerous awards for its projects, underscoring its commitment to quality and client satisfaction.

SATPO builds its reputation on long-term cooperation with partners and investors, active membership in professional associations, and strong social responsibility. In 2022, it established the **SATPO Endowment Fund** to support education, health, culture, and sports. Its long-term strategy is to consolidate its position as a leading residential developer under the SATPO brand and to expand investment opportunities in existing housing under the City Home brand.

Real Estate Market Overview

The first half of 2025 on the Prague real estate market was characterized by continued price growth and strong demand. Prices of new apartments in some locations exceeded CZK 170,000 per m², representing a year-on-year increase of approximately 10%. Prices of older apartments also rose, although at a slower pace.

Buyer demand continued to outpace supply, mainly due to limited possibilities for new construction – whether as a result of lengthy permitting procedures or restricted construction capacity. In Prague, roughly 4,300 new apartments were sold in the first half of the year. Housing affordability further deteriorated compared with the previous period.

Apartment buildings are becoming an attractive investment opportunity thanks to stable rental income and relative protection against inflation. Buyers tend to prefer buildings that have already undergone reconstruction, with modern utilities, higher energy efficiency, and lower operating costs. Property values vary significantly depending on technical condition, quality standards, and, above all, location. Among older apartment buildings, there is a growing trend of conversions into boutique apartments or mixed residential and commercial projects, which further enhances their attractiveness.

The mortgage market benefited from expectations of a gradual decline in interest rates, which supported renewed demand, particularly for smaller apartments. At the same time, buyers have become more sensitive to technical condition of the property, monthly expenses, and overall housing quality. The growing demand for rental housing has also led to further increases in rents in Prague's most attractive districts.

The outlook for the second half of 2025 anticipates continued price growth, albeit at a slower pace, along with persistent pressure caused from limited supply.

SATPO Group B.V.
Prague

Management Board's comments on the Unaudited Consolidated Interim Financial Statements for the 6 months preceding June 30, 2025

These interim consolidated financial statements have neither been audited, nor subject to a limited review by an independent statutory auditor.

Consolidated results

As of June, 2025 the consolidated result after taxation was a loss in the total nominal amount of CZK 13,672 thsnd. compared to the loss in the amount of CZK 25,745 thsnd. as of June 2024.

The negative result is caused mainly due to the delay in new acquisitions, still high repo rates set by the Czech National Bank mainly in the first quarter of 2025. The high interest rates affected the financial expenses due to a float interest rate of the most of bank loans and public bonds in the amount of CZK 500,000 thsnd. issued in Jully 2023 (the bonds bear float interest rate 4 % p.a. + 6M PRIBOR – the bond interest rate is set each January 20 and July 20). Another reason is an increase of operational expenses, mainly due to increase of the personal expenses.

Consolidated revenues including net gain/loss on the disposal of investment property for the six months preceding June 30, 2025 was a loss in the amount of CZK 141 thsnd. compared to a profit CZK 13,320 thsnd. in the previous year.

Operating profits before tax reached a profit of CZK 63,952 thsnd. compared to a profit of CZK 51,914 thsnd. in the comparable period of the year 2024.

Financial expenses amounted to CZK 62,458 thsnd. as of June 30, 2025 compared to CZK 63,886 thsnd. as of June 30, 2024.

Consolidated statement of financial position

As of June 31, 2025, the consolidated total balance sheet amounted to CZK 2,941,598 thsnd., which represented a decrease of CZK 3,326 thsnd. compared to the position as of December 31, 2024 (CZK 2,944,924 thsnd.).

The consolidated assets consisted of:

- non-current assets amounting to CZK 2,711,473 thsnd. compared to CZK 2,708,453 thsnd. as of December 31, 2024, which is an increase of CZK 3,020 thsnd.

- current assets amounting to CZK 230,125 thsnd. compared to CZK 236,471 thsnd.

Equity attributable to the owners of the parent company amounted to CZK 252,300 thsnd. compared to CZK 287,477 thsnd. as of December 31, 2024. The decrease is primarily due to the decrease in the share capital and the loss for the first half of the year 2025.

Non - current liabilities increased to CZK 1,608,085 thsnd. compared to CZK 1,488,899 thsnd. as of December 31, 2024. The increase is caused mainly by maturity of new bonds.

Current liabilities decreased to CZK 670,726 thsnd. compared to CZK 917,980 thsnd. as of December 31, 2024.

Major Company Developments

Subholding SATPO Invest I is dedicated to the purchase of real estate with added value (possibility of expansion, change of use, etc.) for the purpose of long-term possession and realization of residential projects. In the first half of 2025, construction and sales of units in the Laurova Residence project continued. The Stare namesti Residence project received a valid zoning decision.

Subholding SATPO Invest II invests in real estate for future residential development in attractive locations and realization of construction of residential projects of lasting value. In the first half of 2025, preparatory work on projects and acquisition of new projects continued.

The SATPO Invest III subholding is dedicated to investing in land for the individual construction of single-family houses in attractive locations and the realization of infrastructure construction. In the first half of 2025, preparatory work on projects continued.

Subholding SATPO Invest IV invests in properties suitable for future development and prepares them for further development. In the first half of 2025, preparatory work on projects and acquisition of new projects continued.

In the first half of 2025, an Investor entered the SATPO Invest V, a.s. and acquired 60% of the total shares; however, this corresponds to only 47.37% of the voting rights. Construction work and sales of units continued at the Polska 7 Residence.

Subholding City Home Invest II invests in the purchase of apartment buildings and leverages the property's future appreciation potential. In first half of 2025, preparatory work on projects and acquisition of new projects continued.

Subholding City Home Invest III is dedicated to investing in ideal shares in apartment buildings, consolidating ownership or settling co-ownership and leveraging the potential for future appreciation of the property. In the first half of 2025, work continued on the acquisition of new projects and the sale of units in several projects has been completed.

Going concern

As of June, 2025 equity attributable to the owners of the parent amounts to CZK 252,300 thsnd. (in 2024 CZK 287,477 thsnd.). The decrease is primarily due to the decrease in the share capital and the negative result as of June 30, 2025.

Management reviewed if the application of the going concern assumption was justified at the preparation of the 2025 financial statements of the company. In this review management also took into consideration the existing financial performance and operational cash flows of the group over year 2025. The management went through the risk areas described in the Management board’s report and Notes to the consolidated financial statements. The potential risks were tested through group cash-flow and other financial indicators.

The development of the Czech economy promises stabilization. The annual consumer inflation reached 2,6% as of June 30, 2025 (long - term inflation target of the Czech National Bank is 2%) and the property prices have returned to cautious growth. The Czech National bank decreased the repo rate during the first half of the year to 3,5% and further minor decrease till the end of the year is expected.

Based on the above economics development the management´s opinion is that there is no question of discontinuity and that the preparation of the financial statements on a going concern basis is justified.

Long term strategy

There has been no significant change in strategy year-to-year and the Group will continue to develop its two main pillars of business activities: residential and land development under the SATPO brand, focusing more on investment in land plots to lay down the basis for future development projects; and purchasing and selling existing homes under the City Home brand, complete with property management.

Our vision:

- Build platforms for investment in residential properties.
- Build high quality residential homes in which people can live well.
- Search for and develop the potential of existing properties, especially apartment buildings.
- Create a comfortable environment within our Company so that people can work well.

Strategy

- Invest in and oversee the strategies of the entire Group in the development of projects across all subsidiaries.
- Remain a stable and trustworthy investment company on the Czech real estate market and abroad.

This applies in particular to:

- Residential and land development under the **SATPO** brand
- Acquisition, development (restructuring), and sale of the residential housing stock under the **City Home** brand
- Long-term yield investments

Our employees

The Group continues to encounter a lack of quality people on the market and strives to supplement the capacities of selected teams, especially in specialist roles. Recruitment and adaptation of new employees was a major challenge in 2024 in the field of human resources. We expect a slight improvement in the job market situation in 2025.

Average number of employees

The average number of employees working within the SATPO Group B.V. was 0 (2024: 0). The group has no pension plan or costs.

The average number of employees working for the Group was 61 (2024: 55). The group has no pension plan or costs.

Employee well-being

The health and well-being of employees working for the Group is taken seriously.

Hot-desking arrangements continue and serve to optimize the use of the workplace when employees are working from home, on vacation or on sick leave. All employees within the company benefitted from professional growth opportunities, with several employees promoted internally.

Regular and non-regular staff training continued through our e-learning platform on the SATPO Sharepoint intranet site. The platform provides access to relevant, easy-to-use learning materials that enable employees to acquire actionable skills. External training was provided to improve negotiation, leadership, project management, change management and other professional skills.

Teambuilding develops cooperation between employees and so, in 2025, activities were supported after working hours such as participation in the T-Mobile Olympic Run, informal board games, basketball matches, bowling, group walks, etc. Some employees participated in volunteer activities as part of the Group’s active cooperation with the non-profit educational organization Junior Achievement.

Equal treatment of employees

We do not make any distinction on the grounds of gender, religion, ethnic background or sexual orientation in our HR, recruitment and promotion policies or remunerations systems.

Remuneration

We apply a remuneration policy, the main principles of which are as follows:

- Top management
    - Profit-related remuneration, first applicable after at least three years' full membership.
- Directors and senior management
    - Fixed annual remuneration which is performance-related and results-based.
- All employees
    - up to 20% of quarterly gross salary is awarded to all employees based on measured goals, payable quarterly.

Commitment to Social Responsibility

In 2024, the Group continued to support a range of community, educational, and cultural initiatives. We have been a proud long-term partner of the **Good Angel Foundation** since 2012, ensuring that donations go directly to families in need. Since 2010, we have also supported **Junior Achievement** programs, promoting entrepreneurship and education for students. Through the **SATPO Endowment Fund**, we provided financial support for children's sports activities, including BMX Řepy and kart racing, as well as cultural projects such as the Singing Academy and the music festival in Žďár nad Sázavou.

Future expectations

Overall, the management expects a profit and a positive cash flow in the year 2025. The management also anticipate an increase in the price index in the next 12 months.

This expectation is based on the profit forecast for 2025 and the forward-looking information with respect to the development of residential market prices, the portfolio of real estate projects and the business transactions realized so far.

RISK AREAS

Strategic risk

Economy

Inflation and GDP growth are important macroeconomic indicators. The average annual inflation rate in 2024 was 2.4%, close to the Czech National Bank's long-term target and a sharp decline from 10.7% in 2023. In the first half of 2025, inflation slowed further, reaching around 1.8% year-on-year in April 2025.

GDP growth is expected to reach about 2.1% in 2025. In the first quarter of 2025, GDP already increased by 2.0% year-on-year, with household consumption remaining the main driver, supported by rising real incomes, declining interest rates, and gradually improving consumer sentiment.

Germany, on which the Czech economy is strongly dependent, will play a major role in future developments, as will the course of the war in Ukraine and the situation in the Middle East.

External financing risk and construction financing (development)

External financing risk relates to the fact that the success of the Group’s future activities will depend on securing sufficient financing for the Group’s project development companies to build and deliver real estate projects. The main sources of financing for SATPO Group's project development companies are – and will continue to be – external bank loans and bonds. Changes in the financing conditions of commercial banks for individual projects (changes in margins, changes in indebtedness parameters, changes in the required collateral for loans) can also significantly affect the profitability of project companies.

The Group mitigated the risk of changes in interest rates by primarily negotiating fixed rates of interest on debt financing, both for bond financing and for bank financing. However, due to Russia’s invasion of Ukraine and the related increase in interest rates, new bank loans and newly issued bonds have had floating interest rates since 2023.

The trends in floating interest rates are factored into our project budgets and forecasts of projects. If any significant impact is identified, the appropriate measures are taken.

Bank loans and issued bonds have certain financial covenants attached to them. Violation of these covenants can lead to the debt being called up immediately. As of 30 June 2025, the Group was in compliance with theses covenants. The Group mitigates the risk by testing different scenarios.

(Re)financing risk

Refinancing risk is the risk that a financial obligation of the Company cannot be fulfilled, that insufficient equity or loans can be attracted, or that loan covenants are breached. These may lead to undesirable scenarios.

The primary financial liabilities at 30 June 2024 were CZK 210,000 thsnd in bonds maturing in November 2025, CZK 400,000 thsnd in bonds maturing in February 2026, CZK 500,000 thsnd nominal of bonds maturing in July 2027, CZK 403,011 thsnd in bonds maturing in June 2029. The ability of the Company to redeem these bonds depends on sufficient cash flow being generated from its existing and future projects. The capacity to repay bonds by generating sufficient cash flows from existing and future projects will depend on potential acquisition opportunities. If is a lack of interesting opportunities, the group’s indebtedness will decrease. If there are interesting opportunities, the Group plans to fund the repayment of the bonds through a new bond issuance.

It is planned that the CZK 210,000 thsnd bond issuance maturing in November 2025 will be repaid with a new bond issuance made as part of the bond issuance scheme for a total amount of CZK 1,000,000 thsnd (approved by the Czech National Bank on 17 June 2023).

It is also planned that the CZK 400,000 thsnd bond issuance maturing in February 2026 will be repaid with a new bond issuance made as part of the bond issuance scheme for a total amount of CZK 1,000,000 thsnd (currently in the approval process with the Czech National Bank).

Management is working on and implementing a long-term financial strategy to meet both long-term and short-term obligations.

Partnering with investors by selling a share in a subsidiary has been considered as an option for decreasing the Group’s long-term debt.

Operational risk

Operational risks are those risks that arise from potentially inadequate processes, people, systems and/or external events. The material risk for the Group relates to the quality and timely execution of residential projects, the handling of any warranties for damage and loss in completed buildings, project cost control, and the execution of contractual transactions.

To enhance our operational efficiency, we have focused on optimizing and improving our internal processes to speed up the decision-making process, in which employees have gained a bigger role. The plan is to minimize operational risk through the detailed documentation of our internal processes. We have set up a processes department responsible for the process-based management of the Group. This department helps to improve the overall benefit to customers and to increase the overall efficiency of the Company (by eliminating unnecessary processes and simplification of processes).

Time schedule and cost control

Unexpected delays in execution and increases in project costs can diminish the financial result of a project and potentially require additional funding which might be difficult to obtain.

To mitigate these risks to the maximum extent possible, the Company has extensive budgeting and cost control procedures in place for each individual project. The MS project is implemented and interconnected with Business Central to help with checking and fulfilling project milestones. In addition, authorization procedures and periodical reports (actual versus budget analysis) are in place to control and highlight issues for discussion by the management. The planned 5% construction costs reserve covers the current growth in the prices of selected materials and services in the construction industry. If this reserve did not cover the growth in costs, the additional costs would have to be met by part of the project profits.

Reporting risk

In addition to the internal processes and controls described above, the Company has set up a system to provide for the highest possible quality valuations. Valuations are a significant driver of the Company's profits. By their nature, valuations are subjective and subject to changing market conditions. Inconsistencies in assumptions or inadequate methods can lead to incorrect valuations. This risk is mitigated by having the valuation prepared by an external independent appraiser and consequently compared to our internal valuations.

Interest rates

Due to the downturn in the economy currently as a result of the war in Ukraine, the rise in the prices of energy, services and goods – a higher interest rate in connection with rising mortgage rates could negatively affect future demand for residential real estate.

As an anti-inflation measure, the Bank Council of the Czech National Bank has repeatedly increased the base interest rate, which has impacted the growth of interest rates on commercial and mortgage loans. In response to the declining Inflation in 2024, the CNB repeatedly cut interest rates and this trend continued also at the beginning of 2025, when in February 2025 the two-week repo rate was cut to 3.75% p.a. and in May 2025 the rate was additionally cut to 3,50%.

The CNB is expected to continue its cautious policy in 2025, aimed at maintaining price stability. In response to the CNB's interest rate reductions, mortgage interest rates are expected to slightly decrease.

Legal environment and approval process

The Group is exposed to risks associated with real estate construction, environmental and similar regulations. Real estate construction and the operation of residential real estate are subject to restrictions under applicable laws and regulations in the areas of zoning, construction, protection and preservation, environment and other laws that can affect the value of real estate and/or the ability to use real estate and to treat them as the Group would otherwise deem appropriate The duration and complexity of the zoning approval process, the acquisition of construction permits and the unwillingness or inability of building authorities officials to make timely decisions in accordance with the law cause significant delays in all development projects.

SATPO Group B.V.
Prague

Prague, 29 September 2025

Management board:

Jiří Pokorný, Board Member

Dagmar Pokorná, Board Member

SATPO Group B.V.

Consolidated interim financial statements for the 6 months preceding June 30, 2025

SATPO Group B.V.
Prague

Consolidated interim statement of profit or loss and other comprehensive income for the 6 months preceding June 30, 2025

In thousands of CZK

	Note	Jun 30,2025	Jun 30,2024
Revenue from contracts with customers	6	13 709	7 840
Rental income	8	12 915	9 926
Total revenue		26 624	17 765
Net gain/loss on the disposal of investment property	7	-26 765	-4 445
Total revenue including Net gain/loss on the disposal of investment property		**-141**	**13 320**
Cost of sales		-11 395	-19 974
Changes in value of investment property	13	170 155	126 365
Change in inventory provision	18	0	-324
Operating expenses	9	-95 145	-68 486
Other operating income	10	477	1 013
OPERATING PROFIT		63 952	51 914
Finance income		1 244	2 686
Finance costs	11	-62 458	-63 886
PROFIT BEFORE TAX		2 738	-9 286
Income tax	12	-3 195	-8 875
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		-457	-18 161
Profit attributable to non-controlling interests		13 214	7 584
Profit attributable to the owners of the parent		-13 672	-25 745

SATPO Group B.V.
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Consolidated interim statement of financial position

As at June 30, 2025
In thousands of CZK

	Note	30 Jun 2025	31 Dec 2024
Non-current assets			
Investment property	13	2 634 177	2 631 469
Property, plant and equipment	14	71 770	73 227
Intangible assets	15	5 516	3 747
Investment in associates	16	10	10
TOTAL NON-CURRENT ASSETS		2 711 473	2 708 453
Current assets			
Inventories	18	100 148	96 600
Trade and other receivables	19	75 089	51 143
Cash and cash equivalents	20	54 889	88 728
TOTAL CURRENT ASSETS		230 125	236 471
TOTAL ASSETS		2 941 598	2 944 924
Equity			
Share capital + share premium	21	176 000	191 000
Reserves	21	76 300	96 477
Equity attributable to the owners of the parent		252 300	287 477
Non-controlling interests	22	410 487	330 568
TOTAL EQUITY		662 787	618 045
Non-current liabilities			

Issued bonds	23	1 126 964	865 621
Bank loans	23	191 392	259 108
Other long-term liabilities	24	49 406	46 082
Provisions	25	1 734	2 479
Deferred tax liability	17	238 590	235 609
TOTAL NON-CURRENT LIABILITIES		1 608 085	1 408 899
Current liabilities			
Current portion of long-term borrowings	23	295 754	508 332
Trade and other payables	27	79 929	201 812
Other financial liabilities	24	289 206	186 861
Provisions	25	4 734	12 431
Contract liabilities	26	12	2 055
Current tax liability	12	1 090	6 487
TOTAL CURRENT LIABILITIES		670 726	917 980
TOTAL LIABILITIES		**2 278 811**	**2 326 879**
TOTAL EQUITY AND LIABILITIES		2 941 598	2 944 924

SATPO Group B.V.
Prague

Consolidated statement of changes in equity

As at June 30, 2025
In thousands of CZK

	Share Capital + share premium	Reserves	Equity attributable to parent	Non controlling interests	Total Equity
Equity at 1.1.2025	**191 000**	**96 477**	**287 476**	**330 568**	**618 045**
Capital decrease	-15 000	0	-15 000	0	-15 000
Capital movements		-6 506	-6 506	66 706	60 200
Profit / Loss	0	-13 672	-13 672	13 214	-458
Equity at 30.6.2025	**176 000**	**76 300**	**252 300**	**410 487**	**662 787**

	Share Capital + share premium	Reserves	Equity attributable to parent	Non controlling interests	Total equity
Equity at 1.1.2024	**206 000**	**20 363**	**226 363**	**324 230**	**550 594**
Capital movements	-15 000	0	-15 000	0	-15 000
Profit / Loss	0	76 113	76 113	6 338	82 451
Equity at 31.12.2024	**191 000**	**96 477**	**287 476**	**330 568**	**618 045**

SATPO Group B.V.
Prague

Consolidated interim statement of cash flows for the 6 months preceding June 30, 2025

In thousands of CZK

	June 30, 2025	June 30, 2024
PROFIT FOR THE YEAR	**-13 672**	**-25 745**
Adjustments for:		
Finance costs	61 215	61 200
Non-controlling interest	13 214	7 584
Investment property revaluation gain/loss	-170 155	-126 365
Inventory provision	0	324
Depreciation	2 373	1 526
Income tax expense	3 195	8 877
Other	0	0
Operating cash-flows before movements in working capital	-103 831	-72 600
Decrease / (Increase) in inventories	-3 548	-3 414
Decrease / (Increase) in trade and other receivables	-69 443	89 173
Increase / (Decrease) in trade and other payables	-125 803	-52 427
Increase / (Decrease) in contract liabilities	-2 043	3 474
CASH GENERATED BY OPERATIONS	-304 667	-35 794
Income taxes paid	-6 811	-13 890
NET CASH FROM OPERATING ACTIVITIES	-311 478	-49 684

Investing activities		
Effect of purchases and disposals of investment property (net)	167 447	53 407
Effect of purchases and disposals of property, plan and equipment (net)	-305	763
Effect of purchases and disposals of intangible assets (net)	-2 380	-510
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	164 762	53 660
Financing activities		
Interest paid	-36 084	-48 958
Proceeds and repayments from bonds (net)	193 011	0
Proceeds and repayments from bank and other loans(net)	-89 250	-243
Changes in equity	45 201	-15 000
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	112 878	-64 200
Net increase/(decrease) in cash and cash equivalents	-33 838	-60 224
Cash and cash equivalents at beginning of year	88 728	150 900
Cash and cash equivalents at end of year	54 889	90 676

Notes to the consolidated financial statements for the 6 months preceding June 30, 2025

1. General information

SATPO Group B.V. (the Company) is a company limited by shares incorporated and registered in the Netherlands. Its ultimate controlling party is Mr. Jiří Pokorný. The address of the Company's registered office is Amsterdam, Netherlands. As of 1.1.2022 the Company has transferred the seat of effective management from the Netherlands to the Czech Republic, visiting address is Holečkova 3331/35, Smíchov, 150 00 Prague 5. The Company is filed in the Netherlands with the Trade Register at the Chamber of Commerce under number 34243136.

The activities of the Company and its group companies primarily consist of:

- Construction of luxury flats in Prague;
- Acquisition of ideal shares in apartment buildings, their gradual consolidation and subsequent sale of apartments;
- Acquisition of leased real estate and its rent; and
- Investments in land plots for future development.

These financial statements are presented in Czech Koruna (CZK) and are rounded to the nearest thousands of CZK. Foreign operations are included in accordance with the policies set out in note 3.

The Company itself had no employees in 2025 as well as in 2024. The average number of employees working for the Group amounted to 61 (2024: 55).

2. Adoption of new and revised Standards

New and revised IFRS Standards in issue but not yet effective

Standard	**Topic**	**Effective**	**EU adopted?**
Amendments to IAS 1	Non-current Liabilities with Covenants	01.01.2024	Yes
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	01.01.2024	Yes

The company is currently assessing the potential impact of other new standards, amendments to standards and interpretations adopted by the EU, which are still ineffective and not applied in the preparation of the financial statements, but does not expect a significant impact on the financial statements.

3. Significant accounting policies

3.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The financial statements have been prepared on the historical cost basis, except for the revaluation of investment property that is measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The principal accounting policies adopted are set out below.

3.2 Going concern

As of June, 2025 equity attributable to the owners of the parent amounts to CZK 252,300 thsnd. (in 2024 CZK 287,477 thsnd.). The decrease is primarily due to the decrease in the share capital and the negative result as of June 30, 2025.

Management reviewed if the application of the going concern assumption was justified at the preparation of the 2025 financial statements of the company. In this review management also took into consideration the existing financial performance and operational cash flows of the group over year 2025. The management went through the risk areas described in the Management board’s report and Notes to the consolidated financial statements. The potential risks were tested through group cash-flow and other financial indicators.

The development of the Czech economy promises stabilization. The annual consumer inflation reached 2,6% as of June 30, 2025 (long - term inflation target of the Czech National Bank is 2%) and the property prices have returned to cautious growth. The Czech National bank decreased the repo rate during the first half of the year to 3,5% and further minor decrease till the end of the year is expected.

Based on the above economics development the management´s opinion is that there is no question of discontinuity and that the preparation of the financial statements on a going concern basis is justified.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss is attributed to the owners of the Company and to the non-controlling interests.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss.

3.5 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

3.6 Revenue recognition

Sale of properties

Revenues are mainly derived from construction and subsequent sale of residential properties and sales of land plots, buildings and apartments classified as investment property.

Revenue from sale is recognized at point in time when control of the assets has passed to the buyer which is generally the date at which the application of ownership transfer is submitted to the Land Registry. Revenue is measured at the amount to which the Group is entitled, net of trade discounts and adjusted for the effect of significant financing component on contract liabilities.

3.7 Leases

The Group as lessee

The Group does not present any material contract where it would be in the position of lessee.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties. The leases are classified as operating leases as the terms of the lease does not transfer substantially all the risks and rewards of ownership.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. When the Group provides incentives to its tenants of commercial premises, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income. No incentives are provided to the tenants of residential units.

3.8 Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. The Group´s functional currency is the Czech Koruna (CZK). At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.10 Employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

The Group does not provide any long-term employee benefits.

3.11 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.12 Property, plant and equipment

Land and buildings held for administrative purposes are stated in the statement of financial position at their cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method:

Buildings	Useful life 30 years
Equipment	Useful life of 3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.13 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

3.14 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The Group´s classes of intangible assets with respective useful life are as follows:

Trademarks	Useful life 20 years
Software	Useful life 3 years

3.15 Impairment of property, plant and equipment and intangible assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognized for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

3.16 Inventories

Inventory comprises Construction in progress and Finished construction. These are related to projects intended to be developed and sold in the regular operating cycle of the Group. The cost of development projects comprises construction costs and other direct cost related to property development and borrowing costs.

Construction costs and other direct costs, including borrowing costs, are classified as Construction in progress during the construction. The project is transferred from Construction in progress to Finished construction upon acquisition of the occupancy permit.

Inventories are stated at the lower of cost and net realizable value and held under the specific identification method.

3.17 Financial instruments

Financial assets and financial liabilities are recognized 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 recognized immediately in profit or loss.

Financial assets

The Group´s financial assets are limited to short-term trade and other receivables and therefore, all recognized financial assets are measured subsequently at amortized cost.

Impairment of financial assets

The Group recognizes lifetime expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date and is 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.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized 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 all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

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

3.18 Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where 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 of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

3.19 Contingencies and commitments

A contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Classification between Investment property and Inventories

Real estate assets of the Group are classified either as investment property or inventories in accordance with standards IAS 40 and IAS 2. Based on policy established by the Group are Real estate assets generating rent or acquired with the outlook for capital appreciation classified as investment property and measured at fair value, with exception for assets where fair value cannot be measured reliably. Land plots and real estate assets with clear plan to execute development activities (typically evidenced by zoning permit) are classified as inventories and measured at cost. Directors review classification of real estate assets at each balance sheet date.

Fair value measurement of investment property

Fair value of investment property is determined in accordance with IFRS 13 based on valuation report prepared by independent certified appraiser. Directors review valuation of investment properties at each balance sheet date and make sure that outcome of valuation at 31.12.2024 and 31.12.2023 are consistent and comparable. In addition, the Group directors compare these external valuations to the internal ones and if necessary, modify them for future usage.

Acquisition and divestment of assets vs. business combination

Typical acquisitions of the Group are individual real estate assets or legal entities holding real estate asset(s). As common in the industry similar SPV entities do not meet definition of business per IFRS 3 and therefore purchase price is fully allocated to real estate asset and related deferred tax liability without any goodwill recognized. The same rule applies to divestments. However, every transaction is evaluated by company directors individually.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

Classification of debt vs equity instruments

Based on detailed review of shareholders agreement in SATPO Invest III, directors decided to report separately equity and debt component in relation to minority shareholders. Separate presentation of equity as Non-controlling interest and liability gives appropriate presentation to relationship of minority shareholders in relation to SATPO Group.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value measurements and valuation processes

The Group's investment properties are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation committee, which is headed up by the Chief Sales Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

The valuations are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in note 13.

5. Composition of the Group

The composition of the Group at the end of the reporting period as of June 30, 2025 is as follows:

Name of the entity	ID number	Country of incorporation	% share in company	from:	till:	Note on changes
SATPO Group B.V.	34243136	the Netherlands	100	22.02.2006	still	
SATPO, a.s.	01384147	Czech Republic	100	12.09.2013	still	
City Home Finance III, s.r.o.	19084170	Czech Republic	100	23.02.2023	still	
City Home Invest II, s.r.o.	04527828	Czech Republic	100	03.12.2015	still	
City Home Invest III, a.s.	04548817	Czech Republic	59	21.01.2016	still	
City Home Project I, s.r.o.	01976184	Czech Republic	100	06.08.2018	still	
City Home Project II, s.r.o.	06658946	Czech Republic	100	06.02.2018	still	
City Home Project III, s.r.o.	07069871	Czech Republic	100	18.06.2018	still	

City Home Project IV, s.r.o.	07070721	Czech Republic	100	18.09.2018	still	
City Home Project VII, s.r.o.	06309658	Czech Republic	100	04.12.2017	still	
City Home Project VIII, s.r.o.	08285713	Czech Republic	100	12.11.2019	still	
City Home Project IX, s.r.o.	10937951	Czech Republic	100	09.06.2021	still	
City Home Project X, s.r.o.	11922621	Czech Republic	100	08.10.2021	still	
City Home Project XI, s.r.o.	11921269	Czech Republic	100	07.10.2021	still	
City Home Project XII, s.r.o.	14013789	Czech Republic	100	26.11.2021	still	
City Home Project XIII, s.r.o.	14270650	Czech Republic	100	28.02.2022	still	
City Home Project XIV, s.r.o.	14270668	Czech Republic	100	01.03.2022	still	
City Home Project XV, s.r.o.	14270676	Czech Republic	100	01.03.2022	still	
City Home Project XVI, s.r.o.	14270684	Czech Republic	100	01.03.2022	still	
City Home Project XVII, s.r.o.	14270692	Czech Republic	100	01.03.2022	still	
City Home Project XVIII, s.r.o.	17197201	Czech Republic	100	31.05.2022	still	
City Home Project XIX, s.r.o.	17197287	Czech Republic	100	31.05.2022	still	
City Home Project XX, s.r.o.	17197376	Czech Republic	100	31.05.2022	still	
City Home Project XXI, s.r.o.	17287197	Czech Republic	100	28.06.2022	still	
City Home Project XXII, s.r.o.	17288444	Czech Republic	100	28.06.2022	still	
City Home Project XXIII, s.r.o.	17288550	Czech Republic	100	28.06.2022	still	
City Home Project XXIV, s.r.o.	09000135	Czech Republic	100	28.02.2020	still	
City Home Project XXV, s.r.o.	09000071	Czech Republic	100	28.02.2020	still	
City Home Project XXVI, s.r.o.	17966019	Czech Republic	100	23.01.2023	still	
City Home Project XXVII, s.r.o.	17966035	Czech Republic	100	23.01.2023	still	
City Home Project XXVIII, s.r.o.	17966043	Czech Republic	100	23.01.2023	still	
City Home Project XXIX, s.r.o.	17966051	Czech Republic	100	23.01.2023	still	
City Home Project XXXI, s.r.o.	19493843	Czech Republic	100	30.06.2023	still	
City Home Project XXXII, s.r.o.	19493851	Czech Republic	100	30.06.2023	still	
City Home Project XXXIII, s.r.o.	19493860	Czech Republic	100	30.06.2023	still	
City Home Project XXXIV, s.r.o.	19493878	Czech Republic	100	30.06.2023	still	
SATPO Invest I, s.r.o.	01556169	Czech Republic	100	26.09.2013	still	
SATPO Invest II, a.s.	05249902	Czech Republic	100	05.10.2016	still	
SATPO Invest III, s.r.o.	07071035	Czech Republic	50,1	18.09.2018	still	

SATPO Invest IV, s.r.o.	11880732	Czech Republic	50,5	01.10.2021	still	
SATPO Invest V, a.s.	22296492	Czech Republic	100	25.11.2024	still	
SATPO management, s.r.o.	27650723	Czech Republic	100	22.05.2014	still	
SATPO finance, s.r.o.	11855029	Czech Republic	100	16.09.2021	still	
SATPO Project I, s.r.o.	27151751	Czech Republic	100	11.12.2004	still	
SATPO Project II, s.r.o.	27650570	Czech Republic	100	17.04.2007	still	
SATPO Project III, s.r.o.	03868010	Czech Republic	100	13.08.2015	still	
SATPO Project IV, s.r.o.	26741962	Czech Republic	100	04.01.2003	still	
SATPO Project VI, s.r.o.	04899288	Czech Republic	100	05.05.2016	still	
SATPO Project VII, s.r.o.	07151560	Czech Republic	100	20.09.2018	still	
SATPO Project VIII, s.r.o.	07074743	Czech Republic	100	18.09.2018	still	
SATPO Project IX, s.r.o.	09446044	Czech Republic	100	25.08.2020	still	
SATPO Project X, s.r.o.	07209274	Czech Republic	100	05.06.2019	still	
SATPO Project XI, s.r.o.	06994377	Czech Republic	100	18.09.2018	still	
SATPO Project XII, s.r.o.	10801391	Czech Republic	100	27.04.2021	still	
SATPO Project XIII, s.r.o.	10801413	Czech Republic	100	27.04.2021	still	
SATPO Project XIV, s.r.o.	10871616	Czech Republic	100	19.05.2021	still	
SATPO Project XV, s.r.o.	11639628	Czech Republic	1	02.07.2021	still	
SATPO Project XVI, s.r.o.	26749220	Czech Republic	100	10.09.2021	still	
SATPO Project XVII, s.r.o.	11855053	Czech Republic	100	16.09.2021	still	
SATPO Project XVIII, s.r.o.	14013797	Czech Republic	100	26.11.2021	still	
SATPO Project XIX, s.r.o.	14013801	Czech Republic	100	26.11.2021	still	
SATPO Project XX, s.r.o.	14245001	Czech Republic	100	16.02.2022	still	
SATPO Project XXII, s.r.o.	14270722	Czech Republic	100	28.02.2022	still	
SATPO Project XXIII, s.r.o.	09000194	Czech Republic	100	28.02.2020	still	
SATPO Project XXIV, s.r.o.	09000178	Czech Republic	100	28.02.2020	still	
SATPO Project XXV, s.r.o.	19608314	Czech Republic	100	14.08.2023	still	
SATPO Project XXVI, s.r.o.	21877882	Czech Republic	100	06.08.2024	still	
SATPO Project XXVII, s.r.o.	21882002	Czech Republic	100	06.08.2024	still	
PRE CR Invest s.r.o.	19550588	Czech Republic	50	24.07.2023	still	

In 2024 the following merger took place: SATPO Project XIX, s.r.o. as the successor company merged with SATPO Project XXVIII, s.r.o. as the merged entity.

Control over Subsidiary less than 100%

In the list above there are numbers of subsidiaries which are not fully owned.

The directors of the Group assessed requirements of IFRS 10 whether or not the Group has control over the subsidiaries which are not fully owned, based on whether the Group has the practical ability to direct the relevant activities of these subsidiaries unilaterally. In making their judgement, the directors considered position, roles and rights of individual shareholders and provisions of the shareholders agreements. After assessment, the directors concluded that the Group has sufficient interest to direct the relevant activities and therefore the Group has control over the subsidiaries which are not fully owned.

Consolidation of entities under common control

Acquisition of full share is treated as transaction under common control without any revaluation of assets and liabilities.

6. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods at point in time.

	June 30, 2025	**June 30, 2024**
Sales of inventory units	0	678
Other sales	13 709	7 162
Total	**13 709**	**7 840**

7. Net gain/loss on the disposal of investment property

	June 30, 2025	**June 30, 2024**
Proceeds from disposal of investment property	252 493	191 241
Carrying value of investment property disposed of and related cost	-279 258	-195 686
Total net gain/loss on the disposal of investment property	**-26 765**	**-4 445**

Disposals of investment property in 2025 represent mainly sale of assets related to residential projects Sokolovská 160, Štefánikova 46, Přípotoční 17, Ke Koulce 6, Karlínské náměstí 10, Hartigova 135, Novovysočanská 21 and Vršovická 85. The Company did not sell any investment properties for the price below acquisition cost in 2025.

8. Rent income

Revenue from rent is recognized as income on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income.

The Group has entered into operating leases on its investment property consisting of offices, one obsolete commercial building that is to be demolished and tenement houses as a secondary business activity.

The Group uses 90% percent of office spaces for its internal needs and leases 10% of its office spaces to third parties. These office leases have terms of between 1 and 5 years.

The leases of commercial building have term of 1 year with prolongation options.

The leases of apartments in tenement houses have mostly term of one year or are concluded for an indefinite period. It changes year to year.

The lessee does not have an option to purchase the property at the expiry of the lease period. The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is in a location with a constant increase in value.

Rent income from third parties for the first half of the year 2025 is CZK 12 915 thsnd. (2024: CZK 9 926 thsnd.)

9. Operating expenses

	June 30, 2025	**June 30, 2024**
Salaries and remuneration	48 446	38 064
IT services	6 367	5 536
Tax advisory and Audit	211	192
Legal services and advisory	6 052	5 091
Marketing costs	3 221	4 710
Expenses relating to the rent income	774	1 071
Miscellaneous services	18 810	10 049
Penalty interest	592	18
Other operating expenses	10 672	3 755
Total	**95 145**	**68 486**

10. Other operating income

	June 30, 2025	**June 30, 2024**
Other operating income	477	1 013
Total	**477**	**1 013**

11. Finance costs

Borrowing costs represent interest from bonds, bank loans and borrowings.

	June 30, 2025	June 30, 2024
Interest from bonds	40 866	49 808
Interest from loans	17 623	10 288
Reclassification of NCI from equity to loans	3 013	2 664
Loan guarantee	110	0
Other finance costs	846	1 126
Total finance costs	**62 458**	**63 886**

12. Income Tax

The charge for the year can be reconciled to the profit before tax as follows:

	June 30, 2025	June 30, 2024
Profit/Loss (-) before tax	2 738	-9 286
Tax at the weighted average corporation tax rate (2025: 21%; 2024: 21%)	575	-1 950
Tax effect of expenses that are not deductible or income not taxable in determining taxable profit	2 620	10 825
Tax expense for the year	3 195	8 875

Tax expense for the year consist of:

	June 30, 2025	June 30, 2024
Current tax	214	-172
Deferred tax	2 981	9 046
	3 195	8 875

13. Investment property

	Real estate investments	Tenement houses shares	Total
Fair value			
At 31 December 2023	**393 659**	**1 674 110**	**2 067 769**

Additions	153 808	505 580	659 388
Disposals	0	-560 513	-560 513
Increase in fair value during the year	57 122	407 703	464 825
At 31 December 2024	**604 589**	**2 026 880**	**2 631 469**
Additions	15 466	96 345	111 811
Disposals	0	-279 258	-279 258
Increase in fair value during the year	33 366	136 789	170 155
At 30 June 2025	**653 421**	**1 980 756**	**2 634 177**

The fair value of Group's investment property as of June 30, 2025 has been arrived at on the basis of an internal valuation model that is consistent with external independent valuers. The fair value of the Group's investment property as of December 31, 2024 has been arrived at on the basis of a valuation carried out at that date by Deloitte Advisory, independent valuers not connected with the Group. The valuation conforms to International Valuation Standards. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The internal half-year revaluation rules are applied provided that (i) the Group owned the real estate property as of December 31 of the previous year and (ii) no more recent external valuation of the specific real estate was made than as of December 31 of the previous year.

- Completed residential units in development projects will be revalued based on the Deloitte Real Index Praha for Development projects (CenovaMapa.org) for the first and second quarter of the current year (Q1-Q2 CY).
- Residential units in tenement houses will be revalued based on the Deloitte Real Index Praha for Brick houses (CenovaMapa.org) for Q1 and Q2 CY.
- Shares in tenement houses (co-ownership) - residential units will be revalued based on the Deloitte Real Index Praha for Brick houses (CenovaMapa.org) for Q1 and Q2 CY. In case of an acquisition of another co-ownership share that is already held, the new co-ownership share will be valued in the same way as the existing one, regardless of the applied price discount in the annual valuation. In the case of obtaining specific residential units due to a conclusion of an agreement on the termination and settlement of existing co-ownership in apartment buildings, these residential units will be revalued based on the annual valuation and Deloitte Real Index Praha (CenovaMapa.org). Newly acquired new co-ownership shares under expected future earnings above CZK 20,000 thsnd. will be externally valued, below CZK 20, 000 thsnd. will be valued at cost.
- Unfinished residential units and parking spaces in development projects, attics in tenement houses, residential land plots are not revalued unless a Zoning Permit or a Building Permit or the Joint Zoning and Building Permit was acquired since the last external valuation. If this is the case, a new external valuation is required.

If as of the date of revaluation (September 30 at the latest) a sales contract has been already concluded for a different price than that according to the revaluation, the concluded sales price is to be applied Key assumptions and market indicators in the real estate assets valuation as of 31 December 2024 are as follows:

The average transaction price for apartments in Prague reached 137 900 CZK per sqm in Q3 2024. In long term, the highest transaction price is in Prague 1 followed by Prague 2. The average price in Prague 1 was 202 900 CZK per sqm and 158 600 CZK per sqm in Prague 2 during third quarter of 2024. On the contrary, the lowest price during Q3 2024 was in Prague 4, 8, 9 and 10 with average transaction price under 130 000 CZK per sqm.

The Prague's rental market was significantly affected by the pandemic in 2020 and 2021 and gradually decreased from 332 CZK per sqm to 278 CZK per sqm. The main reasons for the significant decrease were the increase of apartment offers in the city centre, which were previously offered for short-term rent and the outflow of students.

The rental market bounced back during the summer of 2021, and the rents started to grow again. The average rent reached 297 CZK per sqm at the end of 2021. The further significant growth was during the year 2022 when the rent reached 367 CZK per sqm in September. Since then, the upward trend has continued and in November 2024 the average rent in Prague reached 432 CZK.

The prime rent for office segments in Prague was 29,00 EUR per sqm at the end of 2024, prime yield was 5,35% and the vacancy slightly decreased in comparison with previous period to 5 %.

Contingency % used in the residual valuation method is 5 - 12 %. Development profit allowance % in residual valuation method is 15 – 30 %. Capitalization rate used in valuation of Tenement houses in Prague is 5,45 – 6,7 % and Location and liquidity discounts used in valuation of Tenement houses is 5 – 12 %.

Market comparisons were performed using Transaction Price Map, database covering transaction prices of residential real estate transactions in Prague.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The fair value measurement for all the investment properties has been categorized as a Level 3 fair value.

Category	Subcategory	Valuation technique	Valuation description
Development projects	Residential units and parking spaces	Residual valuation with market approach to calculate the GDV	Residual calculation works backwards by envisaging a completed development and ascribing a capital value to it, which is referred to as the gross development value (GDV). The GDV value is calculated using the market approach based on the comparable projects.
	Commercial units	Residual valuation with income approach to calculate the GDV	The GDV for commercial units is calculated based on the income approach, specifically direct capitalization method, which was based on comparable evidence of leasing listings we have assess the Net Operating Income (NOI) from the Estimated Market Rental Value (EMRV) of the unit, which we have capitalized into perpetuity.
Tenement houses	Residential units	Market approach	For the valuation of residential units, we have used the market approach using the market transaction price model

			adjusted for unit-specific characteristics using the hedonic price model.
	Parking spaces	Market approach	Parking spaces was valued based on the comparable evidence of offer listings.
	Commercial units	Income approach	The commercial units is calculated based on the income approach, specifically direct capitalization method, which was based on comparable evidence of leasing listings we have assess the Net Operating Income (NOI) from the Estimated Market Rental Value (EMRV) of the unit, which we have capitalized into perpetuity.
	Attic	Residual valuation with market approach	Residual calculation works backwards by envisaging a completed development and ascribing a capital value to it, which is referred to as the gross development value (GDV). The GDV value was calculated based on the market approach using the market transaction price model adjusted for unit-specific characteristics using the hedonic price model.
Shares in tenement houses	Residential units	Market approach	For the valuation of residential units, we have used the market approach using the market transaction price model adjusted for unit-specific characteristics using the hedonic price model.
	Parking spaces	Market approach	Parking spaces was valued based on the comparable evidence of offer listings.
	Commercial units	Income approach	The commercial units is calculated based on the income approach, specifically direct capitalization method, which was based on comparable evidence of leasing listings we have assess the Net Operating Income (NOI) from the Estimated Market Rental Value (EMRV) of the unit, which we have capitalized into perpetuity.
	Attic	Residual valuation with market approach	Residual calculation works backwards by envisaging a completed development and ascribing a capital value to it, which is referred to as the gross development value (GDV). The GDV value was calculated based on the market approach using the market transaction price model adjusted for unit-specific characteristics using the hedonic price model.

Development land plots	Residual valuation with market approach	Residual calculation works backwards by envisaging a completed development and ascribing a capital value to it, which is referred to as the gross development value (GDV). The GDV value was calculated based on the market approach using the comparable evidence of offer listings.
	Market approach	The market approach uses the comparable transaction from the last years from cadastral register.
	Cost approach	Cost approach uses the Czech valuation standard using Act 441/2013 Coll. and specific annexes related for valuation of houses and recreational buildings.
Satpo rent	Income approach	We have employed the income approach, specifically the Term/Reversion method. The Term value is based on the current lease agreements and to determine the Reversion value we have applied the Estimated market rental values (EMRV). In order to calculate the fair value of the property, we have capitalized the generated net income.

The Group has pledged some of its investment property to secure general banking facilities granted to the Group.

14. Property, plant, and equipment

	Buildings	Land	Equipment	Total
At cost				
At 1 January 2024	79 416	3 141	12 432	94 989
Additions	117	0	101	218
Disposals	0	0	0	0
Transferred from investment property	-396	-455	0	-851
At 31 December 2024	79 137	2 686	12 533	94 356
Additions	1 581	0	0	1 581
Disposals	0	0	0	0
Transferred to investment property	0	0	0	0

	Buildings	Land	Equipment	Total
At 30 June 2025	80 718	2 686	12 533	95 937
Accumulated depreciation and impairment				
At 1 January 2024	11 189	0	7 366	18 555
Charge for the year	810	0	1 764	2 574
At 31 December 2024	11 999	0	9 130	21 129
Charge for the year	2 249	0	789	3 038
At 30 June 2025	14 248	0	9 919	24 167
Carrying amount				
At 30 June 2025	66 470	2 686	2 614	71 770
At 31 December 2024	67 138	2 686	3 403	73 227

Assets pledged as security. For information about assets pledged as security, please, see note 23. Borrowings.

15. Intangible assets

	Software	Others	Total
Cost			
At 31 December 2023	23 685	0	23 685
Additions	3 833	0	3 833
At 31 December 2024	27 518	0	27 518
Additions	2 310	0	2 310
At 30 June 2025	29 828	0	29 828
Amortization			
At 31 December 2023	22 622	0	22 622
Charge for the year	1 149		1 149
At 31 December 2024	23 771	0	23 771
Charge for the year	541	0	541
At 30 June 2025	24 312	0	24 312
Carrying amount			
At 30 June 2025	5 516	0	5 516
At 31 December 2024	3 747	0	3 747

No intangible assets are pledged as securities.

16. Investments in Associates

Details of material associates

The Group does not have any material associates at the end of the reporting period.

17. Deferred tax

The following are the major deferred tax liabilities and assets recognized by the Group and movements thereon during the current and prior reporting period.

	Provisions	Revaluation of investment property and inventory	Tax losses	Total
At 1 January 2024	1 867	-193 808	1 966	-189 975
Charge to profit or loss	1 001	-53 902	7 267	-45 634
At 1 January 2025	2 868	-247 710	9 233	-235 609
Charge/(credit) to profit or loss	-1 772	-701	-508	-2 981
At 30 June 2025	1 096	-248 411	8 725	-238 590

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	June 30, 2025	December 31, 2024
Deferred tax liabilities	-248 411	-247 710
Deferred tax assets	9 821	12 101
	-238 590	-235 609

18. Inventories

	June 30, 2025	December 31, 2024
Finished construction	0	0
Construction in progress	105 183	101 635

Less allowance	-5 035	-5 035
	100 148	**96 600**

Inventories have been pledged as security for certain of the Group's bank loans (see chapter 23).

19. Trade and other receivables

	June 30, 2025	December 31, 2024
Trade receivables	30 570	36 045
Loss allowance	-3 143	-3 143
	27 427	32 902
Prepayments	7 129	9 211
Accrued income	2 259	7 860
Other receivables	38 274	1 170
	75 089	51 143

Other receivables include mainly a receivable in the amount CZK 36,457 thsnd. towards the issue manager for sold bonds that were in the account of the issue manager as of the closing date. This receivable was settled in the second half of 2025.

Trade receivables

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience. The following table details the risk profile of trade receivables based on the Group's provision matrix.

	Trade receivables – days past due							
30/06/2025	**Not past due**	**<30**	**31-60**	**61-90**	**91-180**	**181-360**	**>360**	**Total**
in thousands of CZK								
Expected credit loss rate	0%	2%	5%	10%	25%	50%	100%	
Gross carrying amount	27 221	0	0	0	0	412	2 937	30 570
Lifetime ECL	0	0	0	0	0	-206	-2 937	-3 143
Net carrying amount	27 221	0	0	0	0	206	0	27 427

	Trade receivables – days past due							
31/12/2024	**Not past due**	**<30**	**31-60**	**61-90**	**91-180**	**181-360**	**>360**	**Total**
in thousands of CZK								
Expected credit loss rate	0,5%	2%	5%	10%	25%	50%	100%	
Gross carrying amount	33 003	0	0	0	45	60	2 937	36 045
Lifetime ECL	-165	0	0	0	-11	-30	-2 937	-3 143
Net carrying amount	32 838	0	0	0	34	30	0	32 902

Accrued income

Accrued income arises mostly from accruals of costs:

- marketing and other costs related to presale of units in development projects, that will be finished in the future.

20. Cash and cash equivalents

	June 30, 2025	December 31, 2024
Cash on hand	48	37
Bank balances	54 841	88 691
	54 889	88 728

The cash and cash equivalents can be used without any limitation

21. Equity

In January 2025 the Company repurchased (i) 540,000 shares A from Mr. Pokorný, and (ii) 60,000 shares B from Ms. Pokorná.

Following that 540,000 shares A as well as 60,000 shares B were cancelled, and the registered capital of the Company was decreased by CZK 15,000,000 to the final amount of CZK 95,000,000.

The aggregated amount of share premium equals to CZK 81,000,000.

As of June 30, 2025, the issued and fully paid share capital is 3,420 thsnd. shares A and 380 thsnd. shares B. Each share has a par value of twenty-five Czech Crowns (CZK 25.00).

Foreign exchange translation reserve

Functional currency of SATPO Group is CZK and all subsidiaries prepare their accounts in CZK, no foreign exchange translation reserve is identified.

Dividends

No dividends were paid during 2025.

Decision about dividends for year 2024 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

22. Non-controlling interests

Table below shows composition of the Non-controlling interest of SATPO Group.

	June 30, 2025	**December 31, 2024**
City Home Invest III	270 919	253 427
SATPO Invest IV	37 445	38 212
SATPO Invest III	36 397	38 929
SATPO Invest V	65 727	0
Total Non-controlling Interest	410 487	330 568

Based on an amendment to the Articles of Association of SATPO Invest V, a.s., the types of shares were modified, resulting in SATPO Invest V, a.s. now having two classes of shares. Each Class A Share carries one vote, whereas each Class B Share carries four votes. In the first half of 2025, an Investor entered the SATPO Invest V, a.s. and acquired 60% of the total shares; however, this corresponds to only 47.37% of the voting rights.

Since the Group cannot prevent payment of dividend unless there is no profit of cash sufficient for dividend payment, the shares were classified as hybrid financial instrument with equity and liability part.

	June 30, 2025	December 31, 2024
Equity component	**19 726**	**19 726**
Liability component at date of issue (net of transaction cost)	30 174	30 174
Cumulative interest charged using effective interest rate (not paid)	18 665	15 653
Carrying amount of liability component	**48 839**	**45 827**

SATPO has concluded an agreement with the shareholders of SATPO Invest III (NCI), according to which the types of shares in the SI3 group and special rights arising from the holding of shares are defined.

Special rights are the rights associated with individual shares, where each of the selected shareholders is entitled to a specified percentage of the residual profit of SATPO Invest III. Furthermore, each of the shareholders is entitled to a preferential profit, which is determined by a percentage profit share of the amount of the partners' capital contributions (plus capitalization in case the preferential profit was not paid out in the given year).

Based on detailed review of shareholders agreement in SATPO Invest III, directors decided to report separately equity and debt component in relation to minority shareholders. Separate presentation of equity as Non-controlling interest and liability gives appropriate presentation to relationship of minority shareholders in relation to SATPO Group.

On initial recognition, the liability was recognized at fair value (net of transacation cost). Subsequently, the liability is accounted for at amortised cost.

23. Borrowings

	June 30, 2025	December 31, 2024
Bank loans	278 036	350 369
Issued bonds	1 336 074	1 282 692
Total borrowings	1 614 110	1 633 061
Non-current	1 318 356	1 124 729
Current	295 754	508 332

Issued bonds as of June,30 2025:

Debtor	Creditor	Due date	Coupon p.a.	Total nominal value of bonds as of 30.6.2025 in thousands of CZK
City Home Invest III, s.r.o.	Owners of bonds	09.11.2025	5,25%	210 000
SATPO finance, s.r.o.	Owners of bonds	04.02.2026	7,10%	400 000
City Home Finance III, s.r.o.	Owners of bonds	20.07.2027	6M PRIBOR + 4,00 % p.a.	500 000
City Home Finance III, s.r.o.	Owners of bonds	16.06.2029	6,90 %	403 011

Bank loans with a fixed interest rate as of June 30, 2025

Debtor	Creditor	Due date	Loan purpose	Interest rate	Loan principal in thousands of CZK
SATPO Project II, s.r.o.	Česká spořitelna, a.s.	31.07.2031	refinancing of the original loan and partner loan	6,97 % p.a.	37 188

Bank loans with a floating interest rate as of June 30, 2025

Debtor	Creditor	Due date	Loan purpose	Interest rate	Loan principal in thousands of CZK
SATPO Project III, s.r.o.	Fio banka, a.s.	30.07.2029	refinancing of the project's equity	1M PRIBOR + 2,00 % p.a	23 688
SATPO Project VI, s.r.o.	Fio banka, a.s.	01.12.2026	refinancing of the project's equity	1M PRIBOR + 2,00 % p.a	35 265
SATPO Project IX, s.r.o.	Fio banka, a.s.	01.04.2029	refinancing of the project's equity	1M PRIBOR + 2,00 % p.a	25 627
City Home Project XXIII, s.r.o.	Raiffeisenbank a.s.	30.11.2026	refinancing of the project's equity	1M PRIBOR + 2,00 % p.a	38 268
City Home Project XXV, s.r.o.	Česká spořitelna, a.s.	31.12.2027	refinancing of the project's equity	1M PRIBOR + 2,50 % p.a	118 000

Based on the updated Basic Bond Program Prospectus of City Home Finance III, s.r.o., the 2nd tranche of bonds CITY HFIII 6.90/29 (ISIN CZ0003572323) was issued on 16 June 2025. The nominal value of one bond is CZK 1.00. The expected aggregate nominal value of bonds amounts to CZK 500,000,000. These are fixed-interest bonds bearing an annual interest rate of 6.90%, payable semi-annually in arrears on 16 December and 16 June. The maturity date of the nominal value of the bonds is 16 June 2029. As of 30 June 2025, bonds in the total nominal value of CZK 403,010,611 had been subscribed.

On 16 June 2025, a bond issue in the amount of CZK 210 million, issued by City Home Invest III, a.s. and maturing on 15 June 2025 (or 16 June 2025), was repaid. The repayment was made from funds obtained through the new issue by the issuer’s subsidiary, City Home Finance III, s.r.o. Furthermore, on 16 June 2025, City Home Invest III, a.s. repurchased a portion of bonds maturing in November 2025, in the amount of CZK 118 million. As of the date of preparation of these Financial Statements, the remaining portion of the bonds maturing in November 2025 had been repaid.

The Group´s borrowings are denominated in CZK. Bank loans and issued bonds have certain financial covenants attached to them. Violation of these covenants can lead to immediate maturity of the debt. As of 30 June 2025, the Group was in compliance with theses covenants. Based on management judgment fair value of financial liabilities approximates their reported value.

Security

As of June 30, 2025, the Group had six bank loans (2024: nine bank loans). Bank generally applies the following methods for securing it´s receivables from bank loans: pledge over immovable property, pledge over claim from deposit, pledge over receivables, pledge over business share, third party guarantee, bill of exchange, aval, subordination of debt (subordination of other liabilities after liabilities to the bank) subordination agreement, agreement to recognize the debt in the form of notarial protocol with consent to enforce.

There were four unpaid bond issuances as of June 30, 2025. Bonds are secured through the security agent by pledge over business shares of selected group companies and pledge over immovable property.

Pledges

The Group has pledged its assets in favour of the Company bonds holders to cover the principal debt, interest and other potential related claims. The Company´s bond issuance is secured by the lien on the business share of the Company and Company´s subsidiaries and the position of bondholders is strengthened by the existence of a hedging agent.

The City Home Invest III bond issuance is secured by the lien on the business share of the company, company´s subsidiaries, liens on immovable property and the position of bondholders is strengthened by the existence of a hedging agent in total amount of up to CZK 1,2 billion.

The Group has pledged its assets (investment property, shares in subsidiaries, work-in-progress, inventories, receivables, cash balances) in favour of the banks as bank loan pledges to cover the principal debt, interest and other potential related claims in the amount of up to CZK 535,237 thsnd.

The weighted average interest rates paid during the year were as follows:

	30.6.2025	**31.12.2024**
	%	**%**
Bank loans	5,93	6,32
Issued bonds	7,01	7,15

24. Other financial liabilities

	June 30, 2025	**December 31, 2024**
Payables to shareholders	48 903	45 827
Non-bank loans	289 143	186 061
Others	566	1 055
	338 612	232 943
Non-current	49 406	46 082
Current	289 206	186 861

25. Provisions

	June 30, 2025	December 31, 2024
Warranty provision	3 747	4 888
Other provision	2 721	10 022
	6 468	14 910
Current		12 431
Non-current	1 734	2 479
	4 734	14 910

The warranty provision represents management's best estimate of the Group's liability under 60-month warranties granted on residential properties, based on past experience and industry averages.

Other provisions are comprised of the extraordinary income tax prescribed by the Tax Authority in 2024 for the years from 2020 to 2021, provision on management bonuses and unused paid leave for the current year.

26. Contract liabilities

Contract liabilities relate to residential construction contracts. They arise from milestone payments from customers during the construction process.

At 31 December, 2023	**1 406**
Additions	2 055
Disposals	-1 406
At 31 December, 2024	**2 055**
Additions	183 727
Disposals	-185 770
At 30 June, 2025	**12**

27. Trade and other payables

	June 30, 2025	December 31, 2024
Trade payables	31 628	135 260
Payables to employees	3 933	4 013
Other taxation and social security	2 959	2 790
Other payables	38 812	45 547
Accruals	2 597	14 202
	79 929	201 812

The directors consider that the carrying amount of trade payables approximates to their fair value.

The item "Other payables" includes mainly liabilities from unpaid interest on bonds in the total amount of CZK 31 688 thousand (2024: CZK 32 405 ths).

28. Financial risk management

(a) Financial risk management objectives

The Group's management co-ordinates access to financing, monitors and manages the financial risks relating to the operations of the Group and analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks.

(b) Market risk

The Group's activities expose it primarily to the financial risks of changes in prices of residential properties in Prague.

(b)(i) Price of residential properties

Demand for housing and investment property continues. It can be assumed that prices will certainly not fall. On the contrary, further, albeit less dynamic growth can be predicted. The Group is active mainly in Prague and the Central Bohemian Region, where is a very strong real estate market. The real estate analysis predicts that apartment prices in Prague will rise in the long run. The group is exposed to the risk of a sudden fall in real estate prices.

(b)(ii) Interest rate risk management

The risk of external financing means that the success of the future activities of the Group will depend on securing sufficient financing for the project companies of the Group for the purpose of constructing and overall carrying out real estate projects. The source of financing for the SATPO Group's project companies is and will continue to be mainly external bank loan financing, as well as financing through bonds. Changes in the financing conditions of individual projects by commercial banks (changes in margins, changes in indebtedness parameters, changes in the required collateral for loans) can also significantly affect the profitability of project companies.

The Group mitigated the risk of changes in interest rates by negotiating primarily fixed interest rates on debt financing, both in the case of bond financing and in the case of bank financing. But due to Russia's invasion of

Ukraine, and the related increase in interest rates, new bank loans and newly issued bonds have had floating interest rates since 2023.

The development of floating interest rates is implemented in our budgets and forecasts of projects. In any significant impact is identified, the appropriate measures are taken.

The Group bonds as at June 30, 2025 that have a fixed interest rate is CZK 1,013,011 thsnd. (2024: CZK 820 thsnd.), and that have a float interest rate CZK 500,000 thsnd. (2024: CZK 500,000 thsnd.)

The bank loans principal as at June 30, 2025 that has a fixed interest rate is CZK 37 188 thsnd. (2024: CZK 38 220 thsnd.), and that has a float interest rate CZK 240 848 thsnd. (2024: CZK 312 149 thsnd.).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	**Effect on profit before tax**
		CZK ths.
2025	+10	-741
	-10	741
2024	+10	-812
	-10	812

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

(c) Credit risk management

In order to minimize credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and customers, obtaining sufficient collateral or advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults.

(d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management and operative management of cash flow and short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

	30 June 2025	31 December 2024
Current liquidity ratio (current assets / current liabilities)	34%	26%
Quick liquidity ratio (cash and cash equivalents / current liabilities)	8%	10%

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate	**Untill 3 months**	**3-12 months**	**Between 1-5 years**	**Over 5 years**	**Total**
	%	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**
30 June 2025						
Issued bonds	7,01	0	209 110	1 126 294	0	1 336 073
Bank loans	5,93	0	86 644	191 392	0	278 036
Contract liabilities		0	12	0	0	12
Shareholders		64	0	0	0	64
NCI liability component		0	0	48 839	0	48 839
	%	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**
31 December 2024						
Issued bonds	7,15	0	417 072	865 620	0	1 282 692
Bank loans	6,32	0	91 260	259 109	0	350 369
Contract liabilities		0	2 055	0	0	2 055
Shareholders		800	0	0	0	800
NCI liability component		0	0	45 827	0	45 827

(e) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of net debt (borrowings disclosed in note 23 and 24 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at the year-end is as follows:

	30 June 2025	31 December 2024
Debt	1 952 722	1 866 005
Cash and cash equivalents	-54 889	-88 728
Net debt	1 897 833	1 777 277

Equity	661 587	618 045
Net debt to equity ratio	287%	288%

Debt is defined as long- and short-term borrowings as detailed in notes 23 and 24.

Equity includes all capital and reserves of the Group that are managed as capital.

29. Contingencies and commitments

The Group is not aware as at 30.6.2025 of any contingent liability or commitments.

30. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

	Sales to related parties		**Purchases from related parties***		**Amounts owed by related parties****		**Amounts owed to related parties****	
	30.6.2025	**30.6.2024**	**30.6.2025**	**30.6.2024**	**30.6.2025**	**31.12.2024**	**30.6.2025**	**31.12.2024**
Associates:	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**
Mrs. Dagmar Pokorna	0	0	0	0	0	0	0	0
Mr. Jiri Pokorny	0	824	227	0	0	0	125	800
Endowment Fund SATPO	0	0	1500	0	0	0	0	0

* In the case of the Endowment Fund SATPO the purchases are represented by donations.

** The amounts are classified as other receivables and other financial liabilities, respectively (see Notes 27 and 24).

In November 2022 the Endowment Fund SATPO was established and the purpose of the fund is to help, improve and develop the quality of life, to create, protect and develop spiritual and material values, develop and apply human rights and humanitarian principles and contribute to a better life for the individual and society as such, contribute to the development of science, education, physical education, culture, health and sports throughout the Czech Republic. It supports non-profit projects and organizations serving to help people in difficult life situations, support of medical personnel and medical facilities and development of children's and youth's education.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate.

	30.6.2025		31.12.2024	
	Directors	in CZK ths.	Directors	in CZK ths.
Remuneration	13	6 968	13	7 300

31. Events after the reporting period

On 29 July 2025, a bond issue in the amount of CZK 210 million, issued by City Home Invest III, a.s. and maturing on 9 November 2025, was fully repaid early. The repayment was made from funds obtained through the new issue by the issuer's subsidiary, City Home Finance III, s.r.o.

No other events have occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

Signing of the Financial Statements

Prague, September 29, 2025

Management board:

Dagmar Pokorná, Board Member

Jiří Pokorný, Board Member

CORPORATE INFORMATION

Management Board
Jiří Pokorný, Board Member
Dagmar Pokorná, Board Member

Supervisory Board
Michal Jelínek, Member of the Supervisory Board
Tomáš Kolář, Member of the Supervisory Board
Pavel Dvořáček, Member of the Supervisory Board
…………

Trade Name
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