

SATPO Group B.V.

Prague

Consolidated Interim Financial Statements

June 30, 2024

(unaudited)

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General Corporate Overview

The Group started its real estate activity in the mediation of sale and purchase of residential real estate on the Czech market in 1994. Three years later, the Group expanded its real estate services to include attic constructions in existing apartment buildings and investments in the existing housing stock and property management. Six years later, the Group leveraged its experience in acquisitions, development project preparation, construction management and sale of residential housing in constructing small and medium-sized residential projects in the premium locations in Prague. Since 2014, the Group has renewed investments in housing stock in attractive locations in Prague under the new City Home brand and continues to search for interesting plots of land for future development. The SATPO Group is one of the long-term players and occupies a stable position on the Prague real estate market. It prides itself in clients and investor satisfaction, creating exceptional places for life. An integral part of the offer are professional services connected with the acquisition and financing of new housing, client modifications, turnkey interiors and consultancy. When choosing an apartment unit or commercial space from the current offer, clients are served by the representative and comfortable environment of the SATPO & City Home sales centre. Proof of many years of experience, knowledge and used know-how is evidenced by the Architects' Award in the Real Estate Project of the Year competition for the Kobrova Residence in 2021 and the Holečkova House residential project in 2019. The Best of Realty award in 2018 was won by the Vitality Residence residential project and international success won Residence Sacre Coeur 2 in Prague as one of the four best finalists for residential development projects at MIPIM 2017 in Cannes, France.

The current structure of the SATPO Group is adapted to investors and the recreation of financing banking institutions, it covers the SATPO Group and City Home, under which there are investment and project companies. Comprehensive professional services of the holding to the Group within the management company SATPO management with its experienced team of experts, has many years of know-how and rich experience in the real estate market. Since its foundation, it has been building a positive public image, supporting the development of the real estate market and through membership is active in professional associations such as the Association of Developers, the Association for the Development of the Real Estate Market and Family Business Network Czech.

In accordance with Group's corporate policy and social responsibility, the SATPO Group established the SATPO Endowment Fund in 2022 for support in the fields of health, education of children and youth, culture and sports. The group's strategy is to maintain a stable position as a premium real estate developer under the SATPO brand, strengthen investments in existing residential real estate under the City Home brand, and create attractive opportunities for residential real estate investors.

Real Estate Market Overview

In the first half of the year 2024, the gradual decline in mortgage interest rates, the cancellation of credit parameters and deferred demand positively contributed for the sale of properties, and the Czech real estate market experienced a significant recovery, property prices have returned to cautious growth.

On the real estate market there is a sufficient supply of properties that buyers can choose from. The property prices have returned to cautious growth. In the first half of 2024, compared to the previous period (Q4 2023), the average prices of realized sales increased by 8,5% in Prague and by 6,5% nationwide. In the first six months, 3,500 new apartments were sold in the metropolis, which is the third best sales result in the last more than 10 years. The offer prices exceeded the threshold of 155,000 CZK/m² and we can expect a continued moderate increase in the price of apartments at the level of percentage units in the coming months. There is still the greatest interest in small apartment units.

While buyers with their own resources dominated the real estate market in 2022 and 2023, the situation is reversed in 2024. In the first half of this year, 83% of buyers used a mortgage loan.

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According to data from the Czech Statistical Office, the construction of 2,819 apartments started in May 2024, which is 18.2% less year-on-year than last year, and completed apartments were 2.1% less year-on-year. Many investors completed the preparation of projects and put new residential projects on the market. It caused in the second quarter that the most apartments were put up for sale in the last four years, however, the market is still catching up with the deficit from the previous years.

Building plots, after a year of constant price growth, are starting to become slightly cheaper but only in the countryside, out of Prague. The offer has not changed significantly this year, there are few building plots, especially in the vicinity of Prague. In general, the demand together with price will increase as people start to prefer a family house with a garden around the cities.

Rental prices have been rising in the recent years, they are closely linked to the availability to afford own housing or the lack of apartments, especially in Prague, where many people want to live.

The unemployment rate at the end of June 2024 was 3.6% and no decline is expected. The persistent shortage of workers on the labor market will not allow a significant slowdown in the growth of nominal wages.

Year-on-year inflation at the end of June 2024 was 2.0% compared to the same month in 2023, and the Czech National Bank ensures that inflation is low, stable and therefore predictable. According to Eurostat's preliminary data, the year-on-year change in the 27 EU member states in June amounted to 2.6%. Economic growth in the Eurozone will be weak this year.

There is optimism in the real estate market for this year throughout the country. Housing plays and will continue to play an important role in the consumption basket of the households.

Management Board's comments on the Unaudited Consolidated Interim Financial Statements for the 6 months preceding June 30, 2024

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, 2024 the consolidated result after taxation was a loss in the total nominal amount of CZK 25,745 thsnd. compared to the loss in the amount of CZK 67,800 thsnd. as of June 2023.

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 2024. 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 July 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, 2024 amounted to CZK 13,320 thsnd. compared to CZK 275,881 thsnd. in the previous year. The decrease of the revenues is caused by completion and handover of units to clients of the residential projects Holečkova House and Residence Kobrova in the previous year.

Operating profits before tax reached a profit of CZK 51,914 thsnd. compared to a loss of CZK 15,699 thsnd. in the comparable period of the year 2023.

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Financial expenses amounted to CZK 63,886 thsnd. as of June 30, 2024 compared to CZK 46,140 thsnd. as of June 30, 2023. The reason of the increase of the financial expenses is issuing of the new bonds in the total nominal amount of CZK 500,000 thsnd. (in July 2023) that bear float interest rate 4 % p.a. + 6M PRIBOR as described above. The purpose of this issuance was to repay bonds in the total nominal amount of CZK 210,000 thsnd. that were maturing in October 2023 and to further develop business activities. For the second half of the year 2024 the float interest rate (6M PRIBOR) of the bonds is set on 4,46% p.a. (since 20th July 2024).

Consolidated statement of financial position

As of June 31, 2024, the consolidated total balance sheet amounted to CZK 2,446,284 thsnd., which represented a decrease of CZK 75,128 thsnd. compared to the position as of December 31, 2023 (CZK 2,521,412 thsnd.).

The consolidated assets consisted of:

- non-current assets amounting to CZK 2,216,456 thsnd. compared to CZK 2,145,277 thsnd. as of December 31, 2023, which is an increase of CZK 71,179 thsnd. The increase is mainly due to the purchase of co-ownership shares in the new projects, settlement of co-ownership, purchase the remaining part of the co-ownership share in one project and by revaluation of portfolio as of June 30, 2024.

- current assets amounting to CZK 229,828 thsnd. compared to CZK 376,135 thsnd. The decrease is caused mainly by decrease of trade receivables based on their payments by customers and by decrease of cash mainly due to new acquisitions.

Equity attributable to the owners of the parent company amounted to CZK 185,619 thsnd. compared to CZK 226,363 thsnd. as of December 31, 2023. The decrease is primarily due to the loss for the first half of the year 2024.

Non - current liabilities decreased to CZK 1,526,940 thsnd. compared to CZK 1,705,919 thsnd. as of December, 2023. The decrease is caused mainly by maturity of bonds in the amount of CZK 210,000 thsnd. in June, 2025 that were classified to current liabilities.

Current liabilities increased to CZK 401,911 thsnd. compared to CZK 264,899 thsnd. as of December 30, 2023.

Major Company Developments

City Home Invest III, a.s. sub-holding continues to invest into the apartment houses located in Prague, it bought co-ownership in two new projects, bought co-ownership shares up to full ownership in one project (Sokolovská 160) and managed to successfully settle co-ownership for two projects in the apartment buildings (Karlínské náměstí 10 and Přípotoční 17) with the division of the building into units for further sale. The sub-holding continued with selling of settled units to clients.

Outside the region Prague, the City Home Invest II, s.r.o. continues to search for investment opportunities in the apartment buildings outside the Prague region. As of June 30, 2024 the City Home Invest II, s.r.o. owned one project Božkovská 47 that was put on the market for sale with residential and commercial units in the city of Pilsen. As of June 30, 2024 aprox. 75% of units was sold.

The value of co-ownership shares in the tenement houses (City Home Invest III) as of June 31, 2024 increased up to CZK 1,739,767 thsnd. (as of 31.12.2023 was 1,674,110 thsnd.).

As for the development activities, the Group continues to provide all management and project services for the residential project Rezidence Laurová. The project obtained a building permit in February 2024 and selling of housing units has started in April 2024.

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SATPO Invest III, s.r.o. continues to acquire land intended for development in the peripheral parts of Prague and the Central Bohemian Region for the construction of family houses for individual construction, to build utility networks and communications on these lands, and then to sell the land to clients for individual construction. The tied-up capital of SATPO and partners is CZK 100,000 thsnd. Selling of land plots for the construction of family houses in the project U Školky started in the end of the year 2023.

Going concern

As of June, 2024 equity attributable to the owners of the parent amounts to CZK 185,619 thsnd. (in 2023 CZK 226,363 thsnd.). The decrease is primarily due to the negative result as of June 30, 2024.

Management reviewed if the application of the going concern assumption was justified at the preparation of the 2024 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 2024. 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% as of June 30, 2024 (long - term inflation target of the Czech National Bank) 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 4,75% and further 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 is no significant change in strategy in comparison with December 31, 2023 and the Group will continue to develop its two main pillars of the business activities: residential and land development under the SATPO brand, focusing more on investment into land plots to lay down the basis for future development projects, and to purchase and sale of the existing houses under the City Home brand with property management.

Our vision

- building platforms for investment in residential properties
- building high quality residential houses in which people can live well
- looking for and developing the potential of existing properties, especially apartment buildings
- creating a comfortable environment in our company so that people can work well

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 professional professions. The recruitment and adaptation of new employees was a big challenge for 2023 in the field of human resources that continues in 2024.

Average number of employees

The average number of employees working in the SATPO Group B.V. amounted to 0 (2023: 0). The group has no pension plan or costs.

The average number of employees working for the Group amounted to 57 (2023: 49). The group has no pension plan or costs.

Well-being of Employees

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

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The rule of shared places still continues and optimizes the use of the workplace during the home office regime, vacation or sick leave.

Continuing with regular and non-regular staff training through our e-learning platform on the internal website SATPO Sharepoint where is access to the relevant, easy-to-use learning materials, provided to enable the acquisition of actionable skills. External training were provided to improve negotiation skills, leadership, project management and other expert trainings.

Teambuilding develops cooperation between employees and therefore in 2024 it was supported after working hours by participation in the T-mobile Olympic run, outdoor team building in the Austrian Alps, basketball match, bowling, etc. Voluntary activities from the ranks of employees took place in the framework of active cooperation with the non-profit educational organization Junior Achievement.

Equal treatment of employees

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

Remuneration

The policy for remunerating is applied, the main principles are set as follows:

- Board of Directors
 - profit-related amount, firstly applicable at least after full three years membership period.
- Directors
 - an annual fixed amount 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

Serving the wider community and supporting the engagement of our team members within the Group is important to us. Here are some of the organizations that received sponsorships and financial donations through our corporate giving initiative in 2023.

The Group is a proud to be a financial partner of the non profit Good Angel Foundation (Dobrý anděl) since its establishment 2012. Thanks to the founders, financial partners and philanthropists, the operational costs of the foundation are financed, so that any contributions from donors are distributed every month to the last penny to families who have fallen into a difficult situation due to a serious and long-term illness. For more information: <https://www.dobryandel.cz/en/>

Since 2010, the Group has also been supporting the Junior Achievement educational program. We organized excursion of high school students to explore real estate business. As part of the end of the school year, a ceremony was held to award the best students and teachers at the American Embassy, and a representative of the SATPO company was invited as an honored guest, who actively participates in the development of financial literacy.

Before the start of the demolition of one building, an intensive exercise of the USAR team took place, which is the Urban Search And Rescue team within the civil protection of the European Union.

During the audit of our warehouses, we allocated and donated high-quality chairs not only for visitors, but also for medical staff to the Institute of Pathology under the Charles University in Prague, 2nd Faculty of Medicine, at Motol Medical University. We enjoy looking for opportunities to help within our community.

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As in previous years, financial support was also provided in first half of the year 2024 to children's sports clubs such as CB kart racing team to represent children in karts at the Czech and international competitions. In the area of culture, the fund also financially supported the Song Academy and the Music Academy in Žďár nad Sázavou.

Future expectations

Overall, management expects positive results for the year 2024. This expectation is based on the forecast of results for 2024 with regard to the planned acquisitions till the end of the year 2024 and forward-looking information with respect to the development of residential market prices, the portfolio of real estate projects and so far realized business transactions.

RISK AREAS

Strategic risk

Economy

In the first half of the year 2024, the gradual decline in mortgage interest rates, the cancellation of credit parameters and deferred demand positively contributed for the sale of properties, and the Czech real estate market experienced a significant recovery, property prices have returned to cautious growth.

The unemployment rate at the end of June 2024 was 3.6% and no decline is expected. The persistent shortage of workers on the labor market will not allow a significant slowdown in the growth of nominal wages.

Year-on-year inflation at the end of June 2024 was 2.0% compared to the same month in 2023, and the Czech National Bank ensures that inflation is low, stable and therefore predictable. According to Eurostat's preliminary data, the year-on-year change in the 27 EU member states in June amounted to 2.6 %. Economic growth in the Eurozone will be weak this year.

External financing risk and construction financing (development)

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.

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 June 30, 2024, the Group was in compliance with these covenants. The Group mitigates the risk by testing different scenarios.

(Re)financing risk

Refinancing risk is the risk that the company's financial obligation cannot be fulfilled, not enough equity or loans can be attracted, or loan covenants are breached; this may lead to undesirable scenarios.

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The major financial liabilities as of June 30, 2024 were bonds in the amount of CZK 420,000 thsnd. maturing in 2025 (CZK 210,000 thsnd. in June 2025 and CZK 210,000 thsnd. in November 2025), bonds in the amount of CZK 400,000 thsnd. maturing in 2026 and bonds in the total nominal amount of CZK 500,000 thsnd. maturing in 2027.

The ability of the company to redeem these bonds depends on the successful generation of cash flows from existing and future projects. The repayment of the bonds based on generation of cash flows from existing and future projects will depend on a potential acquisition opportunities. If there will be a lack of interesting opportunities the group will decrease the indebtedness. In case of existence of any interesting opportunities the group plans to repay the bonds by a new bond issuance.

For the bond issuance in the amount of CZK 420,000 thsnd. maturing in 2025, repayment by a new bond issuance based on the issued bond program for bond issuance in the total amount of CZK 1,000,000 thsnd. (approved by the Czech National Bank on June 17, 2023) is planned.

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

Partnering with investors via selling a part of a share in a subsidiary is an option considered with the intention to decrease the Group's long-term debt.

Operational risk

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

To enhance our operational efficiency, we have focused on optimizing and improving of our internal processes to speed up the decision-making process, in which employees have gained a bigger role. The plan is to minimize the operational risk through the detailed documentation of our internal processes. We have set up a new process department responsible for a 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 or simplifying processes).

Time schedule and cost control

Unexpected delay in execution and an increase in project costs can lower the project's financial result and potentially require additional funding, which might be difficult to obtain.

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

Reporting risk

In addition to the above-described measures regarding internal processes and controls the company prepared a system to provide the highest possible quality valuations. Valuations are a significant driver behind the company's result. Valuations are, by their nature, subjective, subject to changing market conditions. Inconsistencies in assumptions or inadequate methods may lead to incorrect valuations. This risk is mitigated by the fact that the valuation is prepared by external independent appraiser and consequently compared to our internal valuations.

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Interest rates

Due to the decline of the economy, firstly as a result of the COVID-19 pandemic, and currently as a result of the war in Ukraine, the rise in energy prices, services or goods, a higher unemployment rate in connection with rising mortgage rates may negatively affect future demand for residential real estate.

As an anti-inflation measure, the Banking Council of the Czech National Bank repeatedly increased the base interest rate, which had an effect on the growth of interest rates on commercial and mortgage loans in previous years. Due to decrease of repo rates in the year 2024 the average mortgage interest rate was about 5%.

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.

Prague, September 23, 2024

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, 2024

Consolidated interim statement of profit or loss and other comprehensive income for the 6 months preceding June 30, 2024

In thousands of CZK

		6 months ended	6 months ended
	Note	Jun 30, 2024	Jun 30, 2023
Revenue from contracts with customers	6	7 840	264 402
Rental income	8	9 926	13 269
Total revenue		17 765	277 671
Net gain/loss on the disposal of investment property	7	-4 445	-1 790
Total revenue including Net gain/loss on the disposal of investment property		13 320	275 881
Cost of sales		-19 974	-269 233
Changes in value of investment property	13	126 365	3 329
Change in inventory provision	18	-324	34 655
Operating expenses	9	-68 486	-60 889
Other operating income	10	1 013	558
OPERATING PROFIT		51 914	-15 699
Finance income		2 686	1 055
Finance costs	11	-63 886	-46 140
PROFIT BEFORE TAX		-9 286	-60 784
Income tax	12	-8 875	-20 808
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		-18 161	81 592
Profit attributable to non-controlling interests		7 584	-13 791
Profit attributable to the owners of the parent		-25 745	-67 800

Consolidated interim statement of financial position

As at June 30, 2024
In thousands of CZK

	Note	Jun 30, 2024	Dec 31, 2023
Non-current assets			
Investment property	13	2 140 727	2 067 769
Property, plant and equipment	14	74 756	76 434
Intangible assets	15	962	1 063
Investment in associates	16	10	10
TOTAL NON-CURRENT ASSETS		2 216 456	2 145 277
Current assets			
Inventories	18	94 270	91 180
Trade and other receivables	19	44 882	134 055
Cash and cash equivalents	20	90 676	150 900
TOTAL CURRENT ASSETS		229 828	376 135
TOTAL ASSETS		2 446 284	2 521 412
Equity			
Share capital + share premium	21	191 000	206 000
Reserves	21	-5 381	20 363
Equity attributable to the owners of the parent		185 619	226 363
Non-controlling interests	22	331 814	324 230
TOTAL EQUITY		517 433	550 594
Non-current liabilities			
Issued bonds	23	1 063 656	1 261 414

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Bank loans	23	219 125	211 465
Other long-term liabilities	24	43 515	40 645
Provisions	25	1 622	2 420
Deferred tax liability	17	199 021	189 975
TOTAL NON-CURRENT LIABILITIES		1 526 940	1 705 919

Current liabilities

Current portion of long-term borrowings	23	316 366	121 103
Trade and other payables	27	69 386	122 364
Other financial liabilities	24	7 150	316
Provisions	25	4 129	17 040
Contract liabilities	26	4 880	1 406
Current tax liability	12	0	2 669
TOTAL CURRENT LIABILITIES		401 911	264 899

TOTAL LIABILITIES

1 928 851

1 970 818

TOTAL EQUITY AND LIABILITIES

2 446 284

2 521 412

Consolidated statement of changes in equity

As at June 30, 2024
In thousands of CZK

	Share		Equity	Non	Total
	Capital + share	Reserves	attributable	controlling	
	premium		to parent	interests	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	-25 745	-25 745	7 584	-18 161
Equity at 30.6.2024	191 000	-5 381	185 619	331 814	517 433

	Share		Equity	Non	Total
	Capital + share	Reserves	attributable	controlling	
	premium		to parent	interests	equity
Equity at 1.1.2023	220 000	139 326	359 326	242 862	602 188
Capital movements	-14 000	0	-14 000	0	-14 000
	0	41 538	41 538	93 312	134 850
Profit / Loss	0	-160 501	-160 501	-11 943	-172 444
Equity at 31.12.2023	206 000	20 363	226 363	324 230	550 594

Consolidated interim statement of cash flows for the 6 months preceding June 30, 2024

In thousands of CZK

	6 months ended June 30, 2024	6 months ended June 30, 2023
PROFIT FOR THE YEAR	-25 745	-67 800
Adjustments for:		
Finance costs	61 200	45 085
Non-controlling interest	7 584	-13 792
Investment property revaluation gain/loss	-126 365	-3 329
Inventory provision	324	-34 655
Depreciation	1 526	3 418
Income tax expense	8 877	20 808
Other	0	0
Operating cash-flows before movements in working capital	-72 600	-50 265
Decrease / (Increase) in inventories	-3 414	204 022
Decrease / (Increase) in trade and other receivables	89 173	-10 846
Increase / (Decrease) in trade and other payables	-52 427	-14 673
Increase / (Decrease) in contract liabilities	3 474	-14 684
CASH GENERATED BY OPERATIONS	-35 794	113 554
Income taxes paid	-13 890	-10 671
NET CASH FROM OPERATING ACTIVITIES	-49 684	102 883

Investing activities

Effect of purchases and disposals of investment property (net)	53 407	-126 259
Effect of purchases and disposals of property, plan and equipment (net)	763	-439
Effect of purchases and disposals of intangible assets (net)	-510	0
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	53 660	-126 698

Financing activities

Interest paid	-48 958	-45 085
Proceeds and repayments from bonds (net)	0	5 191
Proceeds and repayments from bank and other loans(net)	-243	73 750
Changes in equity	-15 000	0
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	-64 200	33 856

Net increase/(decrease) in cash and cash equivalents	-60 224	10 040
Cash and cash equivalents at beginning of year	150 900	62 440
Cash and cash equivalents at end of year	90 676	72 840

Notes to the consolidated financial statements for the 6 months preceding June 30, 2024

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 2024 as well as in 2023. The average number of employees working for the Group amounted to 57 (2023: 49).

2. Adoption of new and revised Standards

New and revised IFRS Standards in issue but not yet effective

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.

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The principal accounting policies adopted are set out below.

3.2 Going concern

As of June, 2024 equity attributable to the owners of the parent amounts to CZK 185,619 thsnd. (in 2023 CZK 226,363 thsnd.). The decrease is primarily due to the negative result as of June 30, 2024.

Management reviewed if the application of the going concern assumption was justified at the preparation of the 2024 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 2024. 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% as of June 30, 2024 (long - term inflation target of the Czech National Bank) 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 4,75% and further 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

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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.

The Group becomes entitled to invoice customers for the sale of residential properties based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent an invoice for the related milestone payment. As the revenue is recognized at point in time when the customer takes control of the property, the payments from the milestones are recognized as contract liability which is adjusted, as time passes, for the effect of significant financing component. These payments can be variable based on the construction time and will be invoiced over the percentage of completion method. The agreed transaction price is agreed per the original selling price and will be affected by where in the process the development currently exists.

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

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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.

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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.

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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

The fair value of investment property is determined in accordance with IFRS 13 based on a valuation report prepared by an independent certified appraiser. The directors review the valuation of investment properties at each balance sheet date and make sure that outcome of valuation at June 30, 2024 and December 31, 2023 are consistent and comparable. In addition, the Group's 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

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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 City Home Invest III and 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.

Revaluation of financial liabilities with zero nominal interest rate

There were identified two types of liabilities with zero nominal interest rate. Advances for purchase of flats and shareholder loan were accordingly discounted as of 31.12.2023 and 31.12.2022 using judgmentally determined interest rate of 13,5%. Interest rates represent significant judgment made by the Group directors.

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, 2024 is as follows:

Name of the entity	ID number	Country of incorporation	% share in company	from:	till:
City Home Invest II, s.r.o.	4527828	Czech Republic	100	03.12.2015	still
City Home Invest III, a.s.	4548817	Czech Republic	59,2	21.01.2016	still
SATPO Invest IV, s.r.o.	11880732	Czech Republic	50,5	01.10.2021	still
City Home Project I, s.r.o.	1976184	Czech Republic	100	06.08.2018	still
City Home Project II, s.r.o.	6658946	Czech Republic	100	06.02.2018	still
City Home Project III, s.r.o.	7069871	Czech Republic	100	18.06.2018	still
City Home Project IV, s.r.o.	7070721	Czech Republic	100	18.09.2018	still
City Home Project VII, s.r.o.	6309658	Czech Republic	100	04.12.2017	still
City Home Project VIII, s.r.o.	8285713	Czech Republic	100	12.11.2019	still

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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
City Home Finance III, s.r.o.	19084170	Czech Republic	100	23.02.2023	still
City Home, a.s.	1384147	Czech Republic	100	12.09.2013	still
KETTNER CONSULTANTS LTD.	CY10180514S	Cyprus	100	17.07.2006	still
SATPO Group B.V.	34243136	the Netherlands	100	22.02.2006	still
SATPO Invest I, s.r.o.	1556169	Czech Republic	100	26.09.2013	still
SATPO Invest II, s.r.o.	5249902	Czech Republic	100	05.10.2016	still
SATPO Invest III, s.r.o.	7071035	Czech Republic	50,1	18.09.2018	still
SATPO management, s.r.o.	27650723	Czech Republic	100	22.05.2014	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.	3868010	Czech Republic	100	13.08.2015	still
SATPO Project IV, s.r.o.	26741962	Czech Republic	100	04.01.2003	still
SATPO Project IX, s.r.o.	9446044	Czech Republic	100	25.08.2020	still
SATPO Project VI, s.r.o.	4899288	Czech Republic	100	05.05.2016	still
SATPO Project VII, s.r.o.	7151560	Czech Republic	100	20.09.2018	still
SATPO Project VIII, s.r.o.	7074743	Czech Republic	100	18.09.2018	still
SATPO Project X, s.r.o.	7209274	Czech Republic	100	05.06.2019	still
SATPO Project XI, s.r.o.	6994377	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 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

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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	16.05.2023	still
SATPO Project XXIV, s.r.o.	09000178	Czech Republic	100	16.05.2023	still
SATPO Project XXV, s.r.o.	19608314	Czech Republic	100	14.08.2023	still
SATPO services, a.s.	28416520	Czech Republic	100	13.09.2008	still
SATPO, a.s.	26434407	Czech Republic	100	28.06.2006	still
SATPO finance, s.r.o.	11855029	Czech Republic	100	16.09.2021	still
PRE CR Invest s.r.o.	19550588	Czech Republic	50	24.07.2023	still

Detailed information about the composition of the Group at the end of the reporting period as of December 31, 2023 is as follows:

Name of the entity	ID number	Country of incorporation	% share in company	from:	till:
City Home Invest II, s.r.o.	4527828	Czech Republic	100	03.12.2015	still
City Home Invest III, a.s.	4548817	Czech Republic	59,2	21.01.2016	still
SATPO Invest IV, s.r.o.	11880732	Czech Republic	50,5	01.10.2021	still
City Home Project I, s.r.o.	1976184	Czech Republic	100	06.08.2018	still
City Home Project II, s.r.o.	6658946	Czech Republic	100	06.02.2018	still
City Home Project III, s.r.o.	7069871	Czech Republic	100	18.06.2018	still
City Home Project IV, s.r.o.	7070721	Czech Republic	100	18.09.2018	still
City Home Project VII, s.r.o.	6309658	Czech Republic	100	04.12.2017	still
City Home Project VIII, s.r.o.	8285713	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
City Home Finance III, s.r.o.	19084170	Czech Republic	100	23.02.2023	still
City Home, a.s.	1384147	Czech Republic	100	12.09.2013	still

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KETTNER CONSULTANTS LTD.	CY10180514S	Cyprus	100	17.07.2006	still
SATPO Group B.V.	34243136	the Netherlands	100	22.02.2006	still
SATPO Invest I, s.r.o.	1556169	Czech Republic	100	26.09.2013	still
SATPO Invest II, s.r.o.	5249902	Czech Republic	100	05.10.2016	still
SATPO Invest III, s.r.o.	7071035	Czech Republic	50,1	18.09.2018	still
SATPO management, s.r.o.	27650723	Czech Republic	100	22.05.2014	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.	3868010	Czech Republic	100	13.08.2015	still
SATPO Project IV, s.r.o.	26741962	Czech Republic	100	04.01.2003	still
SATPO Project IX, s.r.o.	9446044	Czech Republic	100	25.08.2020	still
SATPO Project VI, s.r.o.	4899288	Czech Republic	100	05.05.2016	still
SATPO Project VII, s.r.o.	7151560	Czech Republic	100	20.09.2018	still
SATPO Project VIII, s.r.o.	7074743	Czech Republic	100	18.09.2018	still
SATPO Project X, s.r.o.	7209274	Czech Republic	100	05.06.2019	still
SATPO Project XI, s.r.o.	6994377	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	16.05.2023	still
SATPO Project XXIV, s.r.o.	09000178	Czech Republic	100	16.05.2023	still
SATPO Project XXV, s.r.o.	19608314	Czech Republic	100	14.08.2023	still
SATPO services, a.s.	28416520	Czech Republic	100	13.09.2008	still
SATPO, a.s.	26434407	Czech Republic	100	28.06.2006	still
SATPO finance, s.r.o.	11855029	Czech Republic	100	16.09.2021	still
PRE CR Invest s.r.o.	19550588	Czech Republic	50	24.07.2023	still

In 2023 the following merger took place: City Home Project XXV, s.r.o. as the successor company merged with City Home Project XXX, s.r.o. as the merged entity.

As of July 1, 2023, City Home changed its legal form from a limited liability company (společnost s ručením omezeným) to a joint stock company (akciová společnost).

The Group bought two companies in 2023 – SATPO Project XXIII, s.r.o. and SATPO Project XXIV, s.r.o. Both entities were dormant as of the date of their acquisition by the SATPO Group. The entity SATPO Project XXIII, s.r.o. acts as a parent company of SATPO Project XXIV, s.r.o., otherwise it does not have any activities.

The Group sold a 100% share in SATPO Project XXI, s.r.o. in August 2023.

In 2024 the following merger took place: SATPO Project XVI, s.r.o. as the successor company merged with SATPO Project XIV, 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, 2024	June 30, 2023
Sales of inventory units	678	259 348
Other sales	7 162	5 054
Total	7 840	264 402

The decrease of the revenues is caused by completion and handover of units to clients of the residential projects Holečkova House and Residence Kobrova in the previous year.

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

	June 30, 2024	June 30, 2023
Proceeds from disposal of investment property	191 241	82 076
Carrying value of investment property disposed of and related cost	-195 686	-83 866
Total net gain/loss on the disposal of investment property	-4 445	-1 790

Disposals of investment property in 2024 represent mainly sale of assets related to residential projects Božkovská 47, Slezská 75, Veletržní 31, Vratislavova 5, Školská 12, V Zahradách 11, Nad Obcí 5, Nad Malým Mýtem 10, Nad Kajetánkou 12, Ke Koulce 6, Vršovická 85 and Vodičkova 35.

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.

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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 2024 is CZK 9 926 thsnd. (2023:13 269 thsnd.)

9. Operating expenses

	June 30, 2024	June 30, 2023
Salaries and remuneration	38 064	32 981
IT services	5 536	4 109
Tax advisory and Audit	192	702
Legal services and advisory	5 091	4 348
Marketing costs	4 710	3 014
Expenses relating to the rent income	1 071	1 152
Miscellaneous services	10 049	12 387
Penalty interest	18	0
Other operating expenses	3 755	2 196
Total	68 486	60 889

10. Other operating income

	June 30, 2024	June 30, 2023
Other operating income	1 013	558
Total	1 013	558

11. Finance costs

Borrowing costs represent interest from bonds, bank loans, borrowings and advances representing financing of residential development.

	June 30, 2024	June 30, 2023
Interest from bonds	49 808	29 000
Interest from loans	10 288	17 759
Advances received from customers	0	-9 020
Reclassification of NCI from equity to loans	2 664	6 786
Other finance costs	1 126	1 615
Total finance costs	63 886	46 140

12. Income Tax

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

	June 30, 2024	June 30, 2023
Profit/Loss (-) before tax	-9 286	-60 784
Tax at the weighted average corporation tax rate (2024: 21%; 2023: 19%)	-1 950	-11 549
Tax effect of expenses that are not deductible or income not taxable in determining taxable profit	10 825	32 357
Tax expense for the year	8 875	20 808

Tax expense for the year consist of:

	June 30, 2024	June 30, 2023
Current tax	-172	18 752
Deferred tax	9 046	2 055
	8 875	20 808

13. Investment property

	Real estate investments	Tenement houses shares	Total
Fair value			
At December 31, 2022	402 407	1 533 131	1 935 538
Additions	18 580	423 673	442 253
Disposals	-52 096	-437 301	-489 397
Increase in fair value during the year	24 768	154 607	179 375
At December 31, 2023	393 659	1 674 110	2 067 769
Additions	2 783	139 496	142 279
Disposals	-18 543	-177 143	-195 686
Increase in fair value during the year	23 061	103 304	126 365
At June 30, 2024	400 960	1 739 767	2 140 727

The fair value of Group's investment property as of June 30, 2024 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, 2023 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.

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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 2023 are as follows:

The current average asking price in new development in Prague as of 9-10/2023 is 152 600 CZK per sqm. In the long term, the highest asking prices in the new development are in Prague 1 followed by Prague 2. The average asking price in Prague 1 was 277 500 CZK per sqm and 205 500 CZK per sqm in Prague 2 during September and October 2023. On the contrary, the lowest asking price during September and October 2023 in new development was in Prague 9 with 134 100 CZK.

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 center, 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 2023 the average rent in Prague reached 393 CZK.

The prime rent for office segments in Prague was 27,00 EUR per sqm as of 3Q 2023, prime yield was 5,00% and the vacancy slightly decreased in comparison with previous period to 7,5 %.

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 - 7,8 % 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 January 1, 2023	78 849	3 141	11 988	93 978
Additions	529	0	444	973
Disposals	0	0	0	0
Transferred from investment property	38	0	0	38
At December 31, 2023	79 416	3 141	12 432	94 989

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	Buildings	Land	Equipment	Total
Additions	0	0	0	0
Disposals	0	0	0	0
Transferred from investment property	539	-455	0	84
At June 30, 2024	<u>79 955</u>	<u>2 686</u>	<u>12 432</u>	<u>95 073</u>
Accumulated depreciation and impairment				
At January 1, 2023	9 358	0	5 579	14 937
Charge for the year	<u>1 831</u>	<u>0</u>	<u>1 787</u>	<u>3 618</u>
At December 31, 2023	11 189	0	7 366	18 555
Charge for the year	<u>915</u>	<u>0</u>	<u>847</u>	<u>1 762</u>
At June 30, 2024	<u>12 104</u>	<u>0</u>	<u>8 213</u>	<u>20 317</u>
Carrying amount				
At December 31, 2023	<u>68 227</u>	<u>3 141</u>	<u>5 066</u>	<u>76 434</u>
At June 30, 2024	<u>67 851</u>	<u>2 686</u>	<u>4 219</u>	<u>74 756</u>

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

15. Intangible assets

	Software	Others	Total
Cost			
At January 1, 2023	22 262	0	22 262
Additions	<u>1 423</u>	<u>0</u>	<u>1 423</u>
At December 31, 2023	23 685	0	23 685
Additions	<u>510</u>	<u>0</u>	<u>510</u>
At June 30, 2024	<u>24 195</u>	<u>0</u>	<u>24 195</u>
Amortization			
At January 1, 2023	21 207	0	21 207
Charge for the year	<u>1 415</u>	<u>0</u>	<u>1 415</u>
At December 31, 2023	22 622	0	22 622
Charge for the year	<u>611</u>	<u>0</u>	<u>611</u>
At June 30, 2024	<u>23 233</u>	<u>0</u>	<u>23 233</u>

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Carrying amount

At December 31, 2023	1 063	0	1 063
At June 30, 2024	962	0	962

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 January 1, 2023	1 902	-182 231	5 219	-175 110
Charge to profit or loss	-35	-11 577	-3 253	-14 865
At January 1, 2024	1 867	-193 808	1 966	-189 975
Charge/(credit) to profit or loss	0	-9 046	0	-9 046
At June 30, 2024	1 867	-202 854	1 966	-199 021

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, 2024	December 31, 2023
Deferred tax liabilities	-202 854	-193 808
Deferred tax assets	3 833	3 833
	-199 021	-189 975

18. Inventories

	June 30, 2024	December 31, 2023
Finished construction	0	356
Construction in progress	97 432	93 662
Less allowance	-3 162	-2 838
	94 270	91 180

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

19. Trade and other receivables

	June 30, 2024	December 31, 2023
Trade receivables	24 342	90 904
Loss allowance	-2 879	-2 898
	21 463	88 006
Prepayments	8 249	8 800
Accruals	6 690	22 097
Other receivables	8 480	15 152
	44 882	134 055

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								
June 30, 2024	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	21 463	0	0	0	0	0	2 879	24 342
Lifetime ECL	0	0	0	0	0	0	-2 879	-2 879
Net carrying amount	21 463	0	0	0	0	0	0	21 463

Trade receivables – days past due

December 31, 2023	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	88 436	0	0	0	0	23	2 445	90 904
Lifetime ECL	-442	0	0	0	0	-11	-2 445	-2 898
Net carrying amount	87 994	0	0	0	0	12	0	88 006

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, 2024	December 31, 2023
Cash on hand	41	26
Bank balances	90 635	150 874
	90 676	150 900

21. Equity

In June 2024 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 110,000,000.

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

As of June 30, 2024, the issued and fully paid share capital is 3,960 thsnd. shares A and 440 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 2024.

Decision about dividend 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, 2024	December 31, 2023
City Home Invest III	262 842	253 093
SATPO Invest IV (City Home Invest Ltd)	40 774	41 609
SATPO Invest III	28 198	29 528
Total Non-controlling Interest	331 814	324 230

In September 2023 the Company's General Meeting adopted a resolution on purchase of its own shares based on which the Company purchased some of its shares from the shareholders. Shareholders also made some share transfers among themselves.

Another General Meeting adopted a resolution regarding (i) a repayment of certain parts of shareholder's contributions beyond the scope of the Company's registered capital to the shareholders, (ii) an amendment of the Company's Articles of Association under which the different classes of shares were unified in one, (iii) a capital increase by the amount of CZK 8,206,500 to the final amount of CZK 10,206,500, and (iv) an approval of offset of the City Home Invest III, a.s. receivable for the repayment of the capital increase against receivables of shareholders for repayment of the parts of the contributions beyond the scope of the registered capital. The capital increase was registered with the Commercial Register by 25 September 2023.

In November City Home, a.s. sold a part of its stake in the City Home Invest III, a.s. to the Company's shareholders. As a result of the said transfers City Home, a.s. is still the majority shareholder of the City Home Invest III holding 59.2% stake.

The reason for the said transaction was to unify the share classes in one class of shares bearing the same rights. The previous set up had imbalances between the rights regarding the registered capital, equity funds, preferential and residual profit. Thus, the aim of the transaction was to straighten the rights of shareholders derived from shares so each of them have the same.

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, 2024	Dec 31, 2023
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)	12 781	10 117
Carrying amount of liability component	42 955	40 291

23. Borrowings

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Bank loans	327 094	332 568
Issued bonds	1 272 053	1 261 414
Total borrowings	<u>1 599 147</u>	<u>1 593 982</u>
Non-current	1 282 781	1 472 879
Current	316 366	121 103

Issued bonds as of June 30, 2024:

Debtor	Creditor	Due date	Coupon p.a.	Total nominal value of bonds as of 30.6.2024 in thousands of CZK
City Home Invest III, a.s.	Owners of bonds	15.06.2025	6,00%	210 000
City Home Invest III, a.s.	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

Bank loans with a fixed interest rate as of June 30, 2024

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.	39 424

Bank loans with a floating interest rate as of June 30, 2024

Debtor	Creditor	Due date	Loan purpose	Interest rate	Loan principal in thousands of CZK
SATPO Project VI, s.r.o.	Fio banka, a.s.	01.12.2024	refinancing of the project's equity	1M PRIBOR + 2,00 % p.a	26 503

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City Home Project XIX, s.r.o.	Fio banka, a.s.	15.2.2025	refinancing of the project's equity	1M PRIBOR + 2,00 % p.a	41 575
City Home Project XXV, s.r.o.	Raiffeisenbank a.s.	31.3.2026	refinancing of the project's equity	1M PRIBOR + 2.70 % p.a	124 000
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	57 764
City Home Project XV, s.r.o.	Fio banka, a.s.	29.5.2025	refinancing of the project's equity	1M PRIBOR + 2,00 % p.a	24 278
City Home Project XX, s.r.o.	Fio banka, a.s.	21.3.2025	refinancing of the project's equity	1M PRIBOR + 2,00 % p.a	13 550

In June 2023 the company City Home finance III, s.r.o, belonging to City Home Invest III, prepared a bond program for bond issuance in the total amount of CZK 1,000,000 thsnd. (approved by the Czech National Bank on June 17, 2023). A new bond issuance, maturing in July 2027) was issued under the bond program in the total nominal amount of CZK 500,000 thsnd. for the purposes of repaying the bonds in the total nominal amount of CZK 210,000 thsnd. matured in October 2023 and for further development of business activities. The new bonds bear float interest rate 4 % p.a. + 6M PRIBOR.

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 2024, the Group was in compliance with these covenants. Based on management judgment fair value of financial liabilities approximates their reported value.

Security

As of June 30, 2024, the Group had seven bank loans (2023: 8 bank loans). Bank generally applies the following methods for securing its 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, 2024. 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.

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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 499,450 thsnd.

24. Other financial liabilities

	June 30, 2024	December 31, 2023
Payables to shareholders	50 104	40 291
Non-bank loans	0	0
Others	561	670
	<u>50 655</u>	<u>40 961</u>
Non-current	<u>43 515</u>	<u>40 645</u>
Current	<u>7 150</u>	<u>316</u>

25. Provisions

	June 30, 2024	December 31, 2023
Warranty provision	3 410	4 436
Other provision	2 341	15 025
	<u>5 751</u>	<u>19 461</u>
Current	<u>4 129</u>	<u>17 040</u>
Non-current	<u>1 622</u>	<u>2 420</u>
	<u>5 751</u>	<u>19 461</u>

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.

26. Contract liabilities

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

At December 31, 2022	59 154
Additions	617 741
Disposals	-675 489

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At December 31, 2023	1 406
Additions	217 700
Disposals	-214 226
At June 30, 2024	4 880

27. Trade and other payables

	June 30, 2024	December 31, 2023
Trade payables	17 313	25 100
Payables to employees	3 204	2 981
Other taxation and social security	3 182	6 779
Other payables	42 598	57 757
Accruals	3 089	29 747
	<u>69 386</u>	<u>122 364</u>

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 36,427 thousand.

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 of June 30, 2024 that have a fixed interest rate is CZK 820,000 thsnd. (2023: CZK 820,000 thsnd.), and that have a float interest rate CZK 500,000 thsnd. (2023: CZK 500,000 thsnd.)

The bank loans principal as of June 30, 2024 that has a fixed interest rate is CZK 39,424 thsnd. (2023: CZK 77,501 thsnd.), and that has a float interest rate CZK 287,670 thsnd. (2023: CZK 255,084 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.
2024	+10	-788
	-10	788
2023	+10	-755
	-10	755

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.

	June 30, 2024	December 31, 2023
Current liquidity ratio (current assets / current liabilities)	57%	142%
Quick liquidity ratio (cash and cash equivalents / current liabilities)	23%	57%

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.
June 30, 2024						
Issued bonds	7,83	0	208 396	1 063 656	0	1 272 052
Bank loans	7,45	0	107 970	219 124	0	327 094
Contract liabilities		0	4 880	0	0	4 880
Shareholders		0	7 150	0	0	7 150
December 31, 2023						
Issued bonds	8,15	0	0	1 261 414	0	1 261 414
Bank loans	8,97	0	121 103	211 465	0	332 568
Contract liabilities		0	1 406	0	0	1 406
Shareholders		316	0	0	0	316

(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:

	June 30, 2024	December 31, 2023
Debt	1 649 812	1 634 943
Cash and cash equivalents	-90 676	-150 900
Net debt	<u>1 559 136</u>	<u>1 484 043</u>
Equity	<u>517 433</u>	<u>550 594</u>
Net debt to equity ratio	301 %	270 %

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 of June 30, 2024 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*	
	<u>30.6.2024</u>	<u>30.6.2023</u>	<u>30.6.2024</u>	<u>30.6.2023</u>	<u>30.6.2024</u>	<u>31.12.2023</u>	<u>30.6.2024</u>	<u>31.12.2023</u>
<u>Associates:</u>	<u>CZK ths.</u>	<u>CZK ths.</u>	<u>CZK ths.</u>	<u>CZK ths.</u>	<u>CZK ths.</u>	<u>CZK ths.</u>	<u>CZK ths.</u>	<u>CZK ths.</u>
Mrs. Dagmar Pokorna	0	0	0	0	0	0	1 500	0
Mr. Jiri Pokorny	824	72	0	0	0	8 116	5 650	316

* The amounts are classified as other receivables and other financial liabilities

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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.

	June 30, 2024		December 31, 2023	
	<u>Directors</u>		<u>Directors</u>	
		in CZK ths.		in CZK ths.
Remuneration	13	3 973	13	3 363

31. Events after the reporting period

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 23, 2024

Management board:



Dagmar Pokorná, Board Member



Jiří Pokorný, Board Member

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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

SATPO Group B.V.

Corporate Seat:

Amsterdam, Netherlands

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