

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL IMPACT REPORT

Lucron Group 2023

CEO's foreword



Ever since I started doing business, I have been aware that as a developer we are responsible not only for the success of our projects, but also for the impact on our surroundings.

And so you are reading the third ESG report we are voluntarily publishing to transparently present truthful information and data about our business in the environmental, social and governance areas. Transparency, ethics and trustworthiness are the foundation of our relationships with partners, investors and employees. For years, we have ensured that our decisions and processes are fair and accountable. That is why we are actively involved in public affairs and strive to contribute to strengthening the rule of law. With each passing year, we are implementing more stringent internal processes to prevent money laundering or strengthen cyber security under the auspices of our parent company.

As our operations affect the environment every day, we strive to progressively minimise our carbon footprint, make more efficient use of resources, and promote sustainable practices in all phases of our projects.

I consider social responsibility to be another key aspect of our work. From the beginning, we have been committed not only to creating quality and affordable housing, but also to supporting local communities and, last but not least, to promoting diversity and inclusion within the company.

For me, ESG is not just about compliance. It is about creating value beyond our business. Together, we can contribute to building a sustainable future where our projects benefit everyone.

Thank you to the entire Lucron team for their commitment to this important area. Working together with all our stakeholders, we can truly make a difference and move our society towards a more sustainable and responsible tomorrow.

A handwritten signature in blue ink, appearing to read 'Z. R. A.'.

Table of Contents

- 2 CEO's foreword
- 3 Table of Contents
- 4 About the report
- 5 About Lucron
 - 6 Our way
 - 7 Lucron in numbers
 - 8 Future development overview
 - 9 Lucron Portfolio
- 15 Identification of ESG priorities and stakeholders
- 17 Environmental Part
 - 18 The main initiatives to preserve the quality of the environment
 - 19 Education and application of innovations for sustainability
 - 21 Emissions reduction as a tool for environmental responsibility
 - 25 Active measures to reduce environmental impacts
- 29 Social Part
 - 30 The people of Lucron
 - 42 Relations with stakeholders and local communities
 - 51 Meaningful partnerships
- 56 Governance Part
 - 57 Ownership structure
 - 58 Lucron Group's business model
 - 59 Management structure
 - 59 Lucron's management
 - 60 Our values, strategy and philosophy
 - 61 Lucron's trustworthy business
 - 62 Corporate policies consistent with trustworthy business
 - 65 Fight against corruption and money laundering
 - 66 Tax transparency
 - 67 Risk management

About the report

This is our third report on environmental performance, social responsibility and governance principles.

It describes our activities and environmental impact between 1 January 2023 and 31 December 2023.

Its content is based on the importance and significance of the environmental and social impacts of our operations on our partners, communities and the environment, and their impact on our society.

Lucron's report is inspired by the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) – the first global standard for corporate social responsibility and sustainability reporting. Lucron's economic indicators are covered in more detail in the 2023 Annual Report.

The report will be published at one-year intervals from 2023. It is available in the Portable Document Format in Slovak and English on the company's website: www.lucron.sk The next report will provide data and information on Lucron for 2024.

We would be happy to hear your views
on our activities in this area.

Contact person:
Katarína Hykischová
katarina.hykischova@lucron.sk



About Lucron

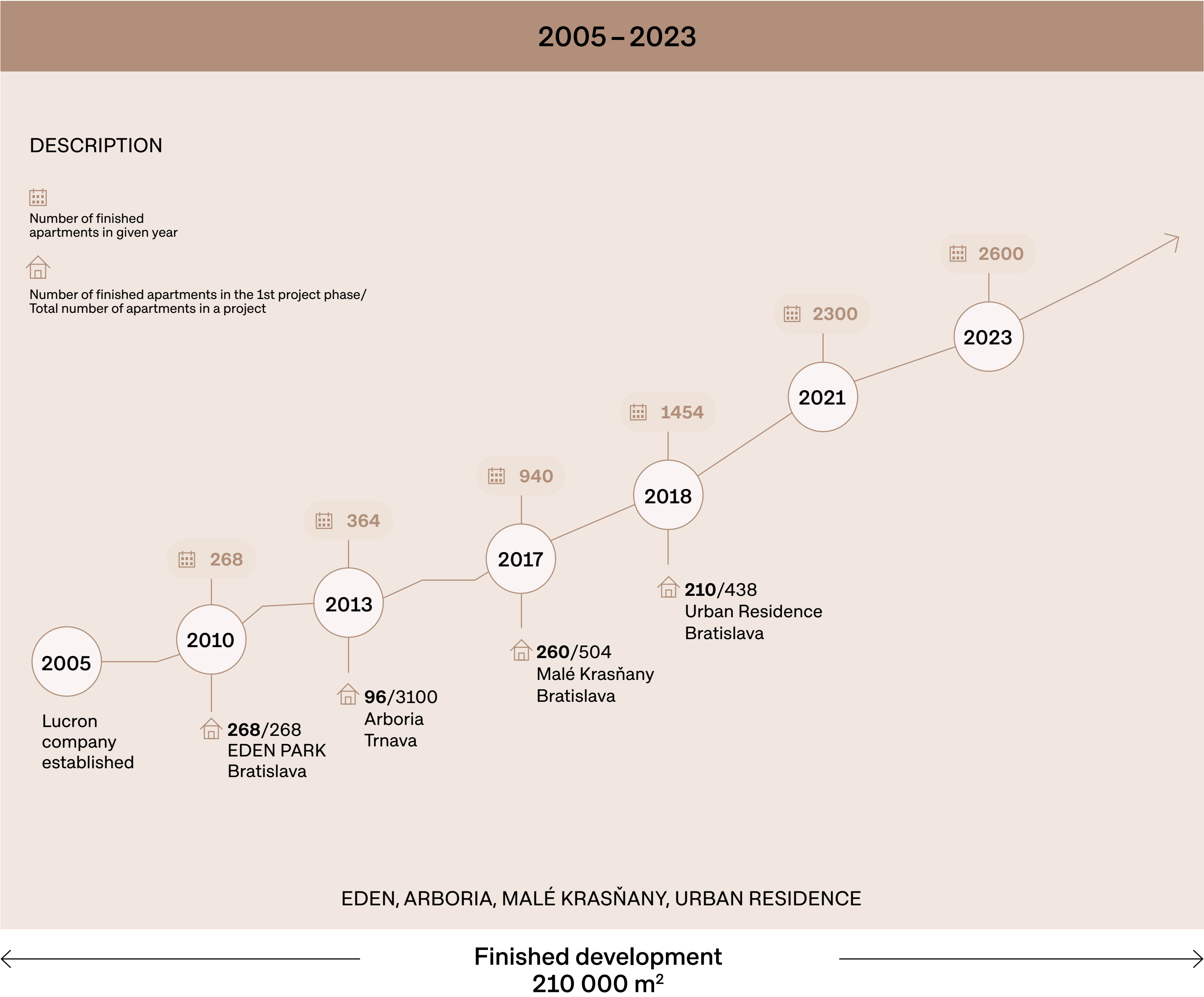
According to the SME INDEX ranking, Lucron became the third largest residential developer in Slovakia in 2023. It is known for projects such as Nesto, Vydrice, Arboria, Rakytá, Urban Residence, Malé Krasňany or Eden Park. It focuses on building entire neighbourhoods with an emphasis on modern and welcoming urbanism, the environment, modern technology and public spaces.

We cannot see
into the future,
but we can think
into it.

Lucron was founded in 2005 on the initiative of Luxembourg investor Eric Lux. From the beginning, when the development market in Slovakia was still taking shape, we wanted to do things differently from most of our competitors. Since our first project, we have been trying to stay ahead of the curve and think through every step in advance. Because we believe that inconsistency can backfire on us. Our activities gradually took on larger dimensions and the acquired experience helped us grow healthily. Stability and sustainability were at the centre of our attention even before they became the leit-motif of modern business. Today, Lucron focuses on comprehensive residential projects which it perceives in a wider context. Our goal is to create meaningful urban units and neighbourhoods that meet the criteria of quality and sustainable living today and in the future.

Business name: Lucron Group, a. s.
Place of business: Bratislava
Registered office: Steinerka BC, Legionárska 10, 811 07 Bratislava, Slovak Republic

Our way



Lucron in numbers

Completed projects

with final approval in the 2005–2023 period

PROJECT • YEAR OF FINAL APPROVAL • GROSS FLOOR AREA (GFA)

EDEN PARK
2010 13 33 253 m²

JASKOVÝ RAD
2014 17 1 553 m²

MALÉ KRASŇANY
2019 44 44 876 m²

URBAN RESIDENCE
2021 34 34 471 m²

ARBORIA
under construction since 2011
101 101 195 m²

Projects

with planned final approval in 2024

PROJECT • GROSS FLOOR AREA (GFA)

ARBORIA
13 391 m²

NESTO
17 338 m²

VYDRICA
25 129 m²

Projects under construction

as at 31. 12. 2023

PROJECT • GROSS FLOOR AREA (GFA)

ARBORIA
13 391 m²

NESTO
17 338 m²

VYDRICA
25 129 m²

Projects in preparation

and their next stages

PROJECT • GROSS FLOOR AREA (GFA)

ARBORIA
129 333 m²

NESTO
404 768 m²

VYDRICA
38 066 m²

RAKYTA STAGE 1
25 769 m²

Future projects

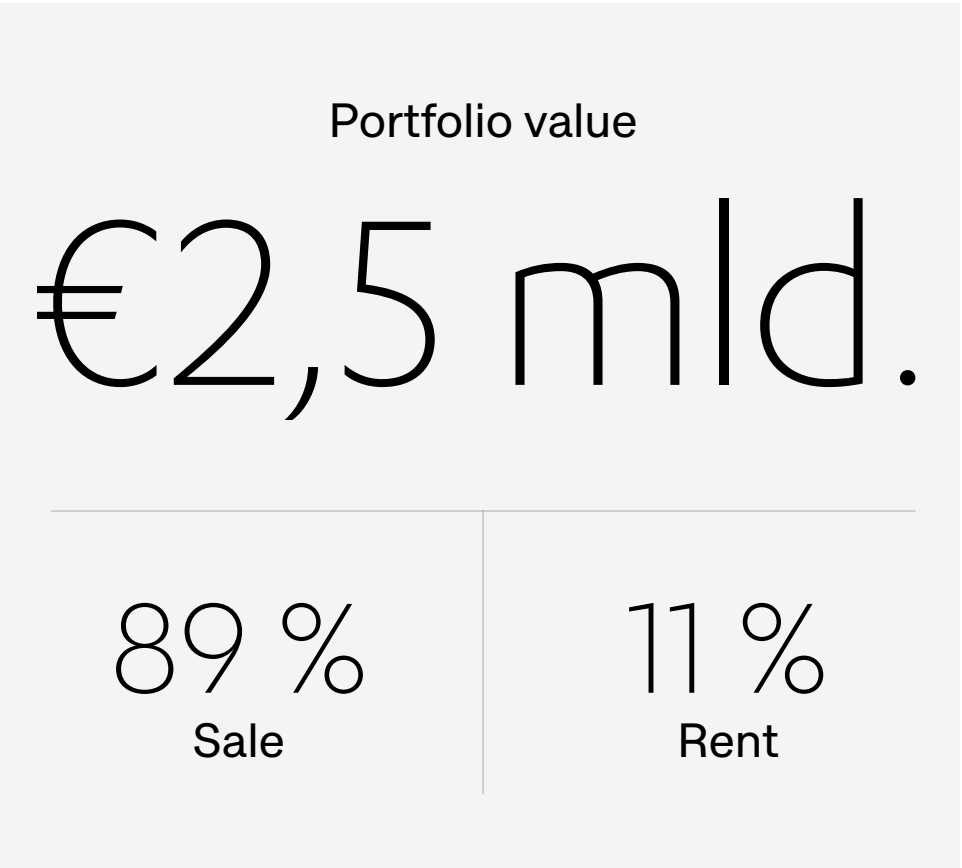
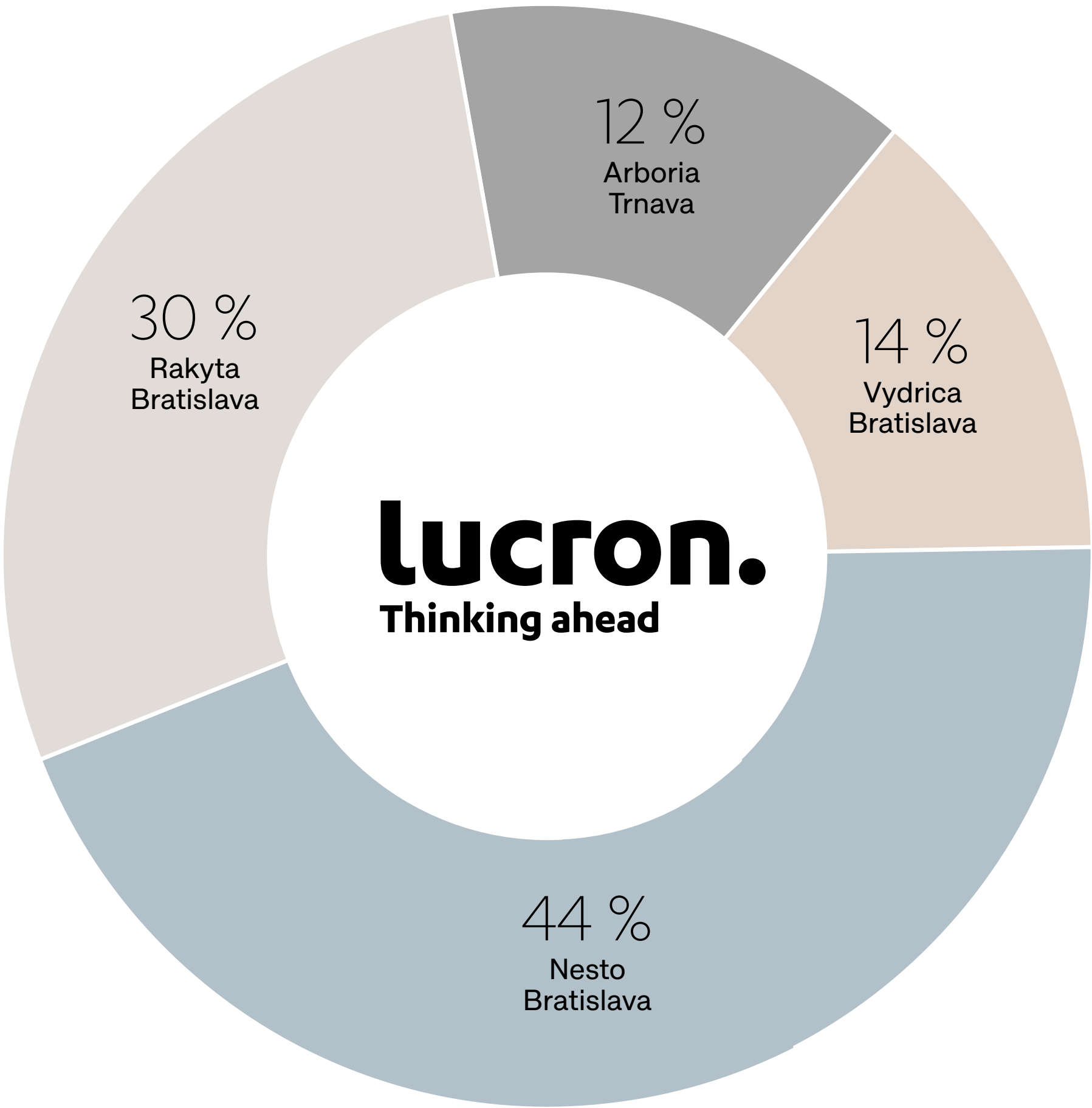
(land parcels)

PROJECT • PLANNED IMPLEMENTATION • ROZLOHA POZEMKOV

RAKYTA STAGE 2
2023–2043 237 231 m²

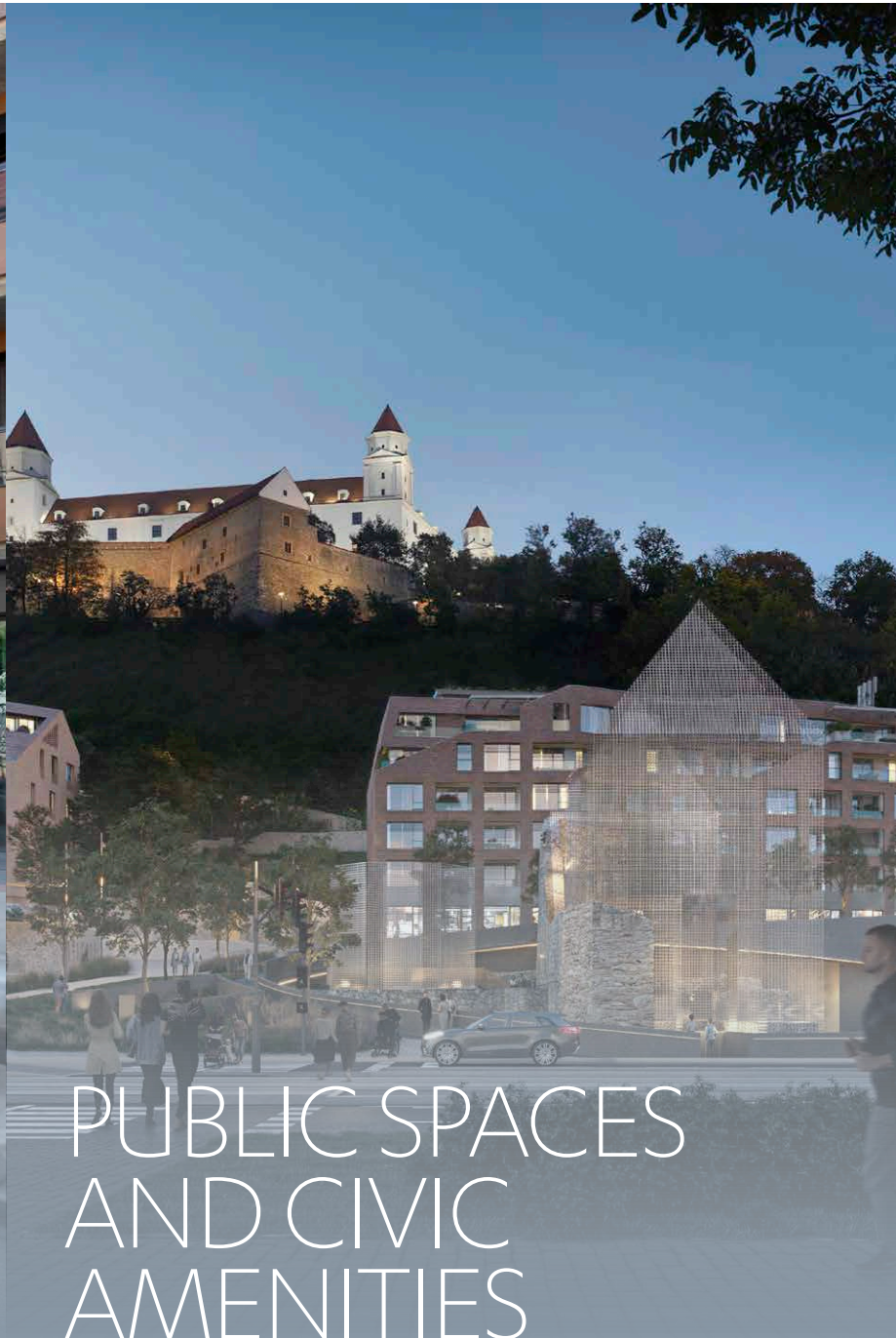
Future development overview

Forecasted data.*



* predicted data, without the application of indexing

Lucron Portfolio



We only work with proven professionals – urban planners, architects, designers, builders or suppliers of progressive and sustainable solutions. The emphasis on the professionalism and reliability of our suppliers is clearly visible in the quality of implementation of our residential buildings.

Our philosophy is to think ahead. That is why we have the courage to be the first to come up with new solutions. In the Nesto project, we will bring to Bratislava the unique concept of coliving – rental housing with shared spaces for relaxation, sports or work.

We focus on green buildings that have an economic benefit for their users throughout their entire life cycle and a positive ecological impact on the planet. In the Vydrice project, we offer a flexible and healthy working environment even for more demanding clients.

A well-thought-out concept of retail premises is essential for the commercial success of any commercial establishment. In all our projects, we pay attention to meaningful and balanced civic amenities which bring new dynamism and quality to the entire location.

We do not look at projects as individual buildings, but as a connected and well-thought-out whole. Life in them must work on all levels and for all equally. That is why we emphasise the even distribution of meaningful civic amenities and user-friendly and truly functional public spaces.

RAKYTA



JASKOVÝ RAD



MALÉ KRASŇANY



ARBORIA (TRNAVA)



URBAN RESIDENCE



VYDRICA



NESTO



EDEN PARK



Nesto

✂ 422 000 m ²	📍 Bratislava
🕒 2021 – 2047	🌐 under construction

The Nesto project in the Petržalka district of Bratislava will offer a thought-out, open and sustainable concept of quality housing on 42 hectares. This comprehensive and above all lively neighbourhood will connect the centre of Bratislava with neighbouring Austria. Flats, shops, business premises, civic amenities, a cycleway around the entire project, sports grounds, a kindergarten, a school or unique coliving. And above all that, one central idea – Nesto as a place for a quality life, which makes sense today and 50 years from now.



Vydrica

✂ 63 000 m²	📍 Bratislava
🕒 2019 – 2028	🌐 under construction

Vydrica continues the rich history of the location and also creates a young, dynamic neighbourhood in the heart of Bratislava combining everything for a fully fledged city life. It will allow Bratislava residents and visitors from the surrounding area to take the pulse of the city and to enjoy pleasant privacy in the very centre. It will significantly expand the premises available in the Staré Mesto district and seamlessly connect the pedestrian zone, the castle hill and the Danube embankment. Vydrica will offer flats of the highest standard with views of the Danube, lively retail premises with character for businesses, and flexible offices for more demanding clients.



Arboria

✂ 249 000 m²	📍 Trnava
🕒 2011 – 2035	🌐 under construction

For ten years, Arboria has been a place where people, family, friends, neighbours — in one word, community — are important. The modern neighbourhood in Trnava, which is constantly evolving, is already home to over 3,000 satisfied neighbours. They have a city park with an area of 35,000 m² directly under the windows of their flats, and 4,600 m² of green roofs also contribute to sustainability and a healthy environment. It is no accident that Arboria is a good place to live. It is the result of thoughtful urban planning and quality architecture.

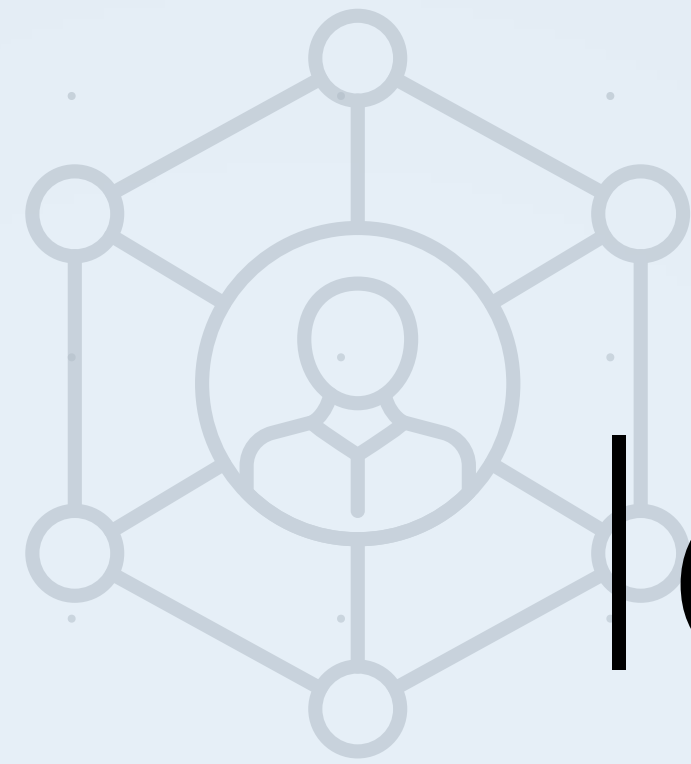


Rakyta

✂ 263 000 m²	📍 Bratislava
🕒 2024 – 2043	🌐 under preparation

The Rakyta project in the Devínska Nová Ves district of Bratislava is everything that young families need for a quality life. In the area crossed by the Rakyta brooklet, residents will find plenty of greenery, playgrounds for children and a pleasant space for the community. The project will go up near the train station, a short distance from the centre of Bratislava and from Vienna. This makes Rakyta a strategically accessible neighbourhood located in the middle of nature and at the same time offering the bonus of peaceful living on the outskirts of the city.





Identification of ESG priorities and stakeholders

We define the key areas for our company as follows:

Identifying ESG priorities is a key step in developing our sustainability and responsibility towards society as a whole or the environment. This process involves several phases that help us focus on the most important areas.

When identifying ESG priorities, the first step is to collect and analyse data through internal audits or feedback and dialogue not only with our employees but also with suppliers and customers. Dialogue with stakeholders/ partners provides us with valuable information on topics and issues that are important to them, and it also highlights opportunities to improve our activities.

Stakeholders are the ones who are directly impacted by our activities and vice versa. They influence our business, its success, and their satisfaction and success is influenced by us. Our business is largely influenced by their requirements.

Our stakeholders include:

BANKS
AND INVESTORS

EMPLOYEES

CUSTOMERS, CLIENTS, AND TENANTS

COMMUNITY
AND PUBLIC

THE
ENVIRONMENT

EU AND STATE
ADMINISTRATION

SHAREHOLDERS

SUPPLIERS

MUNICIPALITIES AND
BUILDING AUTHORITIES



E

Environmental area:

- learning and applying innovations to mitigate environmental impacts
- reducing energy demand
- reducing greenhouse gas emissions
- air quality
- biodiversity
- water and greenery
- soil contamination
- noise pollution
- waste
- light pollution



S

Social area:

- diversity, turnover and inclusion
- employee education and development
- promoting employee health and providing benefits
- customer and supplier relations
- impact on the local community and the public
- meaningful partnerships and volunteering



G

Governance area:

- management structure
- strategy and values
- transparent business
- company policies
- data protection and cyber security
- fight against corruption
- tax transparency
- risk management

Based on the potential impact of each area on our business, and with our stakeholders in mind, we have prioritised the following topics for 2023:

- education and the application of innovations as a tool for mitigating negative environmental impacts
- reduction of CO₂ emissions

- diversity and inclusion
- employee education and development
- customer, supplier and community relations

- trustworthy and transparent business
- cyber security and data protection

The topics we consider to be priorities overlap with those from the previous reporting period, as we consider them to be of long-term importance to our company.

lucron.
Thinking ahead

LUCRON ESG REPORT | IDENTIFICATION OF ESG PRIORITIES AND STAKEHOLDERS | 16

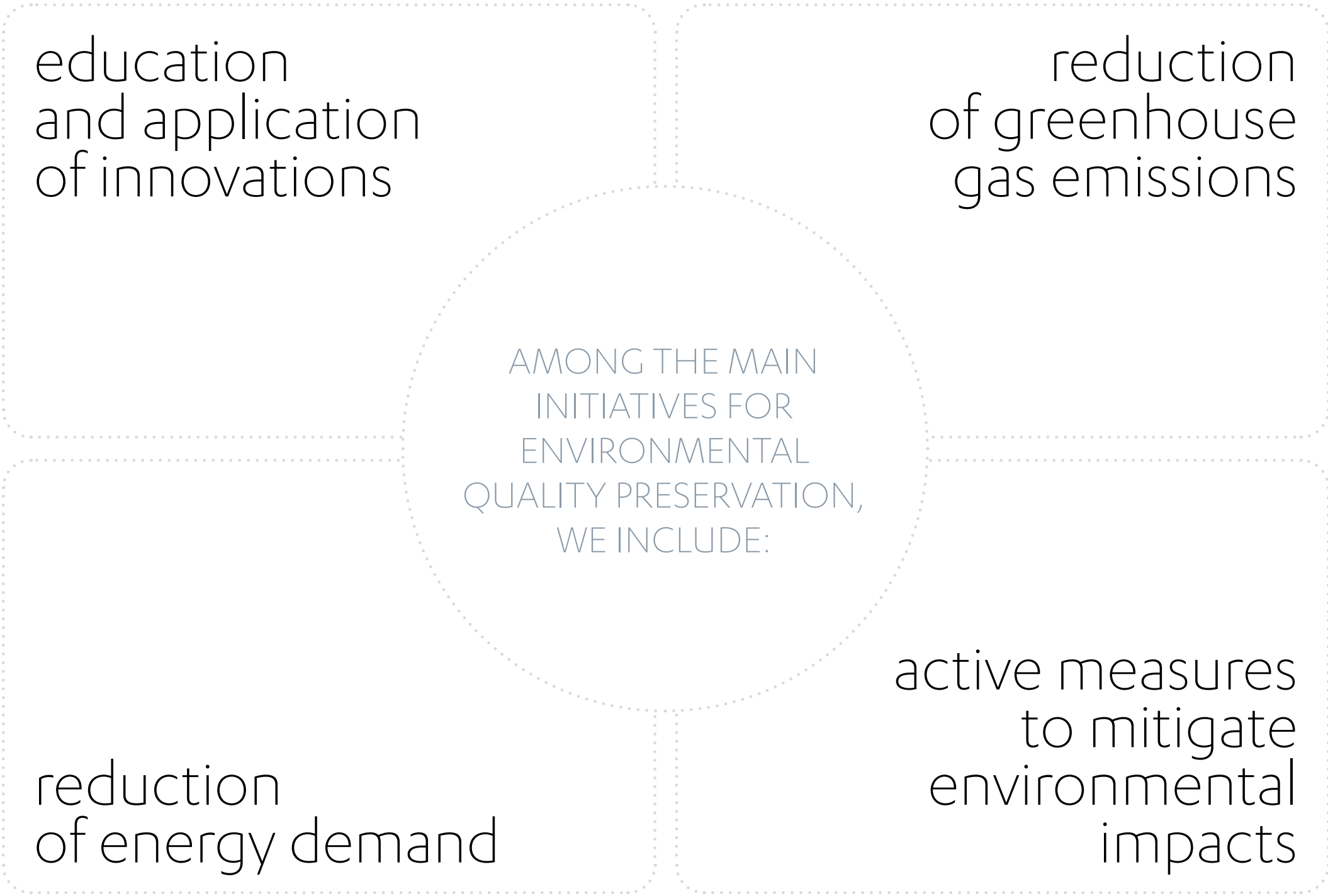


Environmental Part

The main initiatives to preserve the quality of the environment

Preserving the quality of the environment is one of the key tasks in the sustainability of our society. As construction makes up most of our business activities, it is natural for us to make efforts to minimise its negative impact on the environment.

We are also able to mitigate our environmental impact through the application of new technologies, materials, concepts and procedures during the preparation and implementation of projects.



Education and application of innovations for sustainability

Digital twin

As part of innovations for sustainability, we as a company are currently focusing on the creation of digital twins for constructed buildings. We design a digital twin and use it during the preparation, implementation and management of our construction projects.

The digital twin of a building is designed before construction of the building commences. The constructed building and the twin are continuously compared, assessed and fine-tuned to ensure optimal operating conditions, costs and energy consumption.

One of the essential benefits of the digital twin tool is that it allows the building owner to guarantee that the required design parameters in terms of energy demand, carbon footprint or costs are met and maintained.

The theory behind the tool was presented in a master's thesis entitled "The use of a digital twin in the life cycle of buildings" (Využitie digitálneho dvojčata v životnom cykle stavieb). The primary objective of the thesis was to theoretically demonstrate the use of this information system in the life cycle of a building, specifically in management and maintenance. Thanks to the collaboration between Lucron colleagues and students, we were able to support education and development in this field.



ESG education

In 2023, we started to notice that financing banks as well as other partners increasingly require reporting and compliance with specific ESG criteria, which are becoming an integral part of the decision-making processes for many investors or customers. Another reason why we feel it is necessary to learn more about this topic are the legislative changes in the area of sustainability that are impacting the banking and business sectors.

Therefore, in 2023, we began to think hard about the need to address ESG issues at the level of our employees, who, as part of the whole, should understand the basic principles of sustainable business.

We settled on employee retraining, which will take place in the autumn of the following calendar year and will cover the basics of ESG.

Provision of ESG data

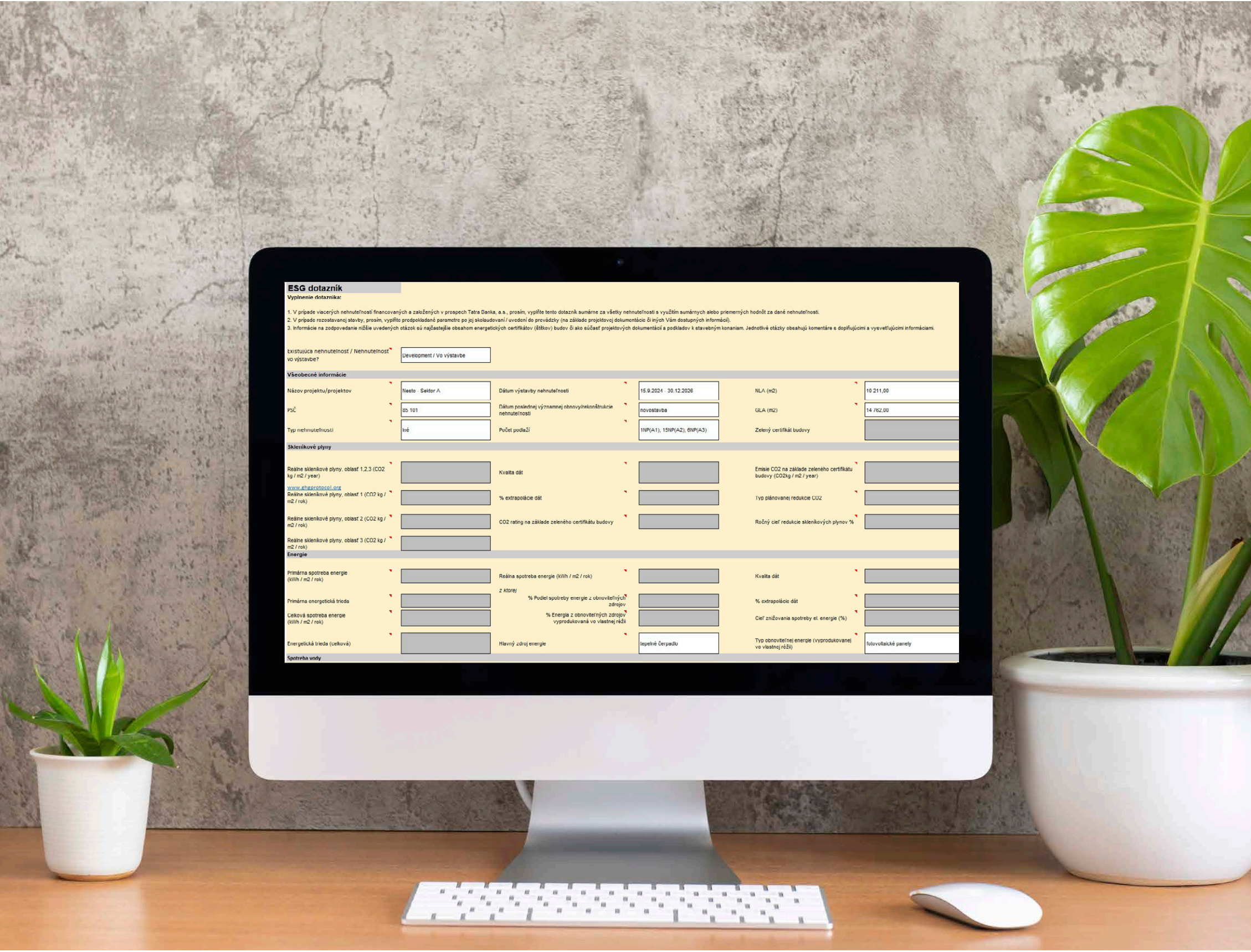
The increasing pressure for regular collection of ESG data is influenced by the aforementioned growing need for regular reporting and compliance with criteria not only from financing banks, but gradually also from investors or customers who are not indifferent to the environment.

That is why we regularly process, analyse and provide transparent data in accordance with ESG requirements to our clients, investors and financing banks at various stages of our projects. The basic tool for the necessary reporting is the collection of data that track the environmental aspects of our core business, namely construction.

In 2023, we regularly completed forms for the banking sector, which they can use to further assess our business against the EU Taxonomy.

ESG questionnaires for individual projects provide base-line data and indicators in the areas of site location, energy consumption and environmental impact. The most important indicators monitored include the greenhouse gas emissions from buildings, the energy consumption of buildings, the consumption of drinking water, or the share of energy production from renewable energy sources.

In order to provide a complete picture throughout the project life cycle, we are working on the design and application of digital twins that will allow us to analyse long-term data even during the use of the building and compare it with the original design. The ascertainment of differences between design and reality, combined with the ability to analyse use online, is another important step towards successfully achieving the goals of sustainable business in construction.



Example of an ESG questionnaire for banks

Emissions reduction as a tool for environmental responsibility

The greenhouse gas emissions from our construction activities are a significant environmental problem.
To reduce greenhouse gas emission in construction, it is important to implement sustainable solutions such as designing energy efficient buildings, using renewable energy sources or optimising the supply chain.

Our role is to monitor emissions closely and take action to reduce them.
We divide emissions monitoring into two main categories:



Emissions from Lucron's operations

EMISSIONS FROM THE HEAD OFFICE

Emissions from our head office are on a downward trend. In 2023, we have seen a significant decrease compared to the previous period.

Annual CO₂ emissions from the head office:

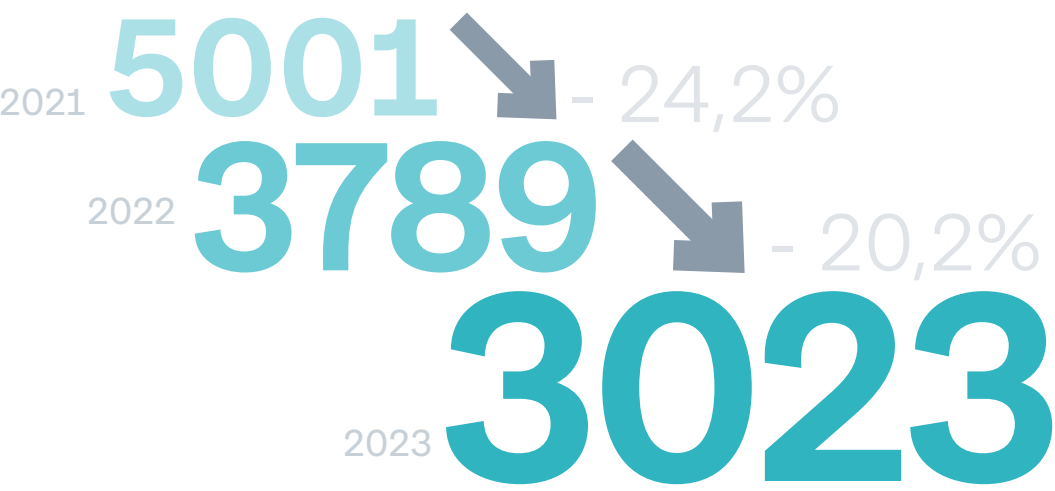


EMISSIONS FROM SALES OUTLETS AND CONSTRUCTION SITES

In order to give our clients the closest possible view of the project before making a purchase decision, we also set up sales outlets on site.

We also provide construction companies and contractors with the necessary facilities during the implementation of our projects right on construction sites.

Both the outlets and the facilities contribute to the production of CO₂ emissions and are therefore closely monitored and assessed. We see a downward trend.







ANNUAL CO ₂ EMISSIONS FROM LUCRON'S SALES OUTLETS											
mj			2021	CO ₂	CO ₂	2022	CO ₂	CO ₂	2023	CO ₂	CO ₂
				[kg] / kWh	[kg]		[kg] / kWh	[kg]		[kg] / kWh	[kg]
URBAN RESIDENCE	electricity	kWh	9 105	0,14	1 292,91	9 762	0,14	1 386,20	10 000	0,116	1,160,00
	central heating	kWh	3 865	0,33	1 275,44	3 654	0,33	1 205,82	1234	0,217	267,78
	warm service water	kWh	423	0,33	139,50	402	0,33	132,66	519	0,116	60,20
ARBORIA	electricity	kWh	7 530	0,14	1 069,26	7 492	0,14	1 063,86	12,357	0,116	1 433,41
	water	m³	27	-	-	8	-	-	15,400	0,007	101,64
NESTO	electricity	kWh	8 618	0,14	1 223,76	-	0,14	-	-	0,14	-
	water	m³	20	-	-	-	-	-	-	-	-
SPOLU			5 001			3 789			3 023		

ANNUAL CO ₂ EMISSIONS FROM CONSTRUCTION SITE FACILITIES								
			2021- 2022	CO ₂ [kg] / kWh	CO ₂ [kg]	2023	CO ₂ [kg] / kWh	CO ₂ [kg]
VYDRICA	electricity	kWh	135 981	0,14	19 309	121 722	0,116	14 120
	water	m³	1 272	-	-	751	-	-
NESTO	electricity	kWh	203 430	0,14	28 887	263 990	0,116	30 623
	water	m³	-	-		-	-	
ARBORIA	electricity	kWh	551 542	0,14	78 319	169 000	0,116	19 604
	water	m³	1 055	-		438	-	
SPOLU			126 515			64 347		

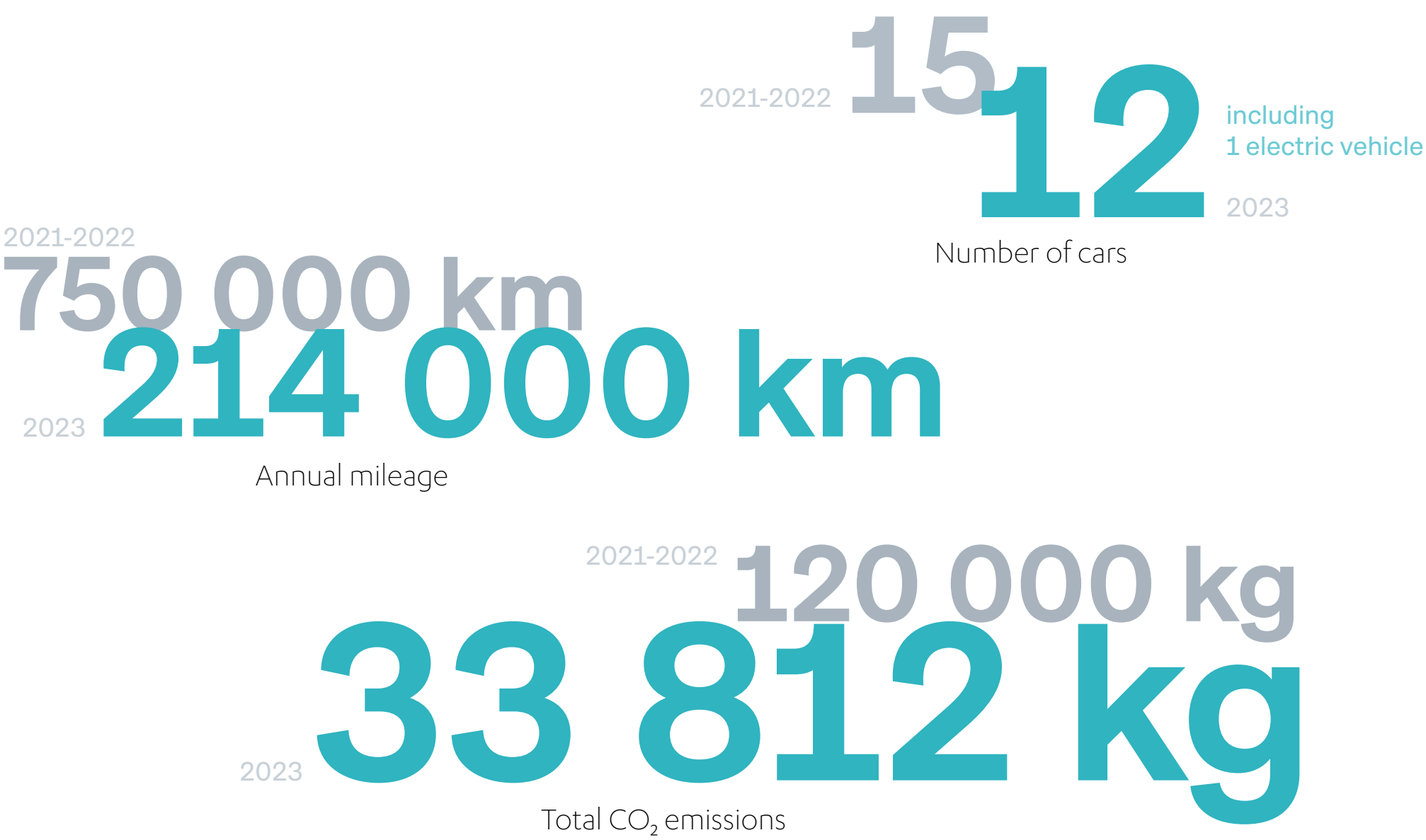
Emissions from company cars

The use of zero-emission electric vehicles is an important step towards sustainable transport and is key to reducing the environmental impacts of mobility. With growing support for technology and infrastructure, electric vehicles can play an increasingly important role in the fight against climate change. By integrating electric vehicles with electricity generation from solar panels and the use of local charging stations, we strengthen the energy sustainability of our projects.

THE MAIN ADVANTAGES OF USING EMISSION-FREE ELECTRIC VEHICLES INCLUDE:

			
Reduced emissions	Energy efficiency	Renewable energy sources	Lower costs
Electric vehicles do not emit CO ₂ and other pollutants directly when they are driven, which results in cleaner air.	Electric vehicles convert energy into motion more efficiently compared to internal combustion engines.	When electric vehicles are charged from renewable energy sources, their overall carbon footprint is further reduced.	Electric vehicles have lower fuel and maintenance costs compared to traditional vehicles.

„We still see the complete replacement of combustion-engine vehicles with electric vehicles as a long-term goal.“





CCS v spolupráci s Greenprint LLC týmto certifikátom potvrdzujú, že spoločnosť:

Lucron Group, a. s.

svojou účasťou v programe Clean Advantage v roku 2023 zmiernila uhlíkovú stopu svojho vozového parku kompenzáciou až

70 081.96 kilogramov CO2.

Prostredníctvom programu Clean Advantage ste investovali do priemyselne certifikovaných projektov kompenzácie CO₂, ktoré sú vybrané podľa kritérií Inštitútu svetových zdrojov (WRI).

V mene spoločnosti CCS a Greenprint Vám za to ďakujeme a veríme, že sa všetci týmto spôsobom môžeme podieľať na riešení udržateľnejšej budúcnosti.

Kompenzácia emisií CO₂ neznamena, že jazda sama o sebe je udržateľnejšia. Cieľom nášho programu je kompenzovať Vaše odhadované emisie CO₂, ktoré vyplývajú z pohonných hmôt zakúpených Vašou palivovou kartou. Nič na webovej stránke spoločnosti CCS, v e-mailovej komunikácii a/alebo v obsahu, ktorý zverejňujeme alebo zdieľame prostredníctvom akéhokoľvek iného marketingového kanála v súvislosti s našim programom kompenzácie CO₂, nepredstavuje právnu záruku, že spoločnosť CCS bude kompenzovať 100 % vašich skutočných emisií CO₂. Podrobnejšie informácie o našich povinnostiach voči vám nájdete v príslušných všeobecných obchodných podmienkach.



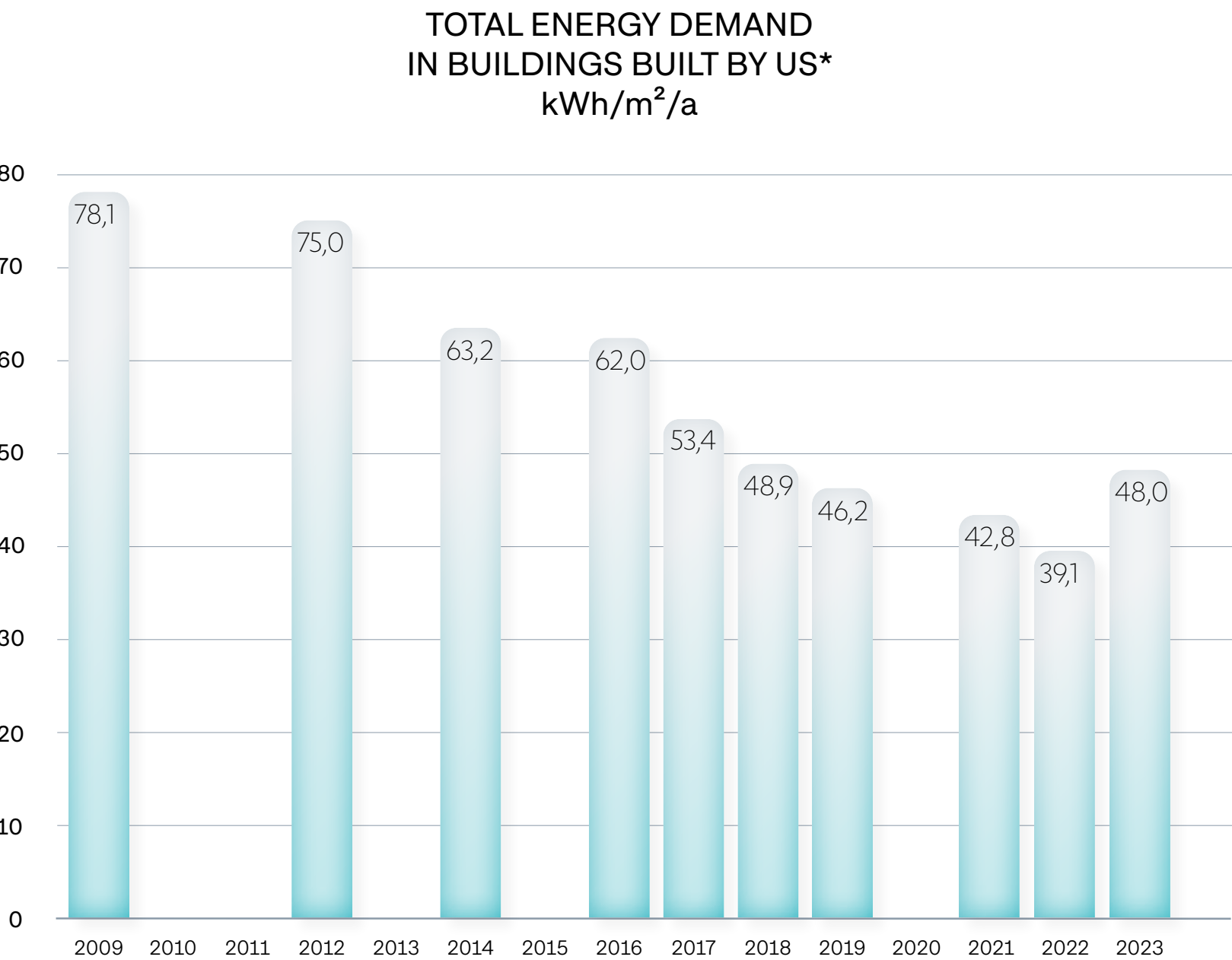
CCS Slovenská spoločnosť pre platobné karty s.r.o. | Galvaniho 15/C | Bratislava • Ružinov 821 04 | Slovensko
Mestský súd Bratislava III, Oddiel: Sro, Vozka č.13789/B | IČO: 35708162 | DIČ: SK2020249539

We contribute to reducing our carbon footprint by participating in the Clean Advantage® program. Through this program, we have invested in industrially certified CO₂ offset projects selected according to World Resources Institute (WRI) criteria. By participating in the program, we have reduced the carbon footprint of our fleet by offsetting more than 70,000 kilograms of CO₂ in 2023.

Emissions from completed buildings

Emissions from completed buildings refer to the greenhouse gases produced by their daily use. These emissions can come from a variety of sources such as heating, cooling, lighting and energy consumption.

Monitoring and assessing them is key to reducing the environmental impact of our projects and promoting sustainable use of buildings. We focus on optimising energy efficiency and implementing renewable energy sources to minimise emissions and contribute to environmental protection. We are looking for ways to gradually reduce energy demand and thus the amount of emissions produced in our projects.

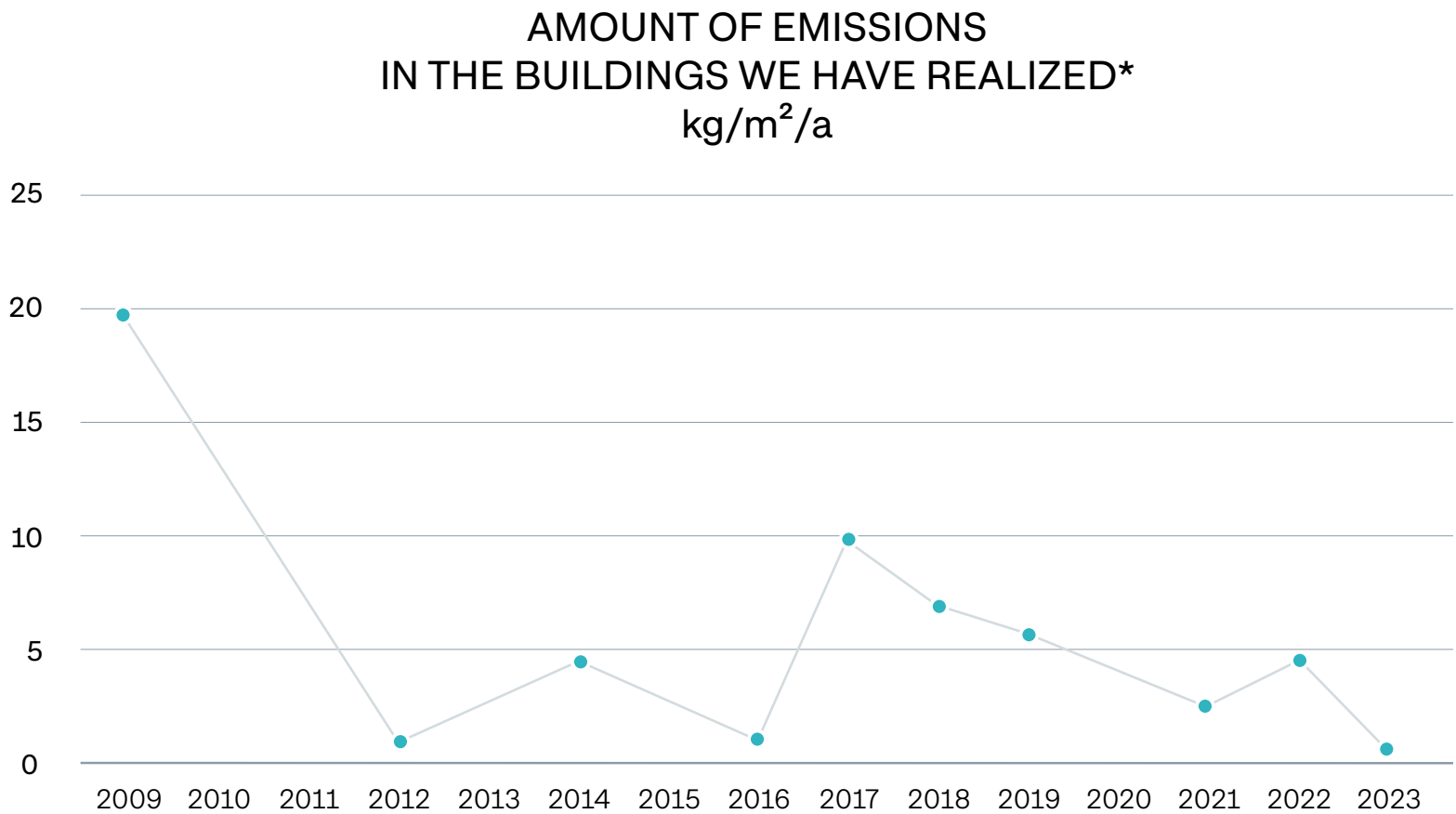


*To calculate the annual energy demand and emissions per m², we used values from an Energy Certificate issued pursuant to Act No. 555/2005 Coll. on the Energy Efficiency of Buildings and on Amendments to Certain Acts, as amended by Act No. 300/2012 Coll. and implemented by Decree of the Ministry of Transport of the Slovak Republic No. 364/2012 Coll.

WE MAINTAIN THE LOW ENERGY INTENSITY OF OUR COMPLETED PROJECTS BY:

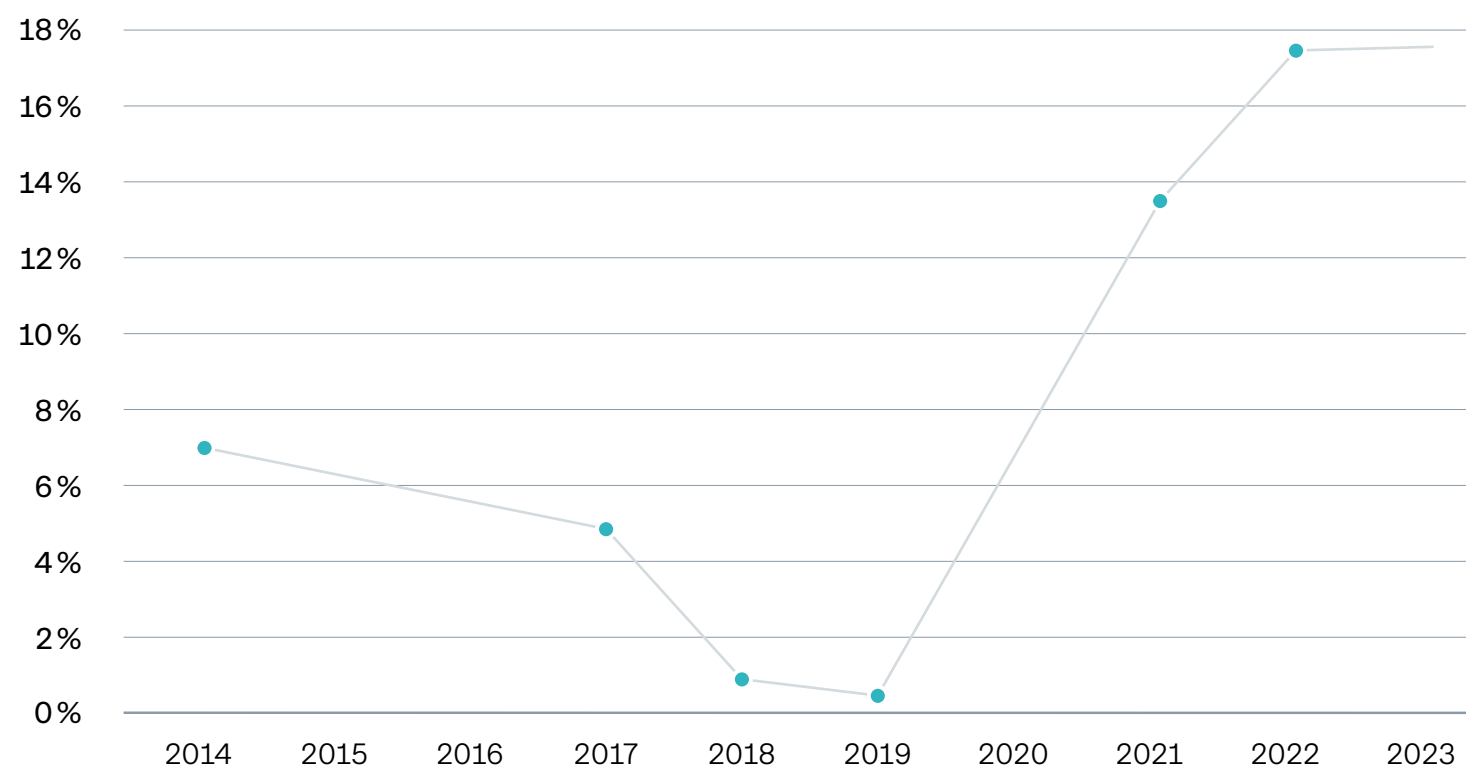
- 1. Direct integration of renewable energy sources (solar panels and thermal solar systems) into technologies for producing heating or cooling and for preheating of warm service water. Heat pumps and photovoltaics have become an integral part of almost all our projects in recent years.
- 2. We make extensive use of energy simulations on individual sites to compare different technologies and operating modes.

THE AMOUNT OF EMISSIONS IN COMPLETED BUILDINGS CONTINUES TO DECREASE IN 2023.



THE USE OF RENEWABLE ENERGY SOURCES CONTINUED TO TREND UPWARDS IN 2023.

SHARE OF PRODUCTION OF WARM SERVICE WATER AND CENTRAL HEATING FROM RENEWABLE ENERGY SOURCES (%)



Active measures to reduce environmental impacts

We can influence our impact on sustainability and our mitigation of or adaptation to climate change by managing water, retaining rainwater in the soil, maximising greenery, designing low-energy and passive buildings, reducing noise and light pollution, promoting alternative transport, and by other conscious activities and measures.

Specific measures in our projects

ARBORIA

- preparation for the installation of solar panels on the roofs of residential buildings
- introduction of rental housing in Arboria Apartments

- preparation of the infrastructure for the installation of electric charging stations
- planting and maintaining green surfaces, green roofs and rain gardens
- support of biodiversity
- already the second roundabout handed over to the city of Trnava
- playgrounds for children of all ages

RAKYTA

- preparation for the installation of shading in flats to reduce energy consumption
- rain gardens and green roofs

- own renewable energy sources – solar panels on the roofs of residential buildings
- complete exclusion of gas as a heat source
- planting grown trees
- playgrounds for children of all ages



NESTO

- charging stations for electric vehicles
 - a completed public transport stop
- reducing the energy demand of buildings (heat recovery)
 - use of heat pumps for heating and cooling, and for heating warm service water
 - own renewable energy sources – solar panels
 - retention of rainwater in the area through a system of retention tanks and absorption pits
 - planned and partially implemented level-separated cycle paths



VYDRICA

- suitable selection of vegetation and water-permeable materials for paved surfaces
 - support of biodiversity – placement of nesting boxes for birds and bats and building of a habitat for lizards and insects
- application of water retention measures – green roofs (combination of medium and large-scale greenery)
 - green walls and surfaces intended for climbing plants
 - charging stations for electric vehicles
 - a planned public transport stop



Concerning the reduction of environmental impacts, we focused on the following areas also in 2023:



WHAT ARE WE TRYING TO PREVENT WITH OUR MEASURES IN EACH AREA?

climate change, respiratory and cardiovascular diseases in the population	loss of species and ecosystems, degradation of natural resources, climate change	lack of drinking water, water pollution, reduced quality of life, climate deterioration	deterioration of soil quality, endangering the health of the population, water pollution, threat to biodiversity	health hazards, reduced quality of life for residents	pollution of soil and water resources, threats to the health of the population, climate change	threat to biodiversity, disturbance of sleep and circadian rhythms of residents
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WHAT MEASURES ARE WE TAKING TO ACTIVELY COMBAT THESE IMPACTS IN THE AREAS?

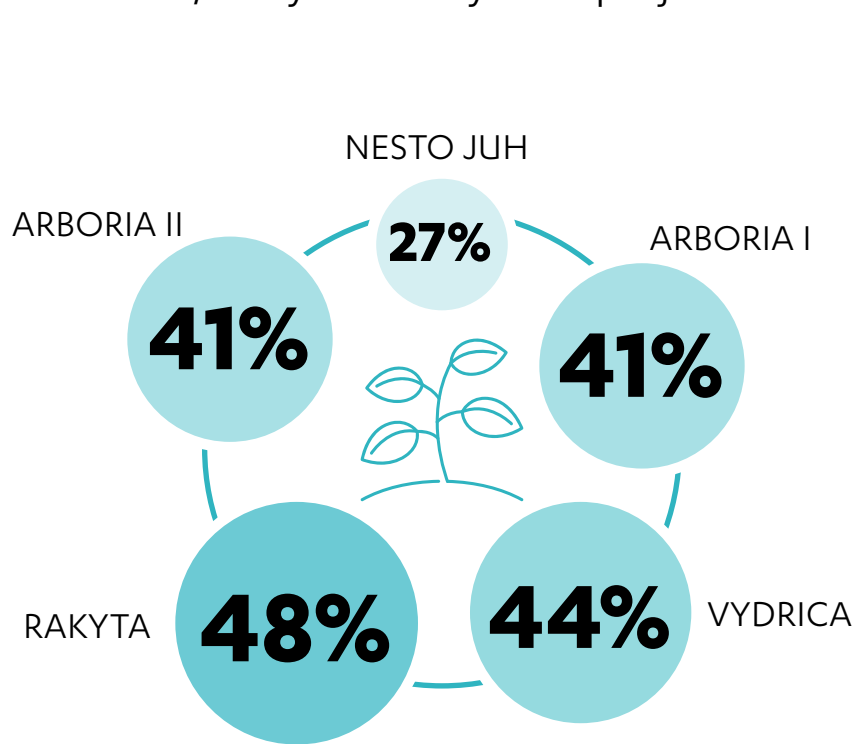
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| <ul style="list-style-type: none">◦ we take care to reduce dust during the construction of projects,◦ we consciously reduce emissions by prioritising local, emission-free energy sources, namely:◦ heating with heat pumps that use energy from renewable energy sources◦ 2. central heat supply from heating plants◦ infra-red heating | <ul style="list-style-type: none">◦ we plan landscape and garden architecture in the projects well in advance and thoughtfully◦ we explore the history of the natural habitat of each site during the preparation of projects | <ul style="list-style-type: none">◦ we actively plant trees and build green parks◦ we are committed to the principles of drinking water conservation◦ we analyse measures for the reuse of grey waste water◦ we build rain gardens for retaining rainwater from roofs and various surfaces◦ we build suitable drainage systems | <ul style="list-style-type: none">◦ we always start projects with a thorough examination and analysis of the soil◦ we favour the use of eco-friendly building materials | <ul style="list-style-type: none">◦ when planning projects, we thoroughly examine the noise parameters of each site◦ we measure the noise load | <ul style="list-style-type: none">◦ we encourage employees to separate waste◦ we ensure sufficient capacity and frequent waste collection on project sites◦ we ensure proper waste disposal during construction | <ul style="list-style-type: none">◦ we reduce excessive artificial light in both the outdoor and indoor environments of our projects◦ we install intelligent lighting which adjusts its luminosity according to natural light and current needs, and thus reduce energy consumption◦ we install shading and take care to limit the use of light display advertising◦ use of LED mood lighting or lighting that responds to user movement and activity |
|--|--|--|--|---|---|--|

Of all the measures that substantially mitigate the negative impacts of the company's activities on the environment, we consider the following to be the most important:

WE CARE ABOUT QUALITY
GREENERY – GREENERY
RESTORES THE QUALITY OF THE
ENVIRONMENT EVEN AFTER OUR
PROJECTS ARE COMPLETED.

We focus on greenery in residential neighbourhoods, from planting trees to building green parks. We aim to increase greenery in our projects because it has a positive impact on the lives of residents, it absorbs CO₂ and it reduces the ambient temperature and creates favourable conditions for urban fauna. We also strive to plant in projects located in urbanised areas with a lot of built-up area and little greenery to contribute to urban flora. Some of the planting is done before construction begins to give the plants time to take root and grow during the implementation of the project.

In the Arboria project, we already have about 4,600 m² of green roofs in 2023. Green roofs will also be a natural part of the Nesto, Rakyta and Vydrice projects.

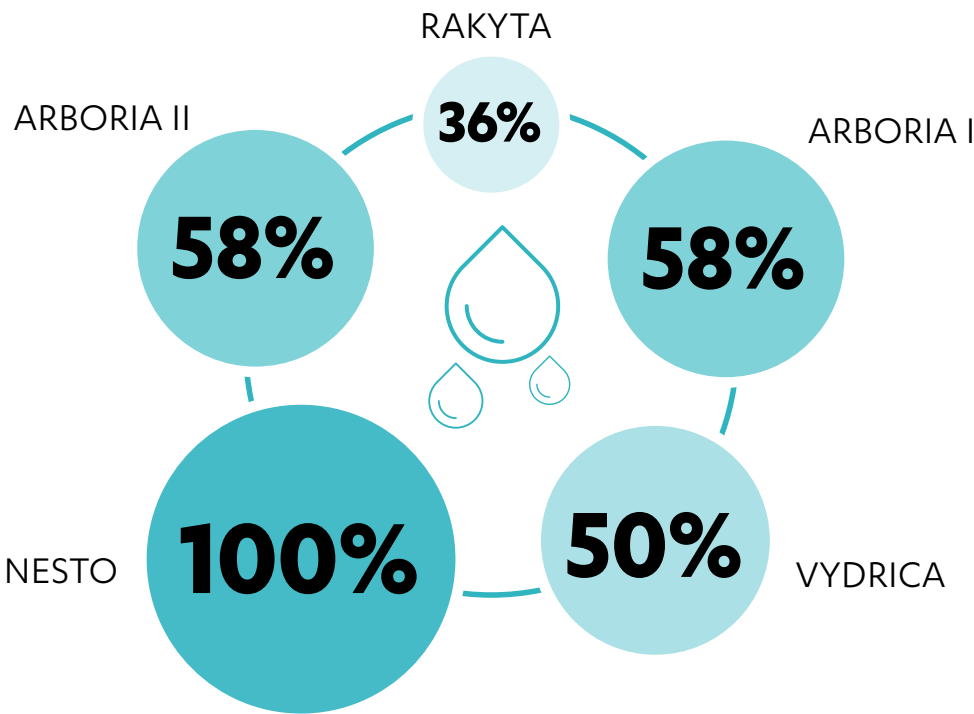


Share of greenery in Lucron project areas

WE MANAGE RAINWATER
EFFECTIVELY – WE STRIVE TO APPLY
SOLUTIONS THAT RETAIN THE
ENTIRE VOLUME OF RAINWATER
THAT FALLS IN THE AREA.

Rain gardens are included in our completed projects (Arboria, Malé Krasňany and Urban Residence) and we are planning for them in projects in preparation (Nesto and Rakyta). The main goal is the retention of rainwater from roofs and paved and green surfaces, with the inclusion of hydrophilous plants. We also use green roofs to effectively handle larger volumes of rainwater.

Efficient rainwater management – measures for capturing and utilizing rainwater have been implemented in all our projects for several years, continuously increasing the share of retained water in the area.



Retention of rainwater in Lucron project areas

WE ARE EXCLUDING NATURAL GAS
AS AN ENERGY SOURCE

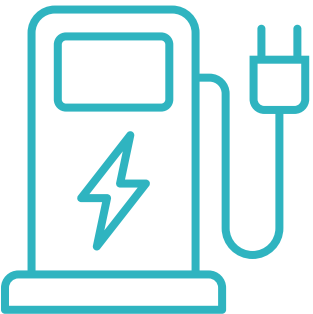
in our projects, we have almost completely replaced natural gas sources with renewable energy sources or a connection to central heat supply.

WE SUPPORT GREEN TRANSPORT

- In our residential zones, we focus on creating cycle paths and bike racks.
- As part of the Nesto project, we have modified the road on Kopčianska ulica, thus extending the cycle path and connecting it to a cycle path in nearby Kittsee, Austria. The total cost of the improvements amounted to about 1,116,000 euros excluding VAT.
- We have not only completed new cycle paths for the residents of Arboria, but have also purchased 50 electric bicycles and donated them to the city of Trnava.
- In Malé Krasňany, we have built a 400 metre cycle path to connect Račianska ulica and the vineyards.
- In Urban Residence, we have added an urban cycle path, bike sharing as well as charging stations for electric vehicles.
- Charging stations and preparation for charging are and will be a regular part of our projects.

Number of charging stations for electric vehicles obtaining final approval in the 2021–2023 period

2 × ARBORIA



Number of planned charging stations for electric vehicles

200 × ARBORIA
224 × NESTO JUH
500 × NESTO SEVER
74 × VYDRICA
600 × RAKYTA



Social Part

The people of Lucron

Despite the year-on-year decline in the period under review, we as a company have tried all the more to create a motivating environment for our employees with the best possible working conditions. From the start, we have made a point of selecting the right committed employees who share our values. Since 2022, we are characterised and defined by the ideas summarised in the Lucron Handbook, which articulates the operating principles of the company and its employees.

Ninety-three colleagues were part of the Lucron team as at 31 December 2023.

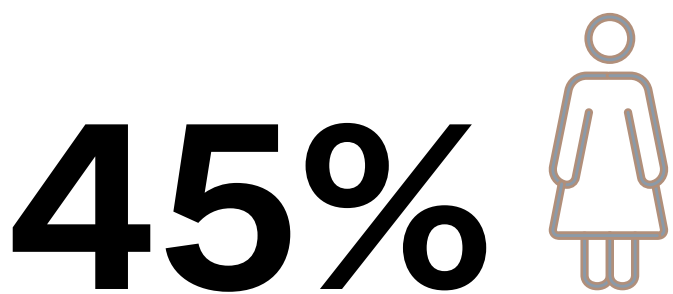


Lucron is made up of people who:

ARE ENGAGED. ARE TEAM PLAYERS
ARE ETHICAL AND HONEST. TRUST EACH OTHER
COMMUNICATE OPENLY. LEARN FROM MISTAKES
FEEL GRATITUDE. COMPLY WITH SAFETY REGULATIONS
HAVE A HEALTHY WORK-LIFE BALANCE ENVIRONMENT
HAVE A POSITIVE RELATIONSHIP WITH THE ENVIRONMENT

Diversity and turnover

From the very beginning of Lucron, we have been committed to equal opportunities. We do not discriminate on the basis of age or gender, nationality or sexual orientation. This is evidenced by the balanced representation of men and women despite the subject matter of our activities, as well as of several nationalities or different sexual orientations.



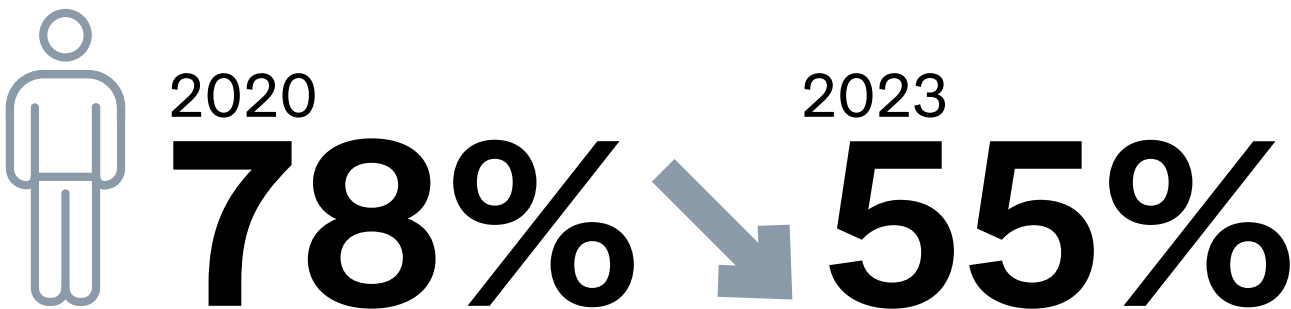
SHARE OF MEN AND WOMEN
AS AT 31 DECEMBER 2023

Compared to the 2022 reporting period, Lucron's female-to-male ratio has shifted in favour of women by 1 per cent. A slightly higher percentage of men continue to manage the company.



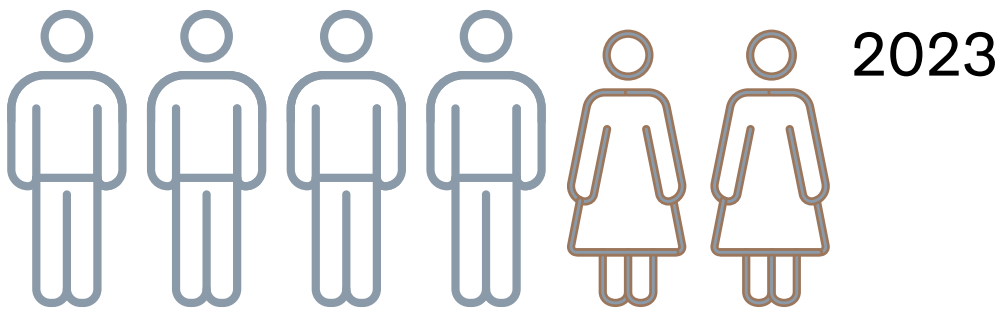
SHARE OF MEN AND WOMEN
IN MANAGEMENT POSITIONS

Compared to the 2020 reporting period, the number of women in management positions increased by 23%



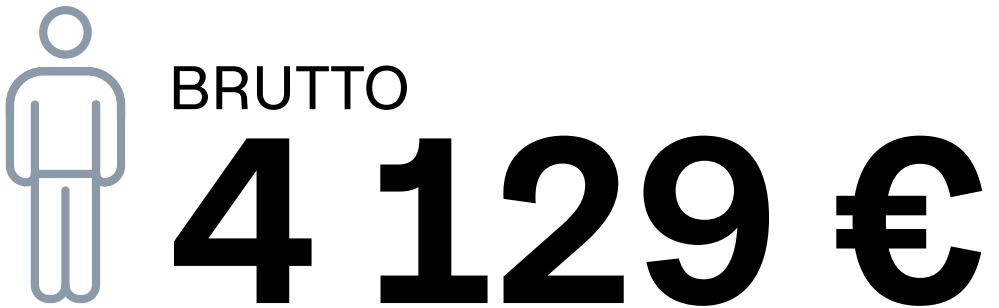
SHARE OF MEN AND WOMEN ON THE
COMPANY'S BOARD OF DIRECTORS
AS AT 31 DECEMBER 2023

Compared to 2022, the number of women on the Board of Directors has remained the same and the number of men has increased.



AVERAGE SALARY
AS AT 31 DECEMBER 2023

The difference in average salary is mainly due to the higher share of men in higher management positions and also the lower average age of women hired for junior positions.



An opportunity for self-actualisation for people of all ages

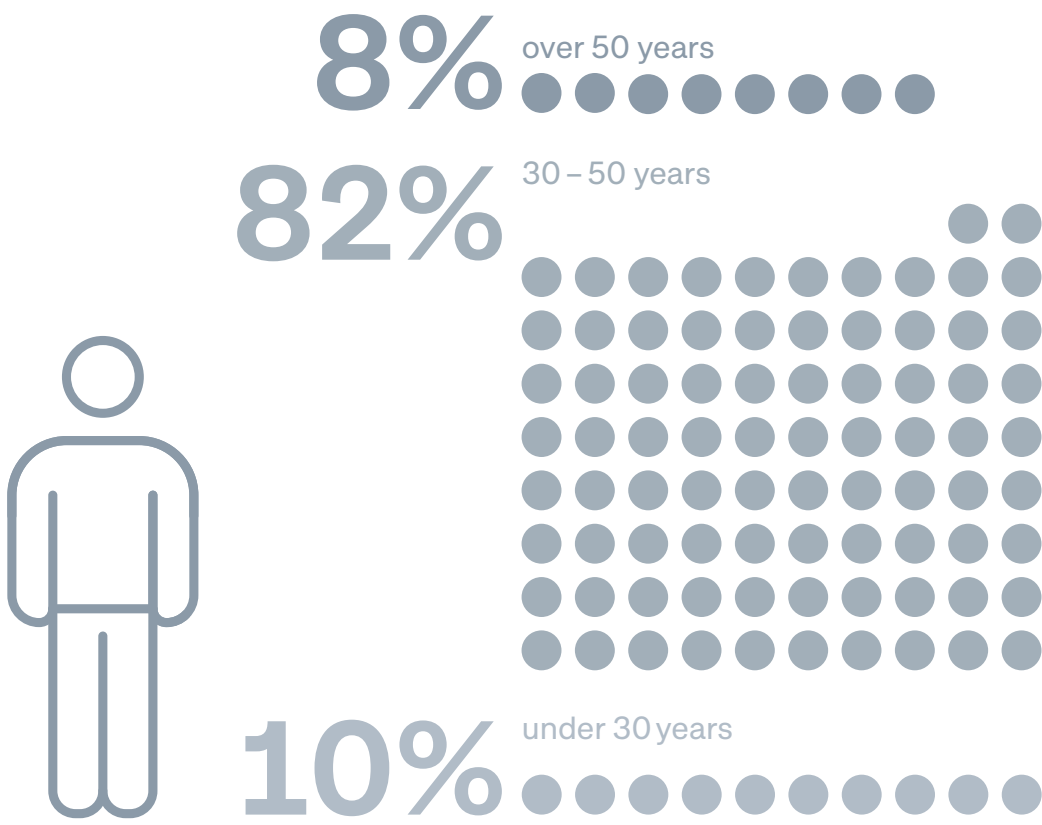
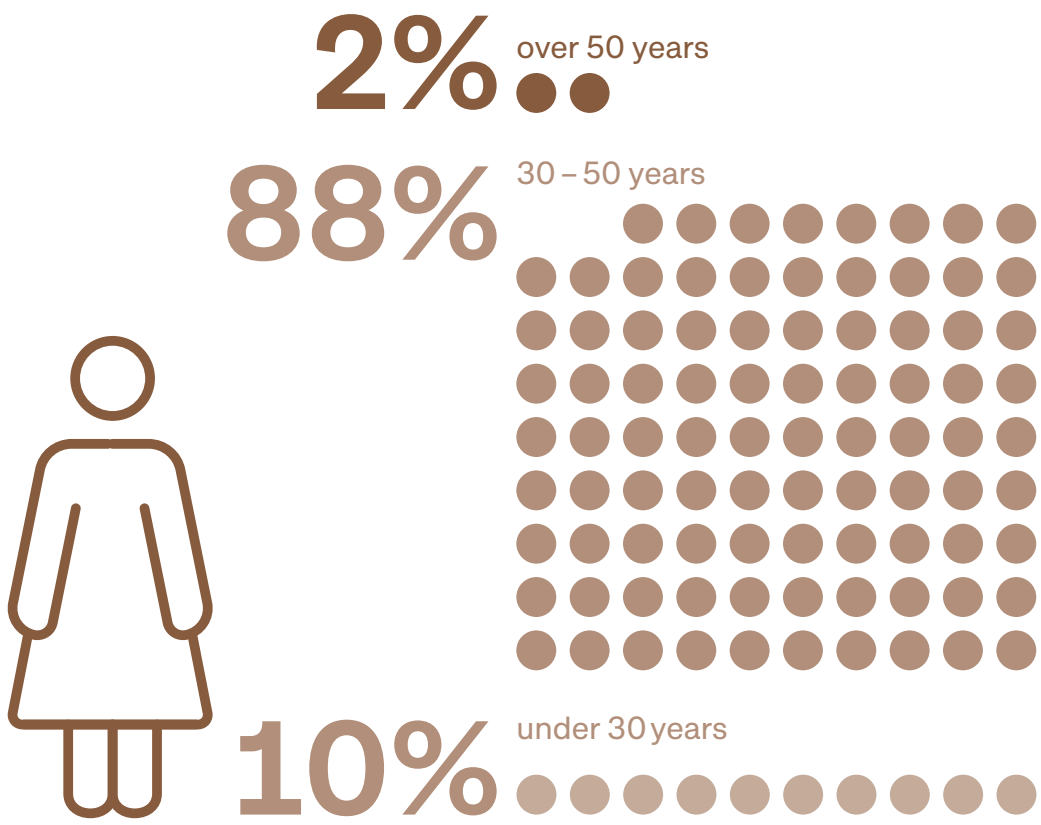
At Lucron, we create opportunities for students or graduates, and we do not discriminate against older workers. However, middle-aged employees make up the majority.

In 2023, we offered our long-time student worker the opportunity to take up permanent employment. We also offered temporary jobs to a law student as well as an IT student. By 2023, we have already offered similar opportunities to over ten students from various schools.

THE AVERAGE AGE of employees as at 31 December 2023

38.8 years

WOMEN 37.7 MEN 39.7



Daniela Petergáčová
Claim and Application Specialist

„I started temping for Lucron in my first year of university as administrative support. Throughout my studies, I gained valuable knowledge and skills here, and I had the opportunity to do administrative work but also work in the field I was studying – translation. Since the beginning, Lucron has constantly provided me with opportunities for learning and professional growth, and it's no different after graduation. Since I started working full-time as a complaints coordinator, I've been given several opportunities to expand my competences and currently, in addition to complaints, I'm also involved in part-time management of AML and administration of the CRM system.”



Karolína Zajacová
student

„I joined Lucron as a university student. Initially, I helped with administrative tasks in the office. Later, I was offered the opportunity to participate in legal tasks and assist corporate lawyers, which allowed me to deepen my knowledge in the study field of law. This experience has given me practical skills and a deeper understanding of legal practice.”



Turnover

During 2023, a total of only 4 new colleagues joined Lucron on a permanent basis and 16 employees left the company. The higher turnover was mainly due to unfavorable market developments in the field of our business.

In 2023, we welcomed back a colleague returning from parental leave he took in 2022 as the first male in our company. We want to continue this trend and encourage other colleagues to do the same. In addition to our male colleague, one female colleague has also returned from parental leave and no colleagues have gone on parental leave in 2023.

As at 31 December 2023, a total of four female colleagues remain on parental leave.

After returning from parental leave, we try to create a pleasant, non-stressful and motivating environment for our colleagues, and also help them get back up to speed.

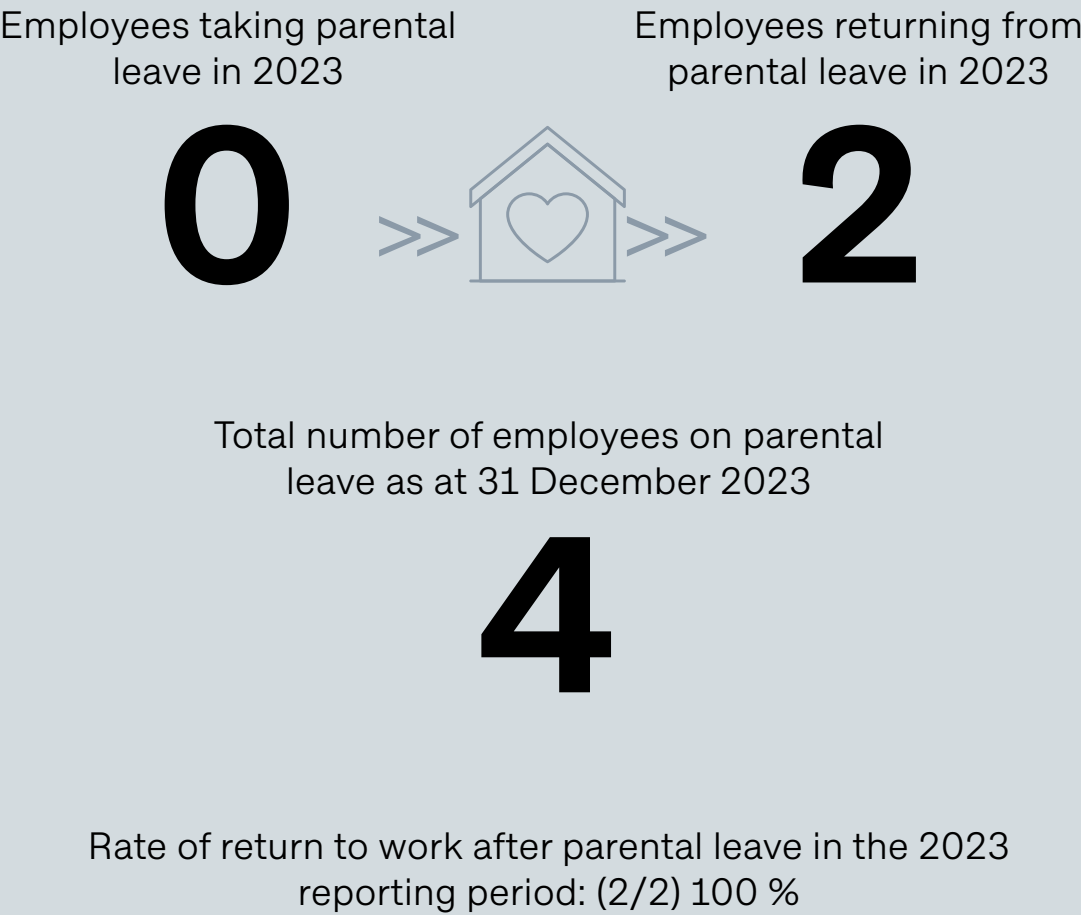
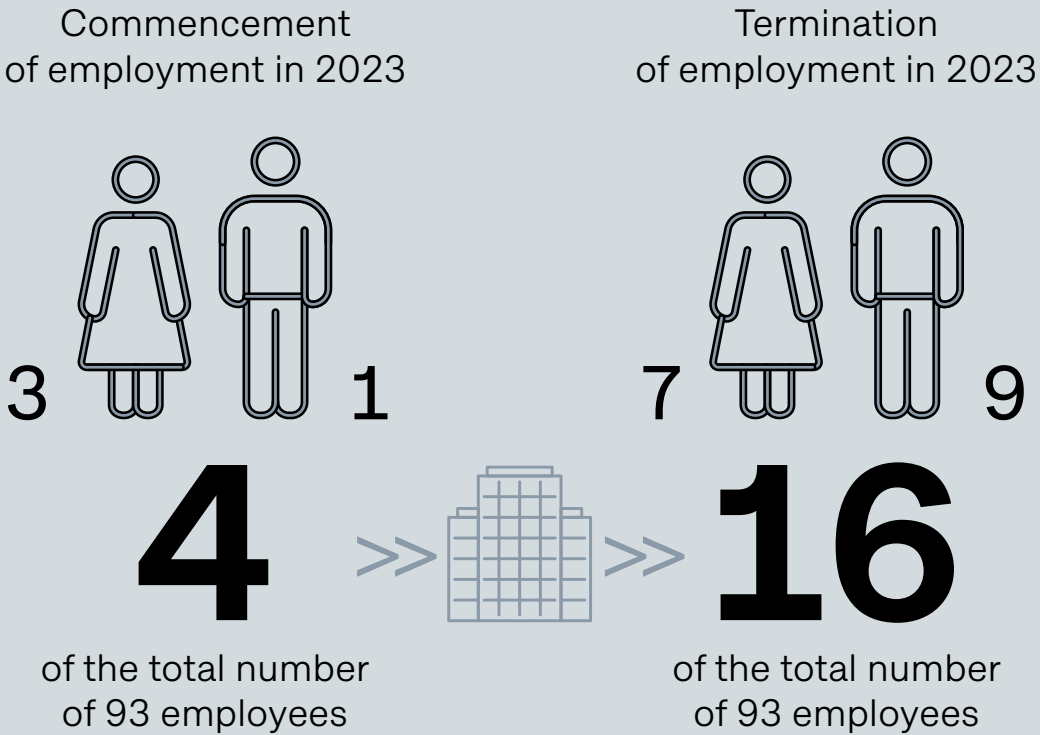
Lucia Bucsai lawyer

„I joined Lucron in 2016 as a junior corporate lawyer for the Arboria Park project in Trnava. Development was something unfamiliar to me as I had previously worked in a law firm as a candidate attorney. Two years after joining Lucron, I took maternity leave from my lawyer position saying that I would definitely be back to work in a year's time. However, fate arranged it differently and the original year eventually became four years. I was, of course, anxious about my return to work as four years away from work life and the team is a long time. I was worried about the new team I was supposed to join, but I convinced myself to see it as a challenge. However, fate intervened once again and two months before I was due to start work I was told that I was returning to the team I had left to go on maternity leave four years ago – to 'my Arboria'. As I was returning to a project I already knew, to the same team of colleagues and the same position, it was much easier to commence work, for which I am grateful to Lucron. My job description remained unchanged, it still includes legal coverage of the project from its planning to its final approval and subsequent legal services for clients.”



Ivana Dovalová junior accountant

„I started working at Lucron in 2018 as a receptionist. Many things have changed in my life during my time at Lucron, including becoming a mother. After maternity leave I was allowed to return to my original position, which I was very happy about because Lucron is an amazing company and I had really enjoyed working at the reception desk. But I didn't stay at the reception desk for long. The opportunity came to move on in my career (yes, it is possible to move on and progress at Lucron). Now I'm in the accounting department.”



Employee education and development

Employee education and development are key aspects for the success of our organisation. We believe that they help employees acquire new knowledge, skills and abilities that are essential for their personal and professional growth, while enhancing the overall performance and productivity of our company.

We consider the following to be the main objectives of employee education and development at Lucron:

Education and development at Lucron took the following forms in 2023:

Increasing the expertise and competence of our employees	INTERNAL TRAINING: organised in the office directly by our employees for the education and development of their colleagues	E-LEARNING AND ONLINE COURSES: flexible forms of education via the Internet, taken by individuals with the agreement of their supervisors and the HR department. This year they mainly focused on: <ul style="list-style-type: none">◦ privacy, AML◦ ESG, environmental topics◦ OHS◦ legislative changes in labour law and payroll accounting◦ complaints and the Consumer Protection Act◦ building regulations◦ cyber security
Adapting to the constant changes in our society	EXTERNAL TRAINING AND COURSES: organised by FBE, our long-standing partner, or other training agencies	
Motivation and commitment of individuals and teams	MENTORING AND COACHING: personal guidance by the certified coach Daniel Bútorá, organised for years in cooperation with FBE	
Individual innovation and creativity		WORKSHOPS AND SEMINARS: interactive team and departmental meetings focused on specific topics



Cooperation with FBE

In 2023, we continued our cooperation with FBE Bratislava, s.r.o., certified to the ISO 9001:2015 and ISO 14001:2015 standards for consulting in business management, organising and conducting trainings and seminars, coaching, and industry analysis.

In 2023, education and skills development in collaboration with FBE was focused on the following areas in particular:

- DEVELOPMENT OF PROJECT TEAMS AND TEAM SPIRIT
- COMMUNICATION AND EFFECTIVE TEAMWORK
- IMPROVING MANAGEMENT SKILLS AND LEADERSHIP

The annual financial volume allocated for cooperation with FBE for 2023 amounted to **14,000 euros** and included **95 hours** of development and workshop activities.

Language training

Language training has been taking place at Lucron for over 10 years. As an employer, we provide English and French language instruction by certified tutors. Language lessons take place during the employees' working hours and therefore do not burden them in their free time. Employees may attend with the approval of their supervisor and the HR department. We spent **over 15,000 euros excluding VAT** on language training in 2023. Nearly 40 colleagues attend the lessons, which makes up almost half of the company.

Regular employee evaluations

In order to manage human resources effectively, we consider it crucial to regularly evaluate our employees. Once or twice a year, supervisors hold individual reviews with their teams or departments to define expectations and also to assess their fulfilment over the previous period. We evaluate to motivate and also to provide feedback, which is important for the employees' development and helps them to continuously improve.

Expert forums and Lucron share-ups

Departments regularly organise expert forums or "share-ups" among themselves and across the company, where they simply share experience and information with each other.

We have been using this internal information sharing system since 2021, when we started working on it more intensively. Given that we employ experts from different fields, we wanted to find a way to learn from our own mistakes and to do things better, more efficiently and sustainably.

Exchange of experience with parent company IKO

During 2023, we continued to work closely with our parent company IKO, especially on issues that remain topical, such as compliance, AML and GDPR.



Health promotion and benefits

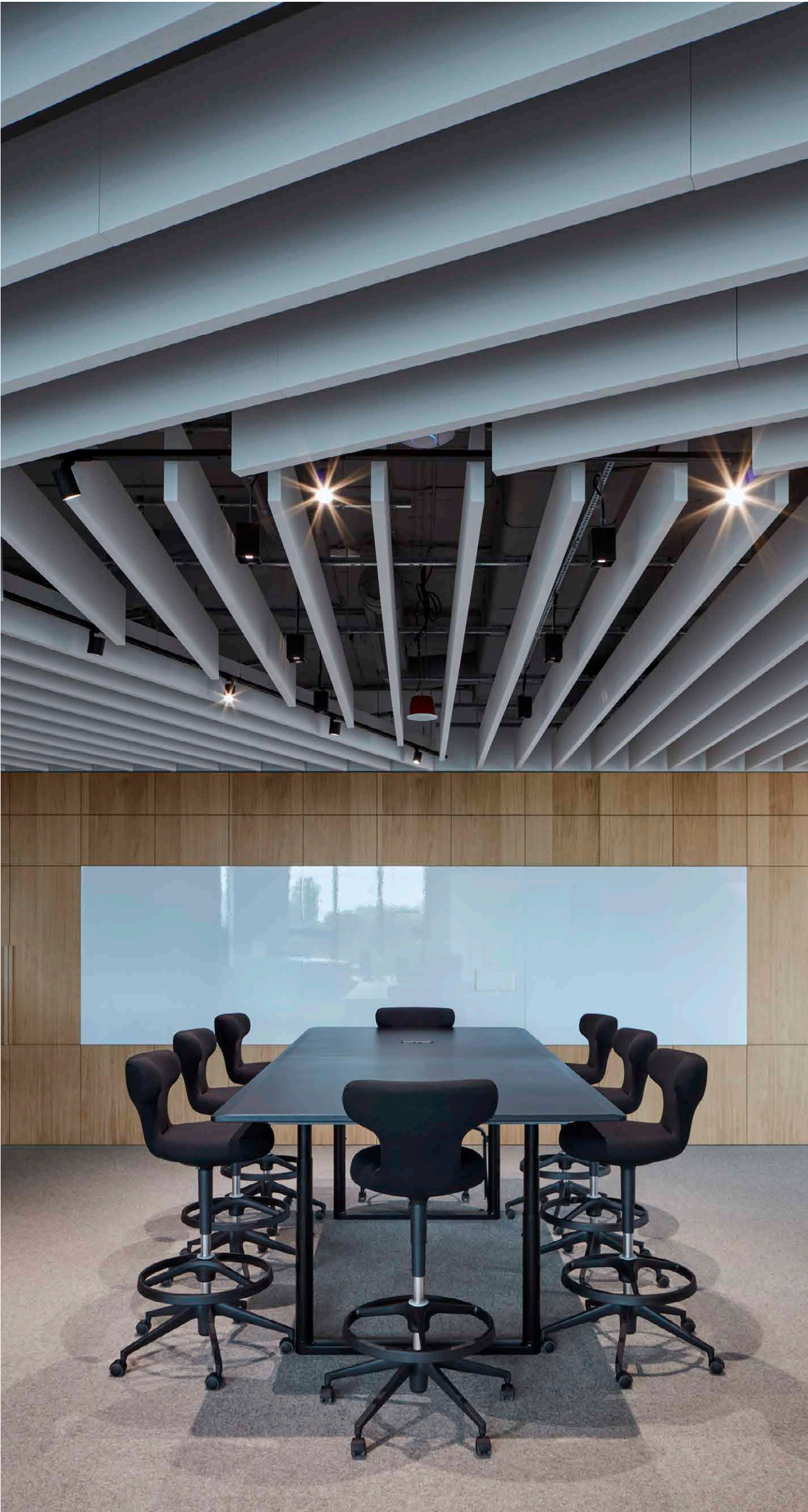
Promoting the health of our employees is a key aspect of an effective working environment as healthy employees are more productive, happier and also less likely to be absent. Lucron promotes the health of its employees in several ways:

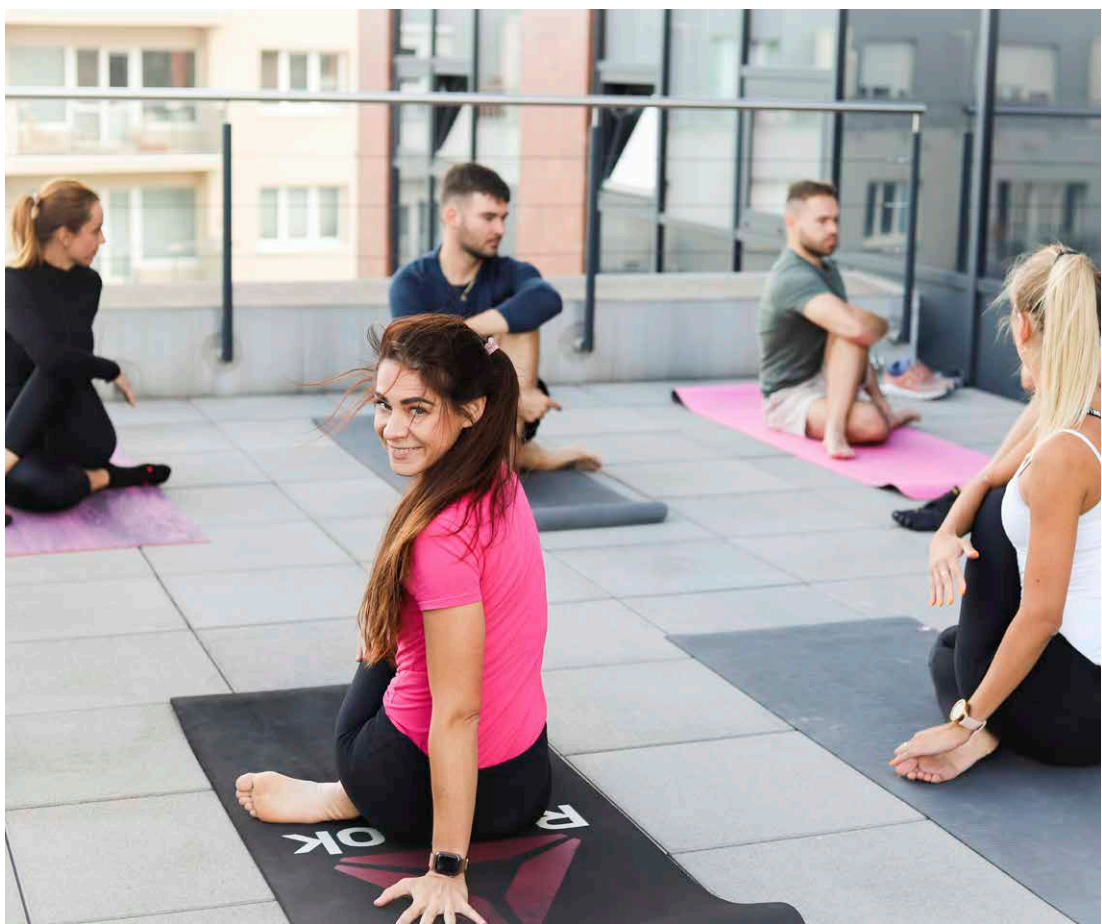


Ergonomic working environment

We are aware that the working environment of our employees has a significant impact on their performance, and we care that they feel comfortable and well at work. In 2018, our office in the Steinerka BC building was nominated in the Innovative Office of the Year category on the Office of the Year platform. When designing our office spaces, the architects focused not only on the selection of high-quality and environmentally friendly materials, but also on technical details and autonomous lighting. Our offices are furnished with suitable work furniture such as adjustable chairs, but also special VTL lamps. The lamps included with each table are equipped with VTL technology, which automatically adjusts to the time

of day and the ambient light in order to adapt the lighting to the human biorhythm. The paint used on the office walls includes patented technology to reduce air pollution. It prevents the formation of mould on walls and ceilings, attracts water molecules from the air and creates an invisible protective film on the wall that prevents the attachment of dirt and dust. It eliminates up to 88.8% of pollutants in the air. It is made from natural raw materials and contains no biocidal products. The carpets are also made of natural materials. Their sound-absorbing surface reduces impact noise by up to 22 decibels. They effectively reduce fine dust in the indoor environment and improve the room climate. In addition to a safe and ergonomically adjustable working environment, we also encourage regular breaks for exercise or short walks.





Promoting mental health and healthy interpersonal relationships

We believe that healthy interpersonal relationships are the foundation for individual mental health. We have been trying to build healthy interpersonal relationships among colleagues since the beginning of Lucron. In spite of the high increase in the number of employees, we try to maintain a friendly atmosphere enhanced by many joint events and activities where we can get to know each other on a level other than work. In 2023, we participated in several team building activities and events together.

LUCRON SKI TRIP
RAFTING
FAMILY DAY
CHRISTMAS PARTY
HIKING

This year, we went to climb the peaks of the Malá Fatra mountain range for the first time and together we overcame our limits and built a team spirit

Promoting exercise

We have been providing MultiSport cards to our employees as a benefit since 2020. The MultiSport card can be used by any employee and our 50% contribution makes it an interesting option to almost every employee. The number of card users is steadily increasing and as at 31 December 2023 there were 32 card users and 18 companion card users – family and friends of employees.

Compared to 2020, when we introduced the cards, the number of cards provided to employees has increased by 40%.

PROVIDING OPPORTUNITIES FOR EXERCISING IN THE WORKPLACE

Yoga classes are in their sixth year at Lucron. For easier logistics and convenience of our employees, classes are held right in our office, in a designated area where we do not disturb other colleagues. Classes are twice a week. Mondays are fully paid for by the employer. The number of colleagues taking advantage of this benefit has been steadily increasing over the years. Currently, there are already 15 employees who regularly attend these classes, thus reducing their stress and also improving their physical health.

ENCOURAGING WALKING OR CYCLING TO WORK

Employees are encouraged to minimise car use. This is also supported by company scooters and practical Brompton bicycles, which are available to employees at all times in our offices, and their rental is recorded and regulated by our reception desk. We are consciously promoting emission-free transport on weekdays.

Organising corporate sports activities such as running, hiking or team sports

We like to exercise together. Colleagues motivate each other, and not just within our group of Lucron runners, which is growing every year.



2023 HIKE IN THE MALÁ FATRA MOUNTAIN RANGE

In 2019, as a group of 20 colleagues, we had the opportunity to cover over 100 km in 5 days and crossed the borders of 4 countries while hiking in the Alps. In 2023, we decided to overcome our limits in a group of over 30 colleagues by traversing the Malá Fatra mountain range, where we hiked over 33 kilometers in 3 days.



FROM THE TATRAS TO THE DANUBE AND BAUMIT PIESTINGTALLAUF 2023

In 2023, the Lucron Running Ahead team participated for the fourth year in a row in the relay race "From the Tatras to the Danube", where the 12-member running team ran over 345 kilometres, and some colleagues also ran their first half-marathon together at the Baumit Piestingtallauf 2023.

2023 BADMINTON CHARITY TOURNAMENT

This is the third year that colleagues have participated in the Badminton Charity Tournament, which celebrated its 8th edition. With our 2nd place we supported the Dúha Crisis Centre with 7,000 euros.

Promoting work-life balance

We encourage our employees to take advantage of the annual allowance for family recreation or a child's sporting activity, and we are not indifferent to their work-life balance.

Financial allowance for meals

As at 31 December 2023, the allowance amounted to 6.80 euros, consisting of a maximum employer contribution of 55% and a social fund contribution of 1.50 euros. The employee thus pays only a minimal and significantly lower amount for meals, namely 1.55 euros. We switched from meal cards to financial allowances in early 2022 at the choice of our employees.

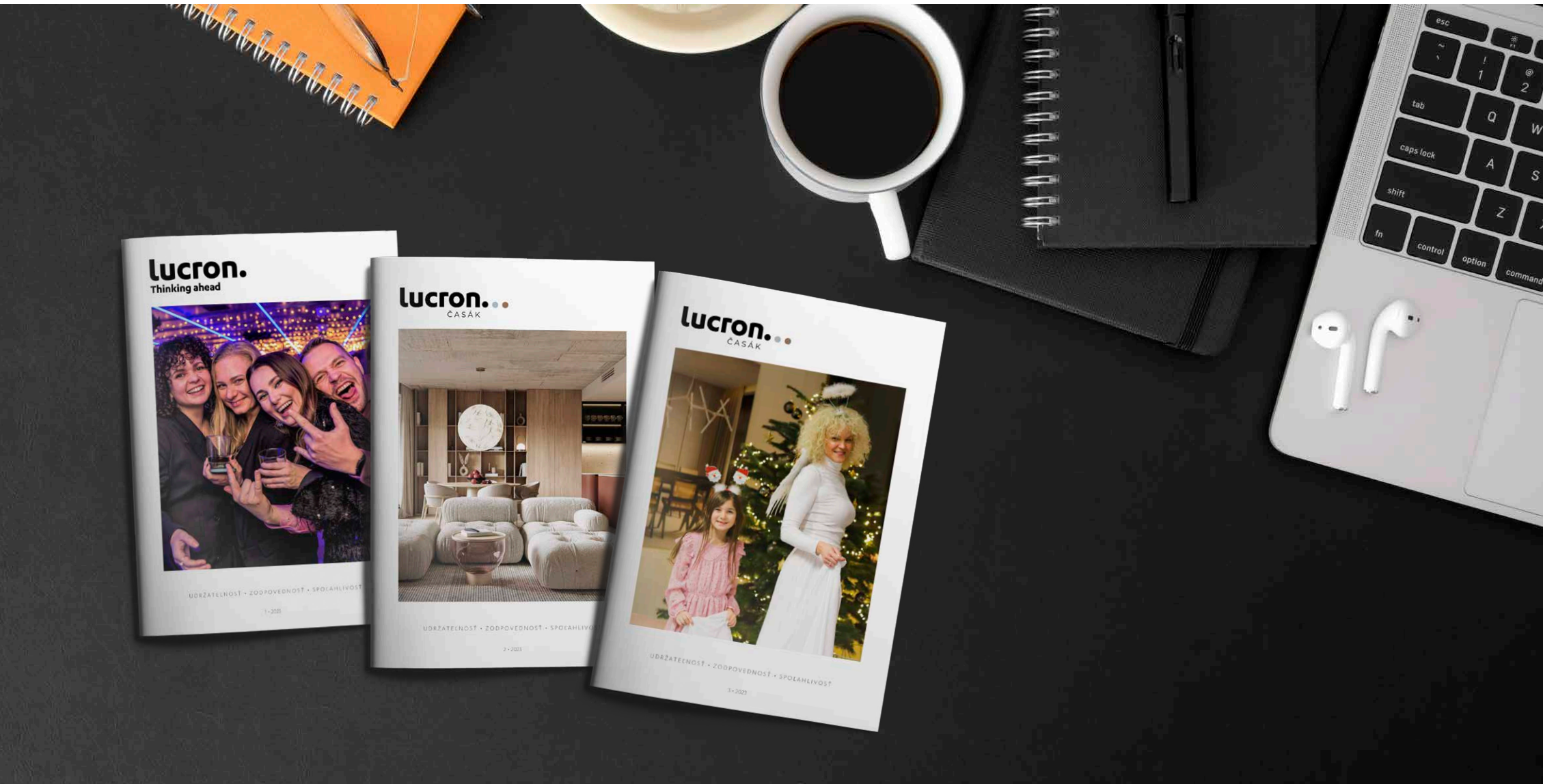
Healthy diet

For over 9 years, we have made sure to promote employee health with vitamins.

In 2023
we ate a total of
3 225 kg
of fruit ordered right
to the office.



Internal communication at Lucron to save employee time



Lucron Intranet

We made heavy use of the newly launched Intranet to communicate news, updates and announcements to employees in 2023.

The marketing and HR departments as well as project departments are able to quickly and easily share the necessary information via this system without overloading the mailboxes of colleagues.

It also provides a space for teamwork, discussion and document sharing.

It allows for quick access to information and company resources such as manuals, databases, forms, etc., saving employees a lot of time that they would otherwise spend searching.

Unlike the Internet, it is protected and ensures the protection of sensitive company information.

Microsoft Teams as a base communication platform

The Microsoft Teams platform, which we implemented at Lucron during 2022, became heavily used in 2023. It allows for easier and faster exchange of information among employees, and it facilitates daily routine communication, which previously took place mainly via email.

Internal Lucron magazine

The employee-addressed publication is intended for internal communication and is issued on a regular basis – 3 times a year. Colleagues can find out new and important information and announcements in the various sections, as well as previously unknown information about their colleagues, who regularly provide cute interviews to the magazine. It often features photos from previous company events and team building and its readership suggests it is popular among colleagues. We publish it digitally, not in print, to protect our environment.

Relations with stakeholders and local communities

We have been maintaining positive relations with all of our partners as well as local communities since the beginning of our operations. Building and maintaining mutually beneficial relationships is consistent with our core values of accountability, reliability and sustainability. Adherence to ethical standards and environmental protection and minimising the negative impact of business on the surrounding area and community are key for us.



Open communication and dialogue as a basis for success

Regular meetings and communication with stakeholders as well as local residents and community leaders allow us to understand people's needs and expectations, which we can then take into account when planning our activities.



We want to be a reliable partner for our customers

As part of building relationships and trust with our customers, we want to provide assistance to our clients even in times when the real estate market is not favourable.

That is why in 2023 we have provided our clients with some interesting bonuses in the Rakyta, Nesto and Arboria projects.

Increased interest rates on bank mortgages have slowed the property market. People have already said goodbye to the 1% interest rates of the past and are now getting offers from banks often exceeding 4%. We help our clients with a "subsidised mortgage rate of 1.47%", which we have introduced in the Nesto project in Petržalka and the Rakyta project in Devínská Nová Ves. The way it works is that if the client decides to take advantage of the offer, after acquiring title to the flat, he or she will receive a one-off payment to make up the difference between the bank interest rate and the subsidised rate of 1.47%, for up to 3 years in the case of the Nesto project and 2 years in the case of the Rakyta project. Thanks to the subsidy, the monthly instalment for a three-room flat in Nesto can drop from 1,272 to 874 euros, for example. In total, it is possible to save over 14,300 euros on 36 instalments.

When arranging a mortgage in 2023, our clients were able to take advantage of two more benefits. If taking out a loan from a partner bank, they did not have to get an expert's report, and could get a discount on the loan origination fee of up to 100%.





We continue to avoid inflation clauses

Prices of flats remained unchanged in 2023, regardless of how inflation and costs of building materials evolved. We apply this principle in all our projects. In other words, there is no inflation clause in the sales contract. We did not apply inflation clauses in the 2021–2022 period either and we have managed to maintain this trend because we believe that as a responsible and reliable developer, we should not under any circumstances transfer business risk to our clients.

Another bonus that we have tried to help our clients with in 2023, which represents thousands of euros saved in financial terms, are the kitchens in the flats of the Arboria project in Trnava. As a developer, we keep a good track and have contracted specialists with many years of experience who do quality work. In addition to the modern and practical design suitable not only for families, the bonus also includes appliances and their installation so that everything goes smoothly.



We communicate effectively thanks to the client portal

In early 2021, in accordance with the plan, we successfully launched a client portal with the goal to simplify and streamline communication between Lucron's sales team and clients. The portal aggregates all information about products that a client has already bought from us or is considering, and it facilitates communication with our sales or complaints department.

Access to the portal is granted to clients upon signing a reservation contract for a chosen product, and all information about the product can then be accessed only with a self-generated password. The portal contains all contractual documents for the product, invoices or other documentation in electronic form. It can also send notifications alerting clients to important milestones, dates of meetings or technical inspections, but also to upcoming payment dates, which eliminates the risk of late payment and subsequent complications.



We process complaints within the statutory time limits

Our company places great emphasis on smooth and transparent complaints handling to ensure maximum satisfaction of our clients. For this purpose, we have created a client portal that allows easy submission of complaints and provides an overview of their current processing status.

The client portal is designed to be clear and user-friendly. When submitting a complaint, clients have the option to upload a detailed description of the defect, photo documentation and mark the room in which the defect is located. In this way, we ensure that our complaints department receives all the necessary information to resolve the complaint quickly and effectively.

After submitting a complaint, clients have all the necessary documents related to the complaints procedure available through the portal. The portal also allows them to follow every step of the procedure, and they are immediately informed of any changes during the complaints procedure via email notifications.

Our complaints department is always ready to provide clients with the necessary support and answer any questions that may arise during a complaint.



We think about the environment with our customers

Our clients receive all the materials needed to take over a flat (flat standards, standard specification sheet, user manual for the flat, etc.) exclusively in electronic form and, together with other documents, they can be accessed at any time through the client portal.

This change allowed us to significantly reduce the consumption of paper as well as the need for space for physical storage of documents.

We process all complaints within the statutory time limits, striving for the quickest and most effective resolution.

We see long-term cooperation with suppliers as key

We recognise that relationships with our suppliers are a key factor in the efficient and sustainable operation of Lucron. Well-managed supplier relationships contribute significantly to the efficiency, competitiveness and overall success of our company. They also create an environment for innovation and mutual growth, which we firmly believe benefits both parties involved.

Quality relationships with suppliers are based on mutual trust and open communication. Transparent, regular and open communication with suppliers ensures that we are clear on both sides about expectations, deadlines and conditions of cooperation, which helps to minimise the risk of misunderstandings and conflicts.

We consider it most important at all times to maintain fairness and respect for their interests, which contributes significantly to long-term cooperation.

Areas of operation of key suppliers of Lucron as a management company:

- offices and their furnishings
- insurance companies and banks
- employee education
- recruitment agencies
- legal services
- telecommunications services
- accounting and auditing activities and tax consultancy
- other

Areas of operation of key suppliers for the implementation of Lucron projects:

- design and architectural studios
- engineering activity
- land surveying services
- field of construction
- banking sector and insurance companies
- advertising agencies
- other

Sustainability and ethics at suppliers and partners

We are placing increasing emphasis on supplier responsibility in the area of environmental and ethical standards. It is increasingly important to us to work with suppliers who respect the principles of sustainability and fair trade. That is why we like to work with suppliers whose ethical standards we know in detail and which are consistent with the values of sustainability, responsibility and reliability.

Our suppliers are certified to the ISO 9001:2016 standard for quality management systems, the ISO 14001:2016 standard for environmental management systems and the STN ISO 45001:2019 standard for occupational health and safety management systems.

According to a 2022 survey, our partners build their sustainability on reducing their carbon footprint, supporting the production of energy from renewable sources, backing ecological projects, focusing production on long-lasting products and also on a sensitive approach to nature during production and the subsequent life cycle of products. Within the banking sector, this approach is manifested mainly by investing in green bonds or by assessing ESG factors when financing projects.

Supporting local suppliers

TODAY, WE WORK MAINLY WITH LOCAL SUPPLIERS AND ARE HAPPY TO CONTRIBUTE TO THE DEVELOPMENT OF THE LOCAL ECONOMY.

In the 2023 reporting period, Lucron Group, a. s. cooperated with over 300 suppliers. Payments to suppliers made between 1 January 2023 and 31 December 2023 amounted to over 5,900,000 euros. In 2023, we did not notice any significant changes in our supply chain. We meet our obligations to suppliers within the agreed deadlines and have no outstanding liabilities as at 31 December 2023.

Seesame PR agency

„We view our several-years-long cooperation with Lucron very positively. We find the approach of its employees with whom we interact to be both professional and enriching, which contributes to the smooth performance of joint activities. At the same time, Lucron always strictly meets the agreed deadlines and fulfils its obligations reliably and responsibly, which we consider to be a prerequisite and a guarantee of quality cooperation.“

Tristel construction supervision

„Lucron has always been a reliable partner for TRISTEL, s. r. o. What is agreed is done. This is primarily because Lucron employs professionals and manages its projects in a thought-out and straightforward manner.“

L-Construction construction company

„We have been cooperating with Lucron on many projects in Bratislava and its surroundings since 2016. During this period, we have managed to implement many residential projects together, which are still familiar to professionals and laypeople alike, and we believe that they will remain familiar in the future. The success of these projects is certainly due to the Lucron brand and its professional approach to clients' needs. On behalf of L-Construction, I can attest to the excellent cooperation and communication with Lucron's management team throughout the construction process.“

Projects benefiting the general public and local communities

Relationships with local communities are an integral part of our company's long-term sustainable development strategy. We have always and will continue to care that projects have a positive impact on the lives of communities and the general public.

We aim for our projects to have an impact on the lives of the residents who move into them or already live in them, and to make them a real home.

At the same time, we cultivate communities by sharing our values and we strive to build and take responsibility for our neighbourhoods, the environment and the development of meaningful and socially responsible urbanism by engaging residents in shared activities.



WHAT HAVE WE BUILT SO FAR?

Arboria

- We have already handed over two roundabouts to the city of Trnava
- We have built public spaces for residents
- We have launched a rental housing project
- We have built Relax Park, a multifunctional sports playground for residents and the general public
- We have brightened up a peripheral part of Trnava
- We have launched bike sharing in Trnava and promoted emission-free transport for residents
- We have held regular neighbourhood events and community building activities



Malé Krasňany

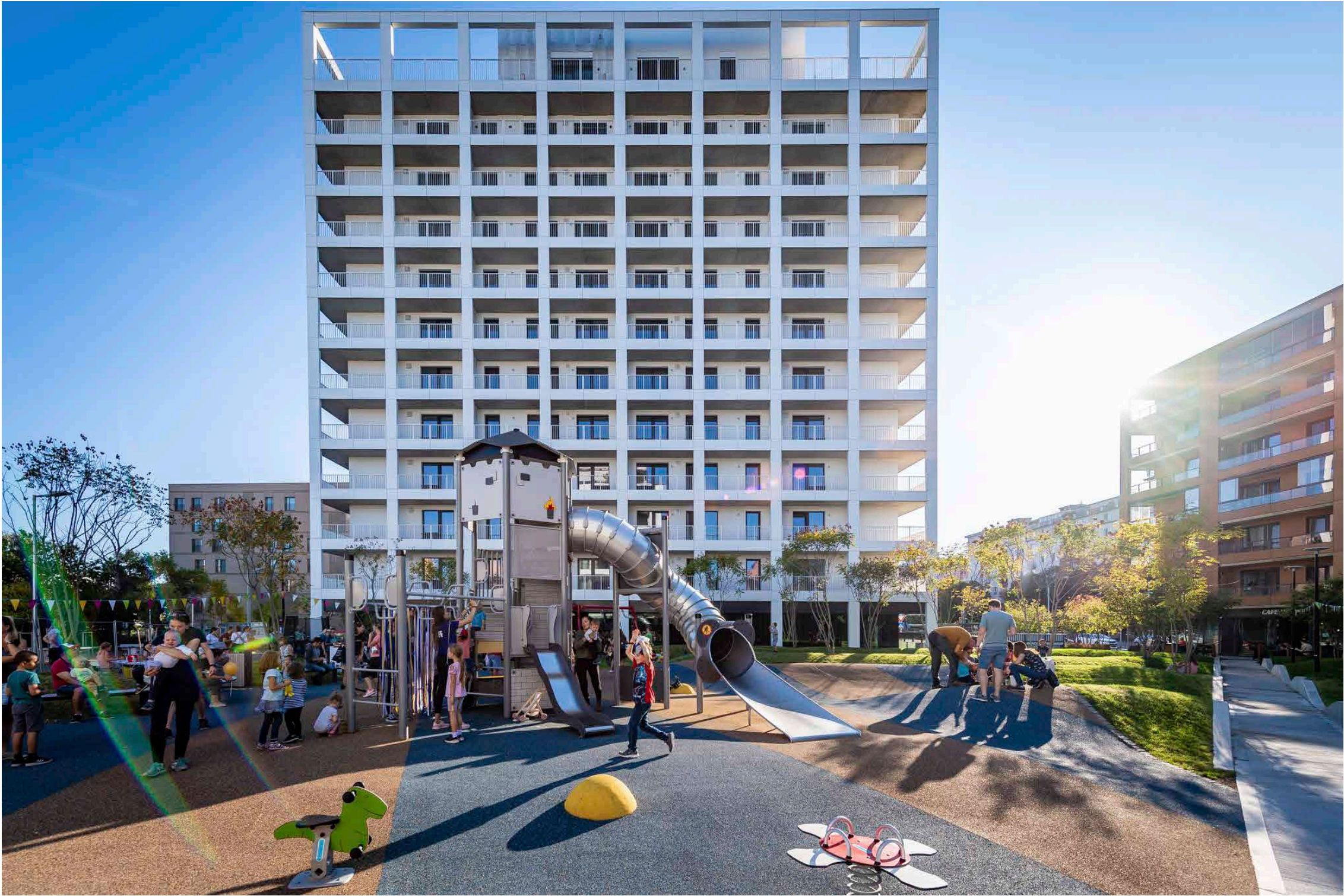
- We have built our first retail outlets in our projects and opened them to residents – a kindergarten, a grocer's
- We have reserved two-thirds of the undeveloped areas for playgrounds, benches and trees for children and adults
- We have built a direct connection to the network of cycle paths and hiking trails
- We have organised annual neighbourhood events to build relationships and the community

Urban Residence

WE HAVE BUILT A MULTIPURPOSE PARK IN THE WIDER CENTRE OF BRATISLAVA AS PART OF THE PROJECT

The park in Nové Mesto is a zone that has the potential to connect residents of recently built projects as well as the original inhabitants of this area. The park is adorned by 41 new, grown trees. Its equipment includes comfortable benches and armchairs as well as an innovative playground for children with disabilities. Children who use wheelchairs can play in a specially designed sandpit, swing safely on swings or rollick on merry-go-rounds. Dog owners will appreciate two new runs for small and large dogs, which will guarantee them sufficient freedom and safety for socialising or when being walked or trained.

Zoltán Müller :
„We have designed it with the smart city concept in mind, which is why our park is environmentally friendly and inclusive for all its visitors. With the chosen park equipment, we want to create a friendly environment where families with children, dog walkers, people with disabilities and the whole community can get together.”



WE HAVE BUILT OUR FIRST URBAN STREET RETAIL, WHICH BRINGS A NUMBER OF SMALLER OUTLETS CONVENIENTLY ACCESSIBLE FROM THE STREET.



Vydrica

- We have revitalised the Water Tower with the aim of creating a lively, active and green public space that will become a meeting place and a venue for cultural events
- We have participated in the reconstruction of the Danube promenade between River Park and the UFO Bridge
- We have preserved the historical footprint of the lower castle area and built on its rich past, which is reflected in the design and materials used
- We have kept the ice pits, which will be open to visitors and the public



Nesto

- We have planted over 600 trees and 1,642 shrubs grouped mainly around property boundaries as well as along the state border
- In cooperation with EDULAB, we have created a space and a platform for interactive education around the bunker
- We have revitalised the surroundings of the bunker so that it can be used by the general public – we have built gazebos, benches, barbecues, etc.



WHAT DID WE GET DONE IN 2023?



Arboria – a lively community for its residents

Trnava's Arboria is not just a fully fledged urban neighbourhood we have been building since 2011. It is a key project for the development of the entire locality, which already brings many benefits to residents in the wider area.

The start of construction of the new Lúčna stage in July 2023 was an important milestone in Arboria. We have also managed to prepare over 160 flats in the Kvetná residential building for final approval.

WE ARE CONSTANTLY IMPROVING THE CIVIC AMENITIES OF ARBORIA.

Four new establishments have been added: AlmaCare beauty salon, Na-mas carpentry, Tri Šišky centre for children and parents, and SK Dental – one of the largest dental clinics with an emergency room.

A new GLS parcel box was also added in 2023, making life easier for residents by allowing them to pick up packages 24/7 right in Arboria.

NEIGHBOURHOOD EVENTS – PROMOTING COMMUNITY LIVING

In 2023, we continued to help organise neighbourhood events, including a World Children's Day celebration, a summer barbecue, pumpkin carving, a Saint Nicholas Day gathering, and various activities at Relax Park, which again strengthened neighbourhood relationships in Arboria.

Nesto's character will support community life

The planned public space in the Nesto project in Bratislava's Petržalka will largely consist of a square complemented by attractive movables and greenery. The space will support community life and gatherings of the residents of the new neighbourhood, and at the same time will allow the organisation of smaller or larger events.

The square will transform smoothly into a park-like pedestrian zone (a "green corridor") leading past a forest near a First World War military cemetery and a historic anti-tank bunker. The B-S 8 bunker and the anti-tank ditch, which date back to the 1930s and were built as part of the Czechoslovak defence system, will undergo revitalisation along with the entire surroundings.

DEVELOPMENT, REVITALISATION AND EDUCATION WITH NESTO'S HISTORY IN MIND

Nesto's 2023 was marked by the construction of the first stage called Na námestí, which we plan to complete during 2024, and the owners of 164 flats should start moving in the summer of 2024.

An important Nesto milestone was the finalisation of the preparation of the commercial rental housing project, which is progressing as planned and we aim to start construction in the first half of 2024.

We have completed the reconstruction of the Kopčianska – Bratská intersection and revitalised the forest park, where we have placed covered picnic seating, benches and deck chairs, including two barbecues and bins for separated waste. We have introduced experiential education in Nesto in cooperation with non-profit organisation EDULAB. People can learn about the local history in a playful way.



Vydrica is becoming a lively neighbourhood

In 2023, we focused on selecting suppliers of quality materials that will be used in the construction of flats and public spaces in the Vydrica project. Vydrica is undergoing final approval in the summer of 2024 and the results of our work will soon be visible to the public.

During the year we presented a realistic 3D animated model of a completed Vydrica. In addition, we brought a unique perspective on interior design in the Vydrica Designers project, where we showed exclusive flats in the V4 building, the construction of which we plan to start early next year. The construction of the first stage of the project progressed according to plan. During the year, the exteriors and façades were presented to media representatives as well as to current and future clients during the Vydrica VIP Days.

The final form of the supporting wall is also visible, with stone facing at the bottom and gabion cages with a completed replica of Kempelen's water conduit at the top.

We have successfully completed the traffic connection of the first stage in the form of a junction with a public transport stop and we are already preparing documents for its final approval. We have also shown the future shape of the new neighbourhood and flats to clients who can book a personal tour of the site with a salesperson. In the past year, we have managed to contract new retail outlets and the first clients for Vydrica Offices.



Meaningful partnerships

Promoting education

Our CEO Zoltán Müller has always been an initiator of education promotion as evidenced by his private initiative within the Change for Slovakia platform. Therefore we as a company feel obliged to be helpful in this aspect, especially in areas that affect our business.

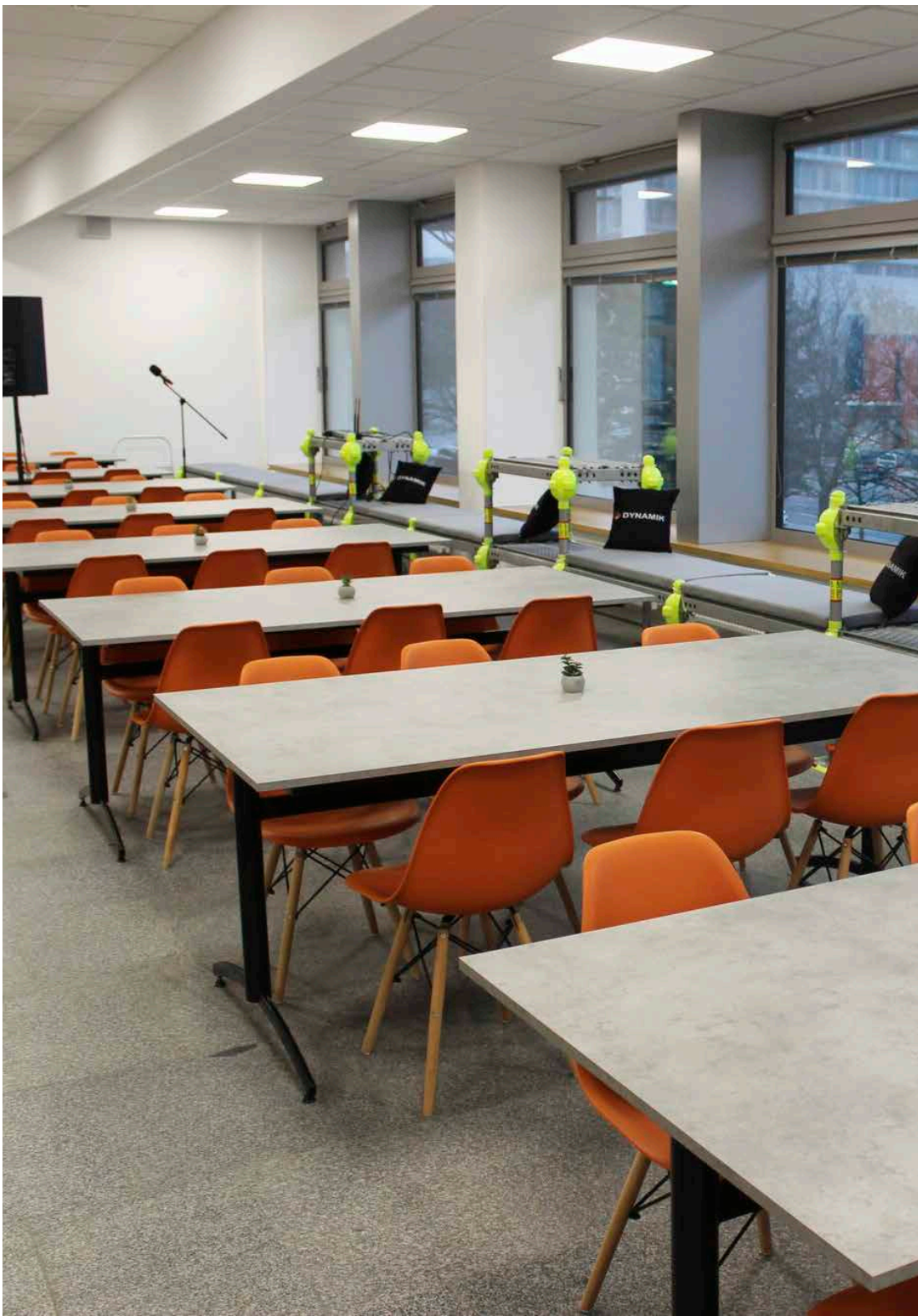
In addition to assisting and supporting students, offering internships and job opportunities, we continued to organise field trips, we helped modernise a student zone and we also completed an educational programme for schools in cooperation with EDULAB as part of the Nes-to project in 2023.

MODERNISING THE STUDENT ZONE OF THE SLOVAK UNIVERSITY OF TECHNOLOGY

In 2023, the Faculty of Civil Engineering approached us about a project to modernise the student zone of the university. We supported the project with 5,000 euros in the form of a financial donation from our citizens' association Lucron pomáha.

In March 2024, a new, modern and inspiring student space in front of the auditorium was successfully completed.

Though small, such steps help develop the Slovak construction industry and encourage the skilled and talented students of Slovak civil engineering to positively influence the urban development of our city and country in the future.



STUDENT EXCURSIONS IN VYDRICA

In cooperation with a senior lecturer from the Faculty of Civil Engineering of the Slovak University of Technology in Bratislava (STU), we started organising excursions for students in 2022.

In 2023, we continued in these activities and organised another two beneficial excursions for different groups of students. We try to show students how they can apply the theory they learnt in school to practice and we give them all the important information about the project directly on the construction site.

In the autumn of 2023, an exceptional tour took place in Vydrica, which was attended not only by students of the Faculty of Architecture and Design of the STU but also by experienced engineers from the Slovak Civil Engineering Society.

Another excursion organised this year showed the interior of buildings and flats, the already completed façades and the almost completed first stage to students from the Institute of Management of the STU.



EDULAB

LUCRON INTRODUCED INTERACTIVE HISTORY LESSONS IN NESTO, ENCOURAGING SCHOOLS AND THE PUBLIC TO EXPERIENCE MODERN LESSONS IN NATURE

We are building the most modern neighbourhood in Petržalka in a unique area which we are revitalising with respect to the past. The Iron Curtain stood here quite recently, separating two different worlds. Today, on the border with Austria, we are building a new neighbourhood whose vision is to bring people together. So, in cooperation with non-profit organisation EDULAB, we prepared an educational programme for schools and supported the installation of an educational board situating the historical milestones of this place in a broader context. The revitalised forest park will serve not only for school excursions as it is also open to the general public.

We are aware that the legacy of history needs to be preserved for future generations. So we initiated educational activities and established cooperation with EDULAB, which implements many educational projects nationwide and also provides Innovative Education courses.

"Historically, there were several borders here. First it was the limes of the Roman Empire. In the period of the First Republic, the borders of the former Czechoslovakia. And the Iron Curtain during the Cold War. Today, we are part of the Schengen area – a world without borders", says Ján Machaj from non-profit organisation EDULAB, which prepared the interactive educational board in cooperation with Nesto.

The board explains different types of borders in four historical periods. It includes background information and facts, a timeline, as well as illustrations and photographs. By scanning the QR code, pupils will be able to test their



knowledge in the form of an interactive test. "We motivate teachers and pupils to leave the classroom and go and see the place where borders stood throughout history. They can try field education, which is more fun and attractive for children. In Nesto, they can literally touch history and experience everything that modern history lessons should contain", explains Ján Machaj. The first schoolchildren have already visited Nesto in the new school year.

"Combined with classroom activities, pupils will use this information board to present a cross-cutting topic in an interesting way that will reveal the history of borders. They can also see buildings and artifacts that are directly related to several of the topics we are learning about. After an adventure, they will better remember the material they learnt from textbooks and maps. This place also invokes a certain emotion in children, which is a great experience for them", says Lucia Matúšková, a history

teacher who came to Nesto with her pupils from Spojená škola Novohradská

LINKING HISTORY AND FUTURE

„There used to be a no-man's land, a border zone that you couldn't even get close to. Today, we are building Nesto, a modern neighbourhood and a new chapter in the history and aesthetics of the area. We have also revitalised the adjacent forest park and artifacts to educate young people directly in the field“, declares Michal Brúsil, development manager of the Nesto project.

Visitors can easily get here by car, by bicycle on the new cycle path or by public transport line number 80, which ends directly in Nesto.

„I would like to invite not only primary and secondary schools to Nesto, but also the general public to come and try this interesting form of interactive education. They can also relax in the pleasant forest park, which we have equipped with covered seating, comfortable loungers, benches and a barbecue so you can have a family picnic. Our vision for this area, which is just a stone's throw from the historic centre of Bratislava, is clear. An attractive neighbourhood and new communities of people united by history“, concludes Michal Brúsil on behalf of Nesto.

Lucron pomáha

We have been planning to establish a citizens' association for several years. Finally, in 2022, we managed to realise this idea by buying an existing association, which currently operates under the name LUCRON POMÁHA.



Via the association, we aim to support activities of general benefit to society, in particular the protection and development of the environment, education, science and research, humanitarian and social aid, protection and promotion of health, support for people with disabilities, children and youth, but also the rest of the public in any activity in accordance with its statutes.

In 2023, we were successful in doing this, especially by providing financial or material support to various organisations and associations, as well as by providing individual help to people who needed it.

Thanks to our association,
we were able to help those
in need with a total of almost
25,000 euros in 2023.



Supporting sporting activities of our colleagues' children

In 2023, we also used the association's funds for a new and attractive purpose of supporting the sporting activities of our colleagues' children. The support took the form of a questionnaire to gauge interest and then we allocated the 5,000 euros to support sports clubs or a dance school actively attended by our colleagues' offspring.

Helping homeless people

Cooperation with Vagus, a citizens' association

We have been supporting non-profit Vagus for the third year. We started these activities in 2020 after establishing contact with the association, and we gradually joined the Medzimiesto integration programme, which consists of paying the rents in the housing stock and of material assistance in moving in new Vagus clients.

The choice of the Medzimiesto programme is linked to the object of our work – the provision of housing, as it provides housing to people who have the potential to turn their lives around.

The financial donations from our association to Vagus were made through a donation agreement.

Since we consider this cooperation meaningful, we also decided to help in ways other than financial.

In November 2023, we cooked a hundred servings of Szekely goulash for the homeless on the Vagus premises and donated sleeping bags to those who had no accommodation in those freezing days.

Being part of this initiative makes us truly happy and we believe that even such small gestures can make a big difference for homeless people.

In 2023, we helped Vagus with 5,000 euros, thanks in part to which Vagus was able to help to up to 1,500 people in need.



Volunteer activities of our employees

Volunteering gives us the opportunity to help people from all walks of life in a meaningful way, even without defining specific goals or groups. At the same time, this also includes activities that help not only people, but also the environment as a whole, and we try to involve our clients or partners in our help.

Such activities included the 2023 Badminton Charity Tournament or the traditional Christmas collection for seniors known as "How Much Love Can You Fit into a Shoebox". Our colleagues also showed their culinary skills at the Vagus centre, handing out over a hundred servings of goulash to the homeless.

We are also delighted with 7,000 euros raised, the highest amount ever, which will make the children at the Dúha Crisis Centre happy.

Badminton Charity Tournament 2023

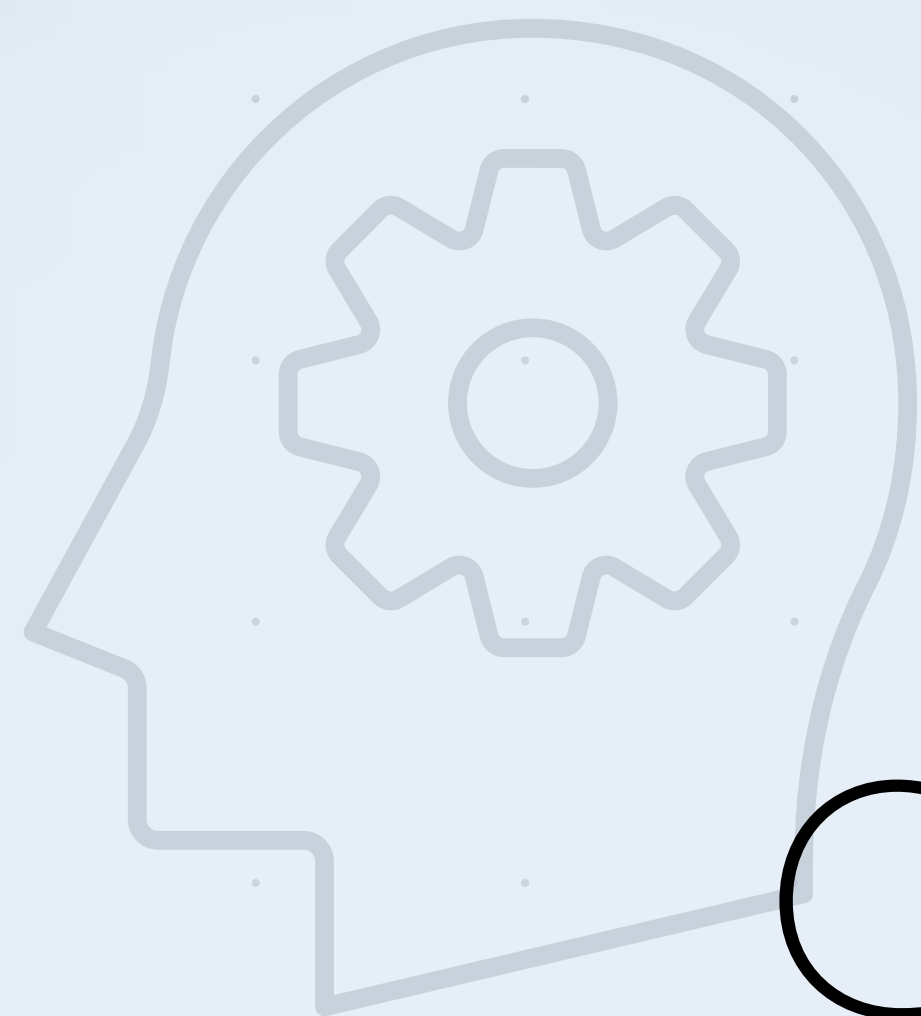
In autumn 2023, our skilled colleagues represented Lucron at the 8th edition of the Badminton Charity Tournament 2023. Out of 34 teams, one of our teams took a great 2nd place. Congratulations to them!



The 2023 "How Much Love Can You Fit into a Shoebox" collection

And how best to motivate those around you if not by your own example? For the fourth year we are part of a nationwide collection of Christmas boxes for seniors. Together we collected 65 boxes in 2023, which we handed over to Seniorcentrum Staré Mesto at Podjavorinska 6. Thank you to our employees and clients who, after our invitation, joined us again in the collection.

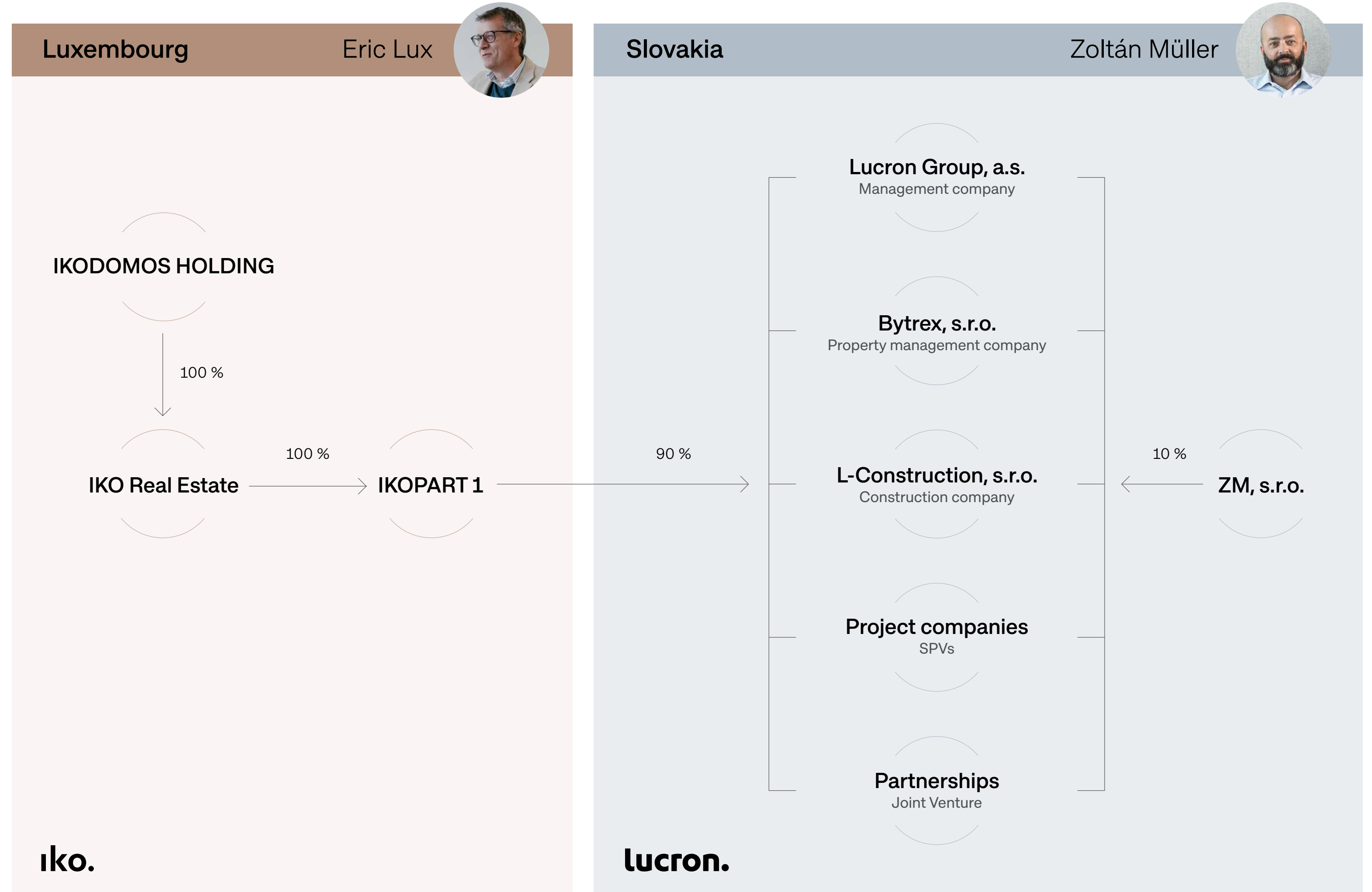




Governance Part

Ownership structure

Lucron is part of the IKO Real Estate international group from Luxembourg with a 30-year history in the real estate sector.



Lucron Group's business model

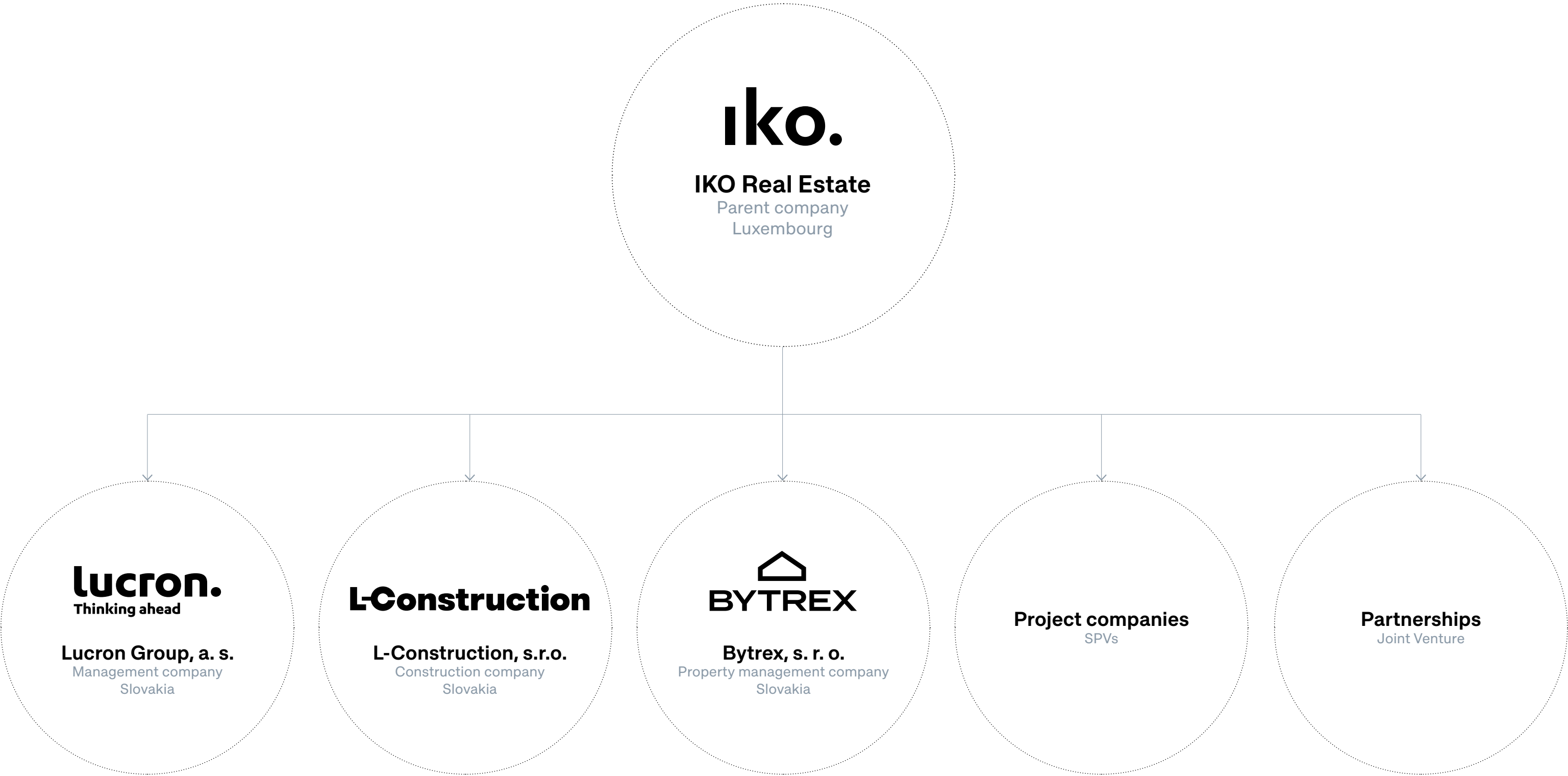
Lucron Group, a. s. is a company that performs project management for special purpose vehicles through which we implement development projects – our products. Lucron Group covers all activities from land acquisition, planning, project management, financing to marketing and final sales.

Bytrex is a management company that provides comprehensive management of residential and multifunctional buildings in Bratislava and Trnava. Bytrex covers real estate management in the economic, technical-operational and legal areas.

L-Construction is a construction company focused on residential, commercial, industrial and utilitarian construction. It has been active in the construction market since 2015. It implemented the Malé Krasňany and Urban Residence projects for Lucron Group. The Arboria and Nesto projects are currently under construction. In addition to Lucron Group projects, L-Construction is engaged in the construction of projects throughout Slovakia.

Project companies execute and implement individual projects of the Lucron Group.

Joint ventures. In the Rakyta and Vydrica projects we cooperate via joint ventures with Lucron Group, a. s. managing the projects.



Management structure

Lucron is a company limited by shares, established and existing in accordance with the applicable legal regulations of the Slovak Republic. The company complies with all corporate governance requirements laid down under legal regulations of the Slovak Republic, in particular the Commercial Code. Lucron follows the Code of Corporate Governance and employs full-time staff.

THE BOARD OF DIRECTORS

is the governing body of Lucron Group, a. s. As at 31 December 2023, it is composed of the following persons:

- Ing. Zoltán Müller – Chair of the Board of Directors**
- Mgr. Zuzana Müller – Member of the Board of Directors**
- Mgr. Lukáš Dlugoš – Member of the Board of Directors**
- Ing. Juraj Ťahún – Member of the Board of Directors**

The Board of Directors is the statutory body of the company. It is authorised to act on behalf of the company in all matters and represents the company vis-à-vis third parties, before courts and other authorities. The Board of Directors manages the company's activities and decides on all issues unless they are reserved by law or the statutes for the General Meeting or the Supervisory Board. Members of the Board of Directors are elected and dismissed by the General Meeting of the company. The Chair together with another member always act and sign on behalf of the Board of Directors.

THE SUPERVISORY BOARD

is the supreme supervisory body of the company. It supervises the actions of the Board of Directors and the conduct of the company's business. As at 31 December 2023, the Supervisory Board is composed of the following persons:

- Eric Lux – chair**
- Ing. Marek Plochán – member**
- Romain Mathias Joseph Bontemps – member**

LUCRON'S MANAGEMENT

Lucron's management sets the direction and overall strategy of the company. Each management member is responsible for his or her departments and project teams which have their own managers.



Zoltán Müller
Chief Executive Officer

Zoltán Müller is the CEO of the company. He founded the company in 2005 and has been building our business since the beginning. Born in Bratislava, he lived, studied and worked in Germany for 18 years. He studied at the European Business School in Oestrich-Winkel, Germany, with a focus on finance and international management, and in 1998 he received his Diplom-Kaufmann. He started his career in asset management in Frankfurt am Main, but soon turned his focus to real estate. After five years he sought the opportunity to move back to Slovakia and launch activities in real estate development with his partner Eric Lux.



Slavomír Habánik
Development Director

Slavomír Habánik is the company's development director. He is responsible for the implementation of the company's strategy and the timely and cost-effective execution of development projects.



Zuzana Müller
Legal Director

Zuzana Müller is the legal director of the company. She is responsible for the entire in-house legal department, managing transactions and coordinating projects from a legal perspective.



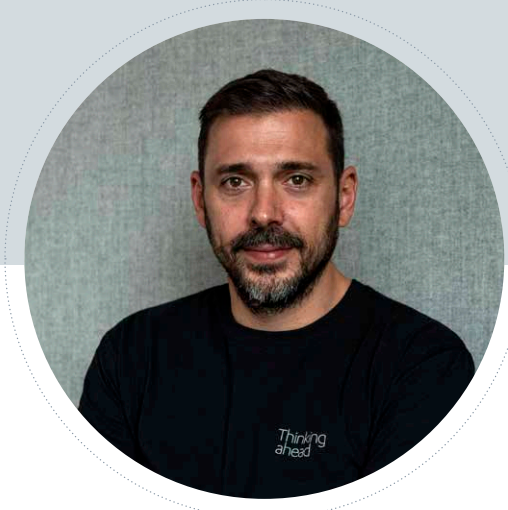
Ivana Černáková
Chief Operating Officer

Ivana Černáková is the COO of Lucron. Her key role is to lead the management of information technology with a focus on innovation.



Lukáš Dlugoš
Financial Director

Lukáš Dlugoš is the CFO of the company. He joined the company in 2017 and his main responsibilities include finances, monitoring and accounting for the entire Slovak group.



Juraj Ťahún
Commercial Director

Juraj Ťahún is Lucron's sales director. He is responsible for developing the business strategy, defining products used in projects and managing a team that oversees sales, leasing and project management.

Our values, strategy and philosophy

In 15 years we have grown from a company of a few people to a company with over 90 employees and have become one of the leading developers in Slovakia. However, from the beginning, we have consciously built our business on honesty, accountability, reliability and sustainability in an effort to achieve success by retaining these core values. We have always preferred healthy and gradual growth over rapid expansion.

Our strategy is defined by this simple sentence:

The future cannot be foreseen, only forethought.

Thinking ahead means two things to us:

We want to be a pioneer and bring to the market what others do not dare or think of.

Not headlong, however, but on the basis of well-thought-out decisions supported by arguments and data. We increase the chance of success with rationality and hard work.

We always think at least one step ahead.

We assess everything from a long-term perspective and do not consider instant success to be the main goal. We think about our projects not only in the context of the present, but we also want them to work in 10 or 20 years.

AT LUCRON, WE BELIEVE IN:

sustainability

which will benefit generations after us.

responsibility

which sensitises us to our surroundings.

reliability

which obliges us to think about every single detail.



Thinking ahead

Lucron's trustworthy business

At Lucron, we base trustworthy business on transparency, ethics and trust between ourselves, our customers, partners and employees. We therefore adhere to principles that form the basis of such trust.

We consider the following to be the main principles of trustworthy business:

Transparency

open communication about all aspects of the business, including pricing, product or service quality, contractual terms and ethical practices.

Ethics

we have declared our adherence to the rules of fair play in business, as well as our respect for the rights and needs of employees and customers, in the Code of Ethics adopted in 2020.

Reliability

keeping promises and commitments, whether to customers, employees or partners, is one of our core values.

Customer satisfaction

pro-actively resolving customer issues and complaints to achieve satisfaction and long-term relationships.

Social responsibility

a proactive approach to social and environmental issues.

We are aware that building a trustworthy business is not a one-off activity, but a long-term process, so we are constantly working on it.



Corporate policies consistent with trustworthy business

Properly implemented company policies serve as the basis for effective management and a positive company culture. They ensure compliance with legal regulations, help us meet legal and regulatory requirements, but also serve to protect employees and improve work relationships and environments.



Anti-discrimination policy

It ensures equal treatment of all our employees regardless of their race, gender, age, sexual orientation or religion. We support equal opportunities in employment, education and career development. We fully respect and comply with the "Act on Equal Treatment in Certain Areas and on Protection against Discrimination and on Amendments to Certain Acts" (the Anti-Discrimination Act).

KEY ASPECTS OF OUR ANTI-DISCRIMINATION POLICY INCLUDE:

- Equal opportunities: we treat people of different education, gender or other characteristics equally. In 2023, there is only a small difference between the shares of the genders – 45% female and 55% male.
- Prohibition of harassment and segregation: we reject not only physical discrimination, but also forms of harassment, insults or segregation that lead to a hostile work environment.
- Education: we provide all employees with equal educational opportunities. In 2023, we offered training opportunities not only to our employees, but also internships or educational opportunities to several students or graduates.
- Promoting diversity and inclusion: we focus on promoting diversity and active inclusion of people with characteristics different from our work team.

At Lucron, we seek to actively support equal treatment, the option to choose, as well as equal opportunities for development, education and career advancement.

Occupational health and safety policy

Occupational safety focuses on accident prevention and creating a safe working environment for our employees. Each employee is familiarised with occupational health and safety as well as fire protection regulations upon joining and he or she is refamiliarised later in accordance with the legal regulations in force. This process has been performed in the form of e-learning for several years. The examination, which each employee must pass, is conducted electronically and is mandatory. It is supervised by a member of the HR department.

We also consider exercise to be health promoting, which is why we provide employees with regular yoga classes, exercises for a healthy back and Multisport cards. Twice-weekly fruit deliveries to the office ensure they get their regular vitamin intake.



Well-being of employees

At Lucron, we strive to create an environment where employees feel good not only physically, but also emotionally, which can lead to higher productivity, lower turnover and an improvement in our company culture.

WE STRIVE TO DO THIS IN SEVERAL WAYS:



We are committed to strong interpersonal relationships in the workplace that enhance the satisfaction and well-being of our employees. We consider team building and joint events to be very important, which is why as a company-wide team we regularly meet outside the workplace several times a year.



Through a functional working environment, we create suitable working conditions that increase their comfort and productivity.



We promote work-life balance.



We provide employees with regular training and further educational opportunities to help them develop and fulfil their professional ambitions.



We actively promote a healthy lifestyle by providing Multisport cards or company yoga classes or organising running events.



Employees are given the opportunity to work from home once a week upon approval by their supervisor.

Privacy and data protection policy

In 2023, we paid close attention to IT activities and focused on areas related to data protection, personal data, electronic communication, information systems and cyber security.

CYBER SECURITY

In 2023, we continued to upgrade the network. We built a central network perimeter for the entire company, thus minimising possible external attacks. At the same time, we have upgraded point-of-sale devices to improve the reliability and security of their connections. We also secured remote access to our infrastructure by deploying a new VPN with two-factor authentication, which significantly increased resilience against misuse or leaked credentials.

In the area of device management, we have improved oversight by deploying Mobile Device Management (MDM) software, which has enabled us to better manage devices, gain better visibility into their security, protect them effectively against theft, and also minimise the impact of such incidents.

As last year, we conducted an external vulnerability assessment, which is a key tool for assessing the resilience of our systems. The results showed only a small number of vulnerabilities that were identified as difficult to exploit. We immediately addressed all these shortcomings, strengthening our overall security.

We have conducted Proof of Concept (POC) deployments of EDR solutions, which we plan to fully implement in 2024. Next, we focused on our cyber incident preparedness by improving our disaster recovery procedures, which we plan to test in different scenarios in 2024 to validate their effectiveness in real-world conditions.

PERSONAL DATA PROTECTION

Policies regarding the collection, processing and storage of employees' personal data are becoming an increasingly important topic in our environment. We process the personal data of potential and existing clients as well as business partners and suppliers in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the General Data Protection Regulation – "GDPR"), and with Act No. 18/2018 Coll. on the Protection of Personal Data (the "Personal Data Protection Act").

All general information about the processing of personal data is published on www.lucron.sk and on the websites of individual company projects. Internal procedures are contained in internal guidelines and instructions for employees.

Internal guidelines were revised in past years in close cooperation with parent company Lucron Group, a. s. They were processed in further detail and applied in the company's daily operations. There have also been a number of global training courses as well as individual seminars for departments aimed at retraining employees in all important areas related to personal data protection.

We are planning a further detailed revision in 2024, when we will create a position that will regularly review compliance with the parent company and applicable legal regulations.

To answer the questions of natural persons (employees, clients, etc.) related to the processing of personal data, we have set up a special email address through which we continuously provide answers or explanations.

We inform each natural person about the processing of their personal data when obtaining special written consent, or we do so in the final provisions of various types of contracts. They are signed with a link to a website where all the necessary information is available for clients. Compliance with the principles of personal data protection and the procedures under the GDPR and the Personal Data Protection Act is monitored internally by the legal team of parent company Lucron Group, a. s.

Open communication policy

By introducing new communication tools, we strive for a smooth flow of information between employees, management and departments to ensure transparency and avoid misunderstandings. In particular, these tools include:

- the MS Teams communication platform
- the Intranet
- the internal Lucron magazine

At the same time, our employees can always turn to the HR department as well as their supervisors.

We also ensure openness, transparency and, above all, the truthfulness and good availability of the necessary information in external communication, i.e. with our partners, suppliers, customers or the public.



Fight against corruption and money laundering

Implementing an effective anti money laundering (AML) system is essential to protect our company from the legal and financial risks associated with money laundering. It also helps us maintain the trust of our clients and partners in the transparency and ethical conduct of the company.

In the AML area, we have implemented a programme called "The Obligated Person's Programme to Counter Money Laundering and Terrorist Financing". Its goal is to harmonise and regulate activities for countering money laundering and terrorist financing in accordance with the obligations set forth in Act No. 297/2008 Coll. on Protection against Money Laundering and Terrorist Financing and on Amendments to Certain Acts. In accordance with this programme, we thoroughly assess whether a transaction is an unusual business operation, who the ultimate beneficial owner is, whether the client is a politically exposed person, we investigate the origin of the funds used in the transaction and, last but not least, the purpose of the transaction.

Trained employees, who directly screen and assess natural and legal persons and their financial resources, follow procedures precisely defined in new internal guidelines drawn up for this purpose. We do not conclude any business transaction without a thorough assessment of each transaction by our trained team.

In 2023, we focused on deepening the knowledge and skills of employees doing AML work. To this end, an internal training session on dealing with practical AML situations was held. The AML department and the sales department have received training provided by AML experts. After completing the training session, each employee who participated received a certificate of completion. We consider it necessary that our employees, but also our clients, understand that this topic is important to us.



Tax transparency

In our activities, we follow the administration and management requirements under the legal regulations of the Slovak Republic. Reliable, transparent and secure internal processes in the area of accounting and taxes are essential components.

Our accounting department is involved in all tax-relevant transactions from their inception. It participates in the creation of business plans, in the preparation and implementation of projects, in the preparation, monitoring and processing of relevant contractual and accounting documents, so that all transactions of the Group be in accordance with regulations and prescribed rules, all in daily cooperation with the internal legal department.

As part of our activity, we have established monitoring mechanisms, authorisations, responsibilities, processes and also secure system support. This includes important elements such as transparent cooperation with tax and other institutions, provision of relevant information and proper fulfilment of all obligations towards state institutions, business partners, customers, shareholders and employees.

We also emphasise compliance with OECD guidelines and the laws of the Slovak Republic in the area of transfer pricing when setting up and executing transactions with associated parties. All tax-relevant matters are consulted with external tax advisers. External analyses and opinions are arranged for if necessary, and property valuation is also carried out by external advisers.

Oversight of all tax and accounting activities is exercised by the Group's CFO who, as a member of top management, informs about relevant matters and, if necessary, involves other management members and shareholders in decision-making. The internal monitoring department continuously monitors and evaluates activities, the fulfilment of strategic goals and financial indicators, and the application of financial policies.

Statutory audits are carried out by external auditors in accordance with legal requirements, and relevant documents are regularly published and permanently available on the website as well as in publicly accessible databases. Legal entities within the Group that are issuers of publicly traded securities meet their legal requirements

and information obligations and, importantly, communicate transparently with institutions and external partners.

Monitoring mechanisms include a defined procedure for reporting any suspected or imminent risks related to accounting, tax or other matters so that such matters are properly documented, investigated and adequately resolved with the participation of the management and, at the same time, so that appropriate measures are taken and procedural changes made if necessary.

Established structures and mechanisms in the area of accounting and taxes are one of the foundations of the long successful and sustainable business of Lucron.

Risk management

As a Group, we face risks in our development activities. We are closely monitoring the current situation and its impact on Lucron's business activities.

Risks monitored: COVID-19

Although most of the measures against the spread of COVID-19 have already been lifted, we have prepared solutions and conditions based on previous experience for maintaining the continuity of our activities in case the epidemiological situation worsens. We are ready to act immediately at the individual, company and Group level, and adapt to the given situation while continuing all of our activities.

The war situation

We continue to pay attention to the war in Ukraine. We regularly review and analyse current developments, available information, expectations for the future, and possible scenarios. We assess their potential impact on the economy, energy prices and availability, and inflation. We assess risks from rising prices of raw materials and inputs, from a possible reduction in the availability of building materials, from a decline in the market value of assets, or a decline in the population's purchasing power and standard of living. We assess risks from elevated levels of interest rates on mortgage loans as well as project finance loans.

However, as we do not operate in the Ukrainian and Russian markets, we are not aware of any direct links to these regions. The war in Ukraine and the sanctions imposed have no direct impact on our strategic focus, objectives or liquidity, as we focus on residential projects in the Slovak Republic, specifically in Bratislava and Trnava.



Identified risks and their impacts

We are aware that the above risks continue to increase market uncertainty, slow the pace of property sales and reduce the purchasing power of the population or the availability of financing. There is also continued pressure to increase input costs for the preparation and implementation of projects, and to slow down construction in the event of disruption to supply chains or a shortage of input materials.

Together, the aforementioned influences and risks may delay the construction of projects in preparation to minimise the financial impact and to align the pace of sales with the market situation. The financing of individual projects and the ensuring of liquidity will be adapted to any change in the scheduling of the projects.

We do not expect any direct impacts on employees in addition to these risks.

When planning, we take into account the risks identified and the already visible as well as potential impacts. In the long term, despite the continuing difficult market situation, we assume continued demand for housing given its ongoing shortage in the regions where Lucron Group companies operate, and we expect that the increased input costs for project preparation and implementation, as well as increased financing costs, will be reflected in the final sales price.

IT and data protection risks

In 2023, we paid close attention to IT activities and also focused on areas related to data protection, personal data, electronic communication, information systems and cyber security.

To date, we have not experienced any cyber attacks, data leaks or negative data protection incidents. As already stated, due to ongoing uncertainty, a large number of factors and a complex situation, it is difficult to more accurately predict future impacts on our company, its activities as well as financial position, and to quantify them.

However, with respect to segments, products and analysis of possible actions, we assume that our ability to meet our commitments now and in the future will not be compromised, and that we will deliver on our long-term strategy. We continue to monitor the situation closely, assess it on an ongoing basis and stand ready to respond if necessary.



Price risks

Price risks for our company primarily include the risk of increases in the prices of construction materials and labour, as well as the risk of decreases in selling prices following market developments. Project development includes the acquisition of land or buildings (the risk that the acquisition does not materialise), the conceptual and design phase (the risk that project parameters do not meet market requirements), the permitting phase (the risk that this phase is delayed), the construction phase (the risk of errors, delays and increased construction costs), the leasing and management of property, as well as the sale or lease of specific properties.

The implementation of Lucron's strategy and the achievement of its financial and investment objectives under current or future market conditions may not be fully realised and may adversely affect the Company's economic and financial results and prospects by, for example, failing to fully pass rising costs onto the prices of the properties sold.

Liquidity risk may arise in the event of a significant negative market trend (a significant fall in property prices coupled with a significant slowdown in the pace of sales), thereby limiting the ability to monetise assets at a reasonable price within a reasonable time span, or in the event of an unforeseen circumstance (a reduction in the willingness of banks to finance the real estate sector).

Capital expenditure may also be higher than expected for various reasons arising from the complexity of the development process, which may jeopardise financial targets and negatively impact liquidity and cash flows.

As Lucron Group, we rely primarily on our ability to sell our developments to fund further development activity and project expansion through the reinvestment of proceeds from sales.

We have mechanisms in place that monitor the pace of sales and the achieved sales prices, that analyse deviations from planned sales results and update sales plans. At the same time, we have tools to continuously monitor construction costs and budgets, and analyse possible impacts on the management, financial situation and cash flows. If necessary or where deviations arise, we take measures to mitigate impacts, promote sales and save costs to ensure that planned financial indicators are met and that there are sufficient cash flows to fund projects and repay all liabilities. These processes are carried out at the level of the company, other companies within the Lucron Group, and the entire Group in aggregate to maintain the financial stability of the entire Group as well as individual projects.

