

ARGO PROPERTIES NV
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2025

UNAUDITED

IN THOUSANDS OF EUROS

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Auditor Review Report to the Shareholders of Argo Properties NV

Introduction

We have conducted a review of the accompanying financial information of Argo Properties NV and its subsidiaries (hereinafter – the Group), which comprises the condensed consolidated statement of financial position as of March 31, 2025 and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-months period ending on that date. The Board of Directors and Management are responsible for preparing and presenting financial information for this interim period in accordance with IAS 34, Interim Financial Reporting, and are responsible for preparing financial information for this interim period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express our conclusions with regard to the financial information for this interim period, based on our review.

Scope of the Review

We conducted our review in accordance with Review Standard 2410 (Israel) of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of financial information for interim periods consists of inquiries, mainly from people responsible for finances and accounting, and of the application of analytical and other reviewing procedures. A review is significantly limited in scope relative to an audit conducted according to generally accepted Israeli auditing standards, and therefore does not allow us to achieve assurance that we have been made aware of all material issues that might have been identified in an audit. Accordingly, we are not expressing an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the above financial information has not been prepared, in all material aspects, in accordance with IAS 34.

In addition to the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the above financial information does not comply, in all material respects, with disclosure provisions according to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv, May 20, 2025

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31,		December 31,
	2025	2024	2024
	(Unaudited)		(Audited)
	€ in thousands		
<u>Current Assets</u>			
Cash and cash equivalents	11,155	9,892	27,531
Restricted deposits and liquidated investments	12,983	11,961	17,558
Apartments inventory for sale	173	510	1,186
Financial assets	-	587	979
Accounts receivable	4,657	3,197	4,405
	<u>28,968</u>	<u>26,147</u>	<u>51,659</u>
<u>Non-Current Assets</u>			
Investment property	791,612	678,334	757,275
Investment property – construction rights	28,378	13,116	25,438
Accounts receivable and restricted deposits	3,388	20,645	4,061
Deferred taxes	1,201	764	938
	<u>824,579</u>	<u>712,859</u>	<u>787,712</u>
	<u>853,547</u>	<u>739,006</u>	<u>839,371</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<div> <div>March 31,</div> <div>20252024</div> </div>		December 31,
	(Unaudited)		(Audited)
	€ in thousands		
<u>Current Liabilities</u>			
Current maturities of loans from banks	43,974	6,485	35,234
Financial liabilities	790	-	-
Accounts payable	12,766	8,532	12,300
	<u>57,540</u>	<u>15,017</u>	<u>47,534</u>
<u>Non-Current Liabilities</u>			
Loans from banks and financial institutions	331,837	368,021	344,968
Deferred taxes	30,408	20,822	27,452
	<u>362,245</u>	<u>388,843</u>	<u>372,420</u>
<u>Equity Attributable to Company Shareholders</u>			
Share capital	206	181	206
Share premium	276,041	225,628	276,041
Statutory capital reserve	127,262	86,732	114,774
Share based payment capital reserve	5,157	2,355	5,024
Retained earnings	25,096	20,250	23,372
Total equity attributable to Company shareholders	<u>433,762</u>	<u>335,146</u>	<u>419,417</u>
	853,547	739,006	839,371

May 20, 2025				
Date of approval of the financial statements	Ofir Rahamim Joint CEO	Gal Tennenbaum Joint CEO	Guy Priel CFO	Ron Tira Chairman of the Board of Directors

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended March 31,		Year ended December 31,
	2025	2024	2024
	(Unaudited)		(Audited)
	€ in thousands		
Revenues from rental of properties	6,728	5,926	25,034
Revenues from property management and others	2,309	2,427	9,192
Property management expenses	(2,309)	(2,427)	(9,192)
Cost of maintenance of rental properties	(1,183)	(727)	(3,930)
<u>Gross profit from rental of properties</u>	<u>5,545</u>	<u>5,199</u>	<u>21,104</u>
Revenues from selling of apartments	3,375	732	3,521
Apartments cost of goods sold	(2,586)	(449)	(2,509)
<u>Gross profit from selling of apartments</u>	<u>789</u>	<u>283</u>	<u>1,012</u>
Total gross profit for the Company	6,334	5,482	22,116
General and administrative expenses	(1,705)	(2,190)	(8,700)
<u>Operating income before changes in fair value of investment property, net</u>	<u>4,629</u>	<u>3,292</u>	<u>13,416</u>
Changes in fair value of investment property, net	13,521	4,775	41,820
<u>Operating income (loss)</u>	<u>18,150</u>	<u>8,067</u>	<u>55,236</u>
Finance expenses, net	(2,544)	(2,302)	(9,888)
Change in fair value of financial assets and exchange rate differences	1,300	(824)	(2,604)
	(1,244)	(3,126)	(12,492)
<u>Income (loss) before taxes on income</u>	<u>16,906</u>	<u>4,941</u>	<u>42,744</u>
Taxes on income	(2,694)	(921)	(7,560)
<u>Net income (loss)</u>	<u>14,212</u>	<u>4,020</u>	<u>-</u>
Other comprehensive income (loss)	-	-	-
<u>Total net and comprehensive income (loss) attributable to Company shareholders</u>	<u>14,212</u>	<u>4,020</u>	<u>35,184</u>
Basic earnings (loss) per share	0.69	0.22	1.87
Diluted earnings (loss) per share	0.65	0.22	1.75

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Three months ended March 31, 2025 (unaudited)

Equity Attributable to Company Shareholders

€ in thousands

	Share capital	Share premium	Statutory capital reserve (1)	Share based payment capital reserve	Retained earnings	Total equity attributable to Company shareholders
<u>Balance as of January 1, 2025</u>	206	276,041	114,774	5,024	23,372	419,417
<u>Changes in equity during this period:</u>						
Total net and comprehensive income	-	-	-	-	14,212	14,212
Classification in accordance with Dutch law	-	-	12,488		(12,488)	-
Cost of share based payment	-	-	-	133	-	133
<u>Balance as of March 31, 2025 (unaudited)</u>	<u>206</u>	<u>276,041</u>	<u>127,262</u>	<u>5,157</u>	<u>25,096</u>	<u>433,762</u>

Three months ended March 31, 2024 (unaudited)

Equity Attributable to Company Shareholders

€ in thousands

	Share capital	Share premium	Statutory capital reserve (1)	Share based payment capital reserve	Retained earnings	Total equity attributable to Company shareholders
<u>Balance as of January 1, 2024</u>	181	225,628	83,400	1,472	19,562	330,243
<u>Changes in equity during this period:</u>						
Total net and comprehensive income	-	-	-	-	4,020	4,020
Classification in accordance with Dutch law	-	-	3,332	-	(3,332)	-
Cost of share based payment	-	-	-	883	-	883
<u>Balance as of March 31, 2024 (unaudited)</u>	<u>181</u>	<u>225,628</u>	<u>86,732</u>	<u>2,355</u>	<u>20,250</u>	<u>335,146</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont.)

	Year ended December 31, 2024 (Audited)					
	Equity Attributable to Company Shareholders					
	€ in thousands					
	Share capital	Share premium	Statutory capital reserve (1)	Share based payment capital reserve	Retained earnings	Total equity attributable to Company shareholders
<u>Balance as of January 1, 2024</u>	181	225,628	83,400	1,472	19,562	330,243
<u>Changes in equity during this period:</u>						
Issuance of share capital, net (*)	25	50,413	-	-	-	50,438
Total net and comprehensive income	-	-	-	-	35,184	35,184
Classification in accordance with Dutch law	-	-	31,374	-	(31,374)	-
Cost of share based payment	-	-	-	3,552	-	3,552
<u>Balance as of December 31, 2024</u>	<u>206</u>	<u>276,041</u>	<u>114,774</u>	<u>5,024</u>	<u>23,372</u>	<u>419,417</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	<div> <div>Three months ended</div> <div>March 31,</div> <div>2025</div> <div>2024</div> <div>(Unaudited)</div> </div>		<div> <div>Year ended</div> <div>December 31,</div> <div>2024</div> <div>(Audited)</div> </div>
	€ in thousands		
<u>Cash flows from operating activities:</u>			
Net income (loss)	14,212	4,020	35,184
Adjustments required to present net cash from operating activities:			
<u>Adjustments to profit or loss:</u>			
Finance expenses, net	1,190	3,233	11,859
Changes in fair value of investment property, net	(13,521)	(4,775)	(41,820)
Cost of share based payment	133	883	3,552
Deferred taxes, net	2693	897	7,353
Cash flows from operating activities before changes in operating asset and liability items	4,707	4,258	16,128
<u>Changes in operating asset and liability items:</u>			
Changes in apartments inventory	2,586	449	2,509
Other receivables	(204)	(566)	(1,934)
Increase in accounts payable	(490)	(42)	1,719
Net cash derived from operating activities	6,599	4,099	18,422
<u>Cash flows from investing activities:</u>			
Purchase of investment property	(23,479)	(7,137)	(56,025)
Capital investments (CAPEX) in investment property (including planning costs)	(1,681)	(1,579)	(7,253)
Depositing restricted deposits and prepaid transaction costs, net	5,042	(607)	(9,611)
Depositing restricted deposits for an interim period under refinancing (*)	-	(20,032)	-
Net cash used in investing activities	(20,118)	(29,355)	(72,889)

(*) loans which were secured by real estate pledge at an amount of EUR 20,032 thousand under refinancing and the terms of the loans were maintained for the purpose of redrawing them via depositing in a deposit for an interim period until the completion of the phases of the redrawing of the deposit, see Note 7(b). in the annual financial statements.

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Cont.)

	Three months ended March 31,		Year ended December 31,
	2025	2024	2024
	(Unaudited)		(Audited)
	€ in thousands		
<u>Cash flows from financing activities:</u>			
Interest paid	(1,356)	(1,718)	(9,211)
Receipt of long-term loans, net	-	-	5,370
Repayment of long-term loans and associated costs	(1,392)	(1,703)	(7,932)
Receipt of long-term loans under refinancing	-	33,566	38,266
Repayment of long-term loans under refinancing (*)	-	(6,525)	(7,772)
Issuance of shares, net	-	-	50,438
Net cash derived from (used for) financing activities	(2,748)	23,620	69,159
Change in cash and cash equivalents	(16,267)	(1,616)	14,692
Effect of changes in exchange rates	(109)	(54)	1,277
Balance of cash and cash equivalents at the beginning of the period	27,531	11,562	11,562
Balance of cash and cash equivalents at the end of the period	11,155	9,892	27,531

(*) loans which were secured by real estate pledge at an amount of EUR 20,032 thousand under refinancing and the terms of the loans were maintained for the purpose of redrawing them via depositing in a deposit for an interim period until the completion of the phases of the redrawing of the deposit, see Note 7(b). in the annual financial statements.

(a) Non-cash activities

Purchase of real estate	205	-	1,263
Classification from investment property to inventory	1,573	-	3,695
Payables in respect of investing activities	(45)	(610)	(1,784)

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: - General**General description of the Company and its activity**

ARGO Properties N.V. (hereinafter: "the Company") and its subsidiaries (hereinafter: "the Group") was incorporated in January 2018 and commenced its operations in July 2018 and is a Dutch-based real estate company engaging via subsidiaries in value enhancement and acquisition of investment properties in Germany, in the conversion of apartments for sale and selling these apartments (R2C) and in the area of income-generating residential real estate.

These financial statements have been prepared in a condensed format as of March 31, 2025 and for the three-months period then ended (hereinafter – the Consolidated Interim Financial Statements). These statements should be read in conjunction with the annual financial statements as of December 31, 2024 and for the year then ended and the accompanying notes (hereinafter – the Consolidated Annual Financial Statements).

Note 2: - Significant accounting policies**a. Preparation format of the Interim Consolidated Financial Statements**

The Consolidated Interim Financial Statements are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and in accordance with the provisions of disclosure pursuant to Chapter D of the Securities (Immediate and Periodic Reports) Regulations, 1970.

- b. The significant accounting policies implemented in preparing the Interim Consolidated Financial Statements are consistent with those implemented in preparing the Consolidated Annual Financial Statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 3: - Investment Property

The following table presents significant assumptions (based on weighted averages) that were used in the valuation estimates of investment property:

	<u>March 31,</u> <u>2025</u>	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2024</u>
<u>Income-generating residential property (real estate)</u>			
Discount rate (%)	5.11%	4.89%	5.09%
Growth Rate for the first 10 years	1.50%	1.79%	1.46%
Long-term growth rate	1.83%	1.24%	1.84%
Long-term vacancy rate (%)	2.20%	2.3%	2.28%
Representative monthly rental fees per sq.m (in Euro)	11.97	10.99	11.72

	<u>March 31,</u> <u>2025</u>	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2024</u>
<u>Income-generating real estate for development</u>			
Monthly rental fees for offices (EUR) per sq.m upon project completion	25.45	25.45	-
Construction cost per sq.m (EUR)	2,612	2,612	-
Unrecoverable costs upon completion	5.29%	5.29%	-
Revenues yield rate	4.4%	4.4%	-
Developer's profit, transaction costs and others	33%	33%	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 4: - Financial instruments**a. Financial instruments not measured at fair value:**

The Company's management has estimated that the balance of cash, short term deposits, accounts (trade) receivable(s), accounts (trade) payable(s), overdrafts, bank loans bearing a variable interest rate and other current liabilities presented at amortized cost approximates their fair value. The value of loans from banking corporations and financial institutions as of March 31, 2024 that bear a fixed interest rate and are presented at amortized cost, is lower by approximately EUR 19.8 Million than their balance value in the financial statements.

b. Financial instruments measured at fair value

The table below presents the financial assets and the financial liabilities of the group according to fair value:

	Book value			Fair value		
	March 31		December 31	March 31		December 31
	2025	2024	2024	2025	2024	2024
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
EUR in thousands						
Financial derivatives	403	1,079	979	403	1,079	979
Financial liabilities	(1,193)	(492)	-	(1,193)	(492)	-
	<u>(790)</u>	<u>587</u>	<u>979</u>	<u>(790)</u>	<u>587</u>	<u>979</u>

The fair value of financial instruments that are not traded in active markets is determined using valuation techniques. Valuation techniques specific to financial instruments include:

- The fair value of interest cap fixing transactions (CAP) and future transactions for currency exchange (FORWARD) is based on a calculation of the present value of the estimated future cash flows using observable return curves of Euribor.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 5: - Operating Market Segments

a. General

For the description of the Company's operating market segments see note 16 of the consolidated financial statements as of December 31, 2024.

b. Operating segments revenue and results analysis:

	Income- generating residential real estate	Other	Conversion and selling of apartments	Unallocated	Total
	Euros in thousands				
For the period of three months ended March 31, 2025 (unaudited)					
Revenues from property rental	6,552	176			6,728
Revenues from property management and others	2,289	20			2,309
Property management expenses	(2,289)	(20)			(2,309)
Rental property maintenance expenses	(1,156)	(27)			(1,183)
Gross profit from property rental	<u>5,396</u>	<u>149</u>			<u>5,545</u>
General and administrative expenses				(1,705)	(1,705)
Changes in fair value of investment property, net	<u>13,521</u>				<u>13,521</u>
Financial expenses, net	(2,365)	(73)		1,194	<u>(1,244)</u>
Income before taxes on income					<u>16,906</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 5: - Operating Market Segments (cont.)

	Income- generating residential real estate	Other	Conversion and selling of apartments	Unallocated	Total
	Euros in thousands				
For the period of three months ended March 31, 2024 (unaudited)					
Revenues from property rental	5,751	175			5,926
Revenues from property management and others	2,407	20			2,427
Property management expenses	(2,407)	(20)			(2,427)
Rental property maintenance expenses	(710)	(17)			(727)
Gross profit from property rental	<u>5,041</u>	<u>158</u>			5,199
General and administrative expenses				(2,190)	(2,190)
Changes in fair value of investment property, net	<u>4,775</u>			-	4,775
Financial expenses, net	(1,783)	(83)		(1,260)	(3,126)
Income before taxes on income					<u>4,941</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 5: - Operating Market Segments (cont.)

	Income- generating residential real estate	Other	Conversion and selling of apartments	Unallocated	Total
	Euros in thousands				
Year ended December 31, 2024					
Revenues from property rental	24,324	710			25,034
Revenues from property management and others	9,113	79			9,192
Property management expenses	(9,113)	(79)			(9,192)
Rental property maintenance expenses	(3,741)	(189)			(3,930)
Gross profit from property rental	20,583	521			21,104
Gross profit from apartments selling			1,012		1,012
Changes in fair value of investment property, net	37,806	4,014			41,820
Additional information					
General and administrative expenses				(8,700)	(8,700)
Financial expenses, net	(7,480)	(357)		(4,655)	(12,492)
Income before taxes on income				(4,655)	42,744

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 6: - Material Events In The Reported Period And Thereafter

- a. During the reported period, the Company completed (via subsidiaries and sub-subsidiaries) the purchase of 149 apartments in 14 properties, and for a total consideration of approximately EUR 22,058 thousand.

In addition, the Company engaged in further transactions (including agreements after the report date) for the purchase of 309 apartments for a total consideration of approximately EUR 46,946 thousand, of which the Company completed after the report date, the purchase of 37 apartments for a total consideration of approximately EUR 4.8 million.

- b. During the period, from January 2, 2025 and until May 9, 2025 (near the date of the approval of the report), 37 apartments were sold (including registrations through non-legally binding LOIs) for a total consideration of EUR 9.87 and at an average price of EUR 4,208 per square meter, compared to 40 apartments that were sold in the months of March (the commencement of the apartment sales activity) to December 2024 at an average price of approximately EUR 4,171 per square meter.

During the period from January 1, 2025 and until March 31, 2025, 13 apartments were delivered to the buyers (a total of 39 apartments since the date of commencement of this activity).

In the period from January 2, 2025 to May 9, 2025 (close the date of the approval of the report), 37 units were sold (including registrations through non-legally binding LOIs) for a total of €9.87 million and at an average price of €4,208 per square meter, compared to 40 apartments sold in the months of March (the start of apartment sales activity) to December 2024 at an average price of approximately €4,171 per square meter.

- c. On January 13, 2025, the Company entered into LOIs with a German banking corporation to engage in non-recourse loan agreements at a total amount of EUR 22.5 million for the purpose of financing the acquisition of new assets, the cost of which is expected to amount to a total of approximately EUR 43.5 million, the acquisition of all the assets that will serve as collateral for the loans was completed as of the report date, except for transactions at a scope of approximately EUR 3.6 million that were made during May 2025. The loans agreements and the drawing down of the loans are expected during the second quarter of 2025 for a period of 5 years, where the interest rate is expected to be based on a margin of 1.29% above the interest rate for this period. On May 15th 2025, the Company's sub-subsidiaries signed the loans agreements as aforesaid.
- d. On April 7, 2025, the Company entered into a conditional loan agreement with More Provident and Pension Funds Ltd., which is a stakeholder in the Company (hereinafter: the "Lender"), pursuant to which the scope of the existing loan taken by the Company from the Lender in January 2022 (approximately NIS 215 million) (hereinafter: the "Original Loan") will be increased by an additional amount of NIS 120 million (hereinafter: the "Additional Loan") and for a period of approximately 14.5 years, and this by consolidating the terms of the Original Loan and the Additional Loan into one loan (hereinafter: the "Consolidated Loan" in which, for technical reasons, the Original Loan and the Additional Loan were consolidated into one loan). The Consolidated Loan bears an annual (non-linked) shekel interest rate weighted at a rate of 5.19% and includes the following terms:

(1) A fixed annual interest rate of 5.19% per annum (the "Basic Interest Rate"), to which 1% per annum will be added if the Loan is not repaid on December 31, 2031, and 0.5% per annum at each additional exit point (December 31, 2034 and December 31, 2037) if the Loan is not repaid in full by that date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 6: - Material Events In The Reported Period And Thereafter (Cont.)

(2) Additional interest such that at the end of each interest period, the interest will increase by 50% of the rate of increase in the Company's equity ("Additional Interest").

(3) Additional payment, in addition to the Basic Interest Rate and the Additional Interest, as long as the increase in equity in the aggregate (in percentage) on the final repayment date is 92.05% or more, an additional one-time payment of NIS 12.9 million will be paid to the Lender. In addition, if on the final repayment date and the increase in equity in the aggregate (in percentage) on the final repayment date is 100% or more, an additional one-time payment of NIS 7.2 million will be paid to the Lender.

The loan is subject to the following financial covenants: the ratio of net debt to net CAP (as these terms' definition in the loan agreement) is less than 75% (45.6% as of the report date), and the value of an individual asset is less than 15% of the value of the Company's consolidated real estate assets (2.6% as of the report date). It is secured by a negative lien on the Company's assets (other than real estate), and various change of control, authority and structure provisions. In addition, interest adjustment mechanisms and grounds for early repayment have been established as is customary in loans of this type.

In light of the interest rate differentials between the NIS and the Euro, if the Company chooses to hedge the Consolidated Loan in full to the Euro, the actual interest cost (depending on the scope of the hedge) will be approximately 2% lower and will amount to approximately 3.2% per annum (due to the interest rate differential between these currencies). On April 7, 2025, the Additional Loan was actually placed (with the deduction of interest accrued on the Original Loan from January 1, 2025).

- e. On May 4, 2025, the Company entered into an LOI with a German banking corporation regarding non-recourse loans at a total amount of approximately EUR 12 million for a period of 5 years at a fixed interest rate at an indicative rate of 3.34% per annum. The engagement is for the purpose of financing the acquisition of new assets, the cost of which is expected to amount to a total of approximately EUR 22.3 million, where as of the date of the report and the signing of the report, the acquisition of assets at a total amount of approximately EUR 9.3 million had been completed. The completion of the remaining transactions is expected by the date of the loans drawdown. The signing of the loan agreements and the loans drawdown are expected during the second quarter of 2025.