

Ronson Development SE

**Interim Financial Report
for the nine months
ended
30 September 2022**

Including the Interim Condensed Consolidated Financial Statements of Ronson Development SE for the nine months ended 30 September 2022
and the Interim Condensed Company Financial Statements of Ronson Development SE for the nine months ended 30 September 2022

CONTENTS

	Page
Management Board Report	2
Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022	
Interim Condensed Consolidated Statement of Financial Position	20
Interim Condensed Consolidated Statement of Comprehensive Income	21
Interim Condensed Consolidated Statement of Changes in Equity	22
Interim Condensed Consolidated Statement of Cash Flows	23
Notes to the Interim Condensed Consolidated Financial Statements	24
Interim Condensed Company Financial Statements for the nine months ended 30 September 2022	
Interim Condensed Company Statement of Financial Position	57
Interim Condensed Company Statement of Comprehensive Income	58
Interim Condensed Company Statement of Changes in Equity	59
Interim Condensed Company Statement of Cash Flows	60
Notes to the Interim Condensed Company Financial Statements	61

Management Board Report

Introduction

Ronson Development SE ('the Company'), formerly named Ronson Europe N.V., is an European Company with its statutory seat in Warsaw, Poland. The registered office is located at al. Komisji Edukacji Narodowej 57. The Company was incorporated in the Netherlands on 18 June 2007 as Ronson Europe N.V. with statutory seat in Rotterdam. During 2018, the Company changed its name and was transformed into an European Company (SE) and, effectively as of 31 October 2018, transferred its registered office of the Company from the Netherlands to Poland.

The shares of the Company were traded on the Warsaw Stock Exchange until 28 April 2022. As at 30 September 2022, 100% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group'), whereas 32.98% of the shares are controlled directly by A. Luzon Group, 66.06% of the shares are controlled via I.T.R. Dori B.V., a fully owned subsidiary of A. Luzon Group and 0.96% of the shares are held by the Company.

Overview of the Activity of the Company and the Group

The Company (together with its subsidiaries, 'the Group') is active in the development and sale of residential units, primarily apartments, in residential real-estate projects to individual customers in Poland as well as in the PRS rental sector (where development first started in 2021). The Company has been operating through its subsidiaries on the following markets in Poland: Warsaw, Wrocław, Poznań and Szczecin.

During the nine months ended 30 September 2022, the Group realized sales of 298 units with the total value of PLN 134.9 million, which is a decrease of 64.1% comparing to sales of 766 units with the total value PLN 375.4 million during the nine months ended 30 September 2021.

Until 30 September 2022 the Group delivered 466 units in 100% owned projects which represent a total revenue of PLN 199.4 million comparing to delivery of 625 units in 100% owned projects with a total revenue value of PLN 349.4 million during nine months ended 30 September 2021.

As at 30 September 2022, the Group has 1,512 units available for sale in 9 locations, of which 1,483 units are in ongoing projects and the remaining 29 units are in completed projects. The ongoing projects comprise a total of 2,037 units, with an aggregate floor space of 109,827 m². The construction of 138 units with a total area of 7.866 m² is expected to be completed during remaining period of 2022.

The Group has a pipeline of 16 projects in different stages of preparation, representing approximately 4,379 units with an aggregate floor space of approximately 242,052 m² for future development of the residential activity in Warsaw, Poznań, Wrocław and Szczecin and 5 projects representing approximately 1,096 units with an aggregate floor space of 52,845 m² for future development of PRS rental sector in Warsaw.

During the remaining period of 2022, the Group is considering commencement of one stage of the currently running project comprising 11 units with a total area of 2,566 m².

In addition to the above as at 30 September 2022 the Group is in different stages of process for finalizing the purchase of 6 plots located in Warsaw with a total projected PUM of 129,234 m² with an estimated 2,868 units for construction for a total purchase price of PLN 212.8 million.

Management Board Report

Business highlights during the nine months ended 30 September 2022

A. Results breakdown by project

The following table specifies revenue, cost of sales, gross profit and gross margin during the nine months ended 30 September 2022 on a project by project basis:

Project	Information on the delivered units		Revenue ⁽¹⁾		Cost of sales ⁽²⁾		Gross profit	Gross margin
	Number of units	Area of units (m ²)	PLN thousands	%	PLN thousands	%	PLN thousands	%
Ursus Centralny IIa	194	10,400	81,547	40.9%	61,791	41.2%	19,756	24.2%
Ursus Centralny Ib	96	5,680	46,894	23.5%	34,234	22.8%	12,660	27.0%
Nowe Warzymice II	64	3,325	21,491	10.8%	15,654	10.4%	5,837	27.2%
Miasto Moje IV	49	2,290	18,728	9.4%	14,069	9.4%	4,659	24.9%
Miasto Moje V	22	1,155	9,335	4.7%	6,123	4.1%	3,212	34.4%
Panoramika VI	24	1,165	7,464	3.7%	6,919	4.6%	544	7.3%
Nova Królikamia 3a	2	251	3,325	1.7%	2,871	1.9%	454	13.7%
other	15	1,249	10,631	5.3%	8,431	5.6%	2,198	n.a.
Total / Average	466	25,515	199,414	100%	150,092	100%	49,321	24.7%
Impairment recognized	n.a.	n.a.	n.a.		485		(485)	n.a.
Results after write-down adjustment	466	25,515	199,414		150,576		48,837	24.5%
Wilanów Tulip ⁽³⁾	23	1,645	15,546		11,995		3,551	22.8%
Economic results	489	27,160	214,960		162,571		52,388	24.4%

(1) Revenue is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key of the residential unit to the buyer and total payment obtained.

(2) Cost of sales allocated to the delivered units proportionally to the total expected revenue of the project.

(3) The project presented in the Interim Condensed Consolidated Financial Statements under investment in joint ventures; the Company's share is 50%.

Revenue from the sale of residential units is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key to the buyer of the residential unit and total payment obtained. Revenue from sales and services of residential projects recognized during the nine months ended 30 September 2022 amounted to PLN 199.4 million, whereas cost of sales before write-down adjustment amounted to PLN 150.1 million, that resulted in a gross profit before write-down adjustment amounting to PLN 49.3 million representing a gross margin of 24.7%. Total economic revenue from sales and services of residential projects, when results from joint ventures are presented on a fully consolidated basis, amounted to PLN 215.0 million, whereas cost of sales amounting to PLN 162.6 million, that resulted in a gross profit amounting to PLN 52.4 million, representing a gross margin of 24.4%.

Projects completed during the nine months ended on 30 September 2022

The table below presents information on the projects that were completed (i.e. completing all construction works and receiving occupancy permit) during the nine months ended 30 September 2022:

Project name	Location	Number of units	Area of units (m ²)	Total units sold until 30 September 2022	Units delivered in 2022	Units sold not delivered as at 30 September 2022
Nowe Warzymice II	Szczecin	66	3,492	64	64	-
Ursus Centralny Ib	Warsaw	97	5,740	97	96	1
Miasto Moje V	Warsaw	170	8,559	158	22	136
Total		333	17,792	319	182	137

Management Board Report

Business highlights during the nine months ended 30 September 2022

A. Results breakdown by project

Projects completed in previous years with their impact on current year results

The table below presents information on the projects that were completed in previous years and the income that was recognised based on units delivered during the nine months ended 30 September 2022:

Project name	Location	Completion date	Total Project Units	Total Area of units (m2)	Total units sold until 30 September 2022	Total units delivered until 31 December 2021	Units delivered during 2022	Recognised income during year 2022 (PLN'000)	Units sold not delivered as at 30 September 2022	Units for sale as at 30 September 2022	Left to sale/ deliver after 30 September 2022
Ursus Centralny Iia	Warsaw	Q4 2021	251	13,509	251	57	194	81,547	-	-	-
Miasto Moje IV	Warsaw	Q4 2021	176	8,938	173	123	49	18,728	1	3	4
Panoramika VI	Szczecin	Q4 2021	75	3,591	75	51	24	7,464	-	-	-
Nova Królikarnia 3a	Warsaw	Q2 2021	31	3,188	31	29	2	3,325	-	-	-
Nowe Warzymice I	Szczecin	Q2 2021	54	3,234	52	47	3	1,840	2	2	4
Verdis	Warsaw	Q4 2015	441	26,039	441	436	3	1,416	2	-	2
Nova Królikarnia 3c	Warsaw	Q2 2021	23	2,298	23	22	1	1,401	-	-	-
Panoramika V	Szczecin	Q3 2020	115	5,992	115	113	2	1,159	-	-	-
Młody Grunwald I	Poznań	Q2 2014	148	8,575	148	144	2	982	2	-	2
Miasto Moje I	Warsaw	Q2 2018	205	10,917	205	204	1	819	-	-	-
Młody Grunwald III	Poznań	Q4 2017	108	7,091	107	106	1	694	-	1	1
Ursus Centralny Ia	Warsaw	Q1 2021	138	7,542	138	137	1	686	-	-	-
Grunwald2	Poznań	Q2 2020	268	14,456	268	267	1	624	-	-	-
Others			7	542	1	-	-	334	1	6	7
Total excluding JV			2,040	115,912	2,028	1,736	284	121,018	8	12	20
Wilanów Tulip	Warsaw	Q3 2021	149	9,574	146	122	23	15,546	1	3	4
Total including JV			2,189	125,485	2,174	1,858	307	136,564	9	15	24

Management Board Report

Business highlights during the nine months ended 30 September 2022

B. Units sold during the period

The table below presents information on the total number of units sold (i.e. total number of units for which the Company signed the preliminary sale agreements with the clients), including net saleable area (in m²) of the units sold and net value (exclusive of VAT) of the preliminary sales agreements (including also parking places and storages) executed by the Company during the nine months ended 30 September 2022:

Project name	Location	Total Project Saleable area (m ²)	Total project units	Units sold until 31 December 2021	Units sold during 9 months ended 30 September 2022	Net Sold area (m ²)	Value of the preliminary sales agreements (in PLN thousands)	Units for sale as at 30 September 2022
Miasto Moje VI ⁽²⁾	Warsaw	11,722	227	39	69	2,490	24,807	119
Ursus Centralny Iic ⁽²⁾⁽⁴⁾	Warsaw	11,124	235	3	45	1,919	20,355	187
Viva Jagodno Iib ⁽²⁾	Wrocław	8,876	152	-	42	2,106	17,128	110
Ursus Centralny Iib ⁽²⁾	Warsaw	11,758	206	124	15	882	9,114	67
Nowe Warzymice IV ⁽²⁾	Szczecin	3,818	75	-	23	944	8,543	52
Osiedle Vola ⁽²⁾	Warsaw	4,851	84	-	8	402	5,981	76
Ursus Centralny Ib ⁽¹⁾	Warsaw	5,740	97	87	10	596	5,624	-
Viva Jagodno Iia ⁽²⁾	Wrocław	4,329	76	50	11	707	5,565	15
Nowe Warzymice III ⁽²⁾	Szczecin	3,537	62	46	10	699	4,677	6
Grunwaldzka ⁽²⁾	Poznań	3,351	70	34	10	434	4,237	26
Miasto Moje IV ⁽¹⁾	Warsaw	8,938	176	167	6	455	4,002	3
Nowa Północ Ia ⁽²⁾	Szczecin	5,230	110	-	12	393	3,442	98
Nowe Warzymice I ⁽¹⁾	Szczecin	3,234	54	47	5	415	2,893	2
Miasto Moje V ⁽¹⁾	Warsaw	8,559	170	154	4	230	2,772	12
Eko Falenty I ⁽²⁾	Warsaw	4,304	42	-	2	243	1,802	40
Ursus Centralny Iie ⁽²⁾	Warsaw	16,246	280	-	5	145	1,550	275
Viva Jagodno III ⁽²⁾	Wrocław	3,140	58	-	3	110	923	55
Verdis ⁽¹⁾	Warsaw	26,039	441	439	2	96	758	-
Nowe Warzymice II ⁽¹⁾	Szczecin	3,492	66	63	1	88	671	2
Ursus Centralny Iia ⁽¹⁾	Warsaw	13,509	251	250	1	61	636	-
Miasto Moje VII ⁽²⁾⁽⁵⁾	Warsaw	11,740	243	-	2	55	569	241
Młody Grunwald I ⁽¹⁾	Poznań	8,575	148	147	1	71	547	-
Między Drzewami ⁽²⁾	Poznań	5,803	117	-	1	37	358	116
Młody Grunwald III ⁽¹⁾	Poznań	7,091	108	107	-	-	-	1
other ⁽¹⁾	other	n.a.	n.a.	n.a.	-	-	617	6
Total excluding JV		195,006	3,548	1,757	288	13,579	127,575	1,509
Wilanów Tulip ⁽¹⁾⁽³⁾	Warsaw	9,574	149	136	10	755	7,298	3
Total including JV		204,580	3,697	1,893	298	14,334	134,872	1,512

(1) For information on the completed projects see "Business highlights during the nine months ended 30 September 2022 – A. Results breakdown by project".

(2) For information on current projects under construction, see "Outlook for the remaining period of 2022 – B. Current projects under construction and/or on sale".

(3) The project presented in the Interim Condensed Consolidated Financial Statements under investment in joint ventures; the Company's share is 50%.

(4) Part of the stage of Ursus Centralny Iic project is designated for PRS activity – comprises 121 units of an aggregate floor space of 4,935 m².

(5) Part of the stage of Miasto Moje VII project is designated for PRS activity – comprises 160 units of an aggregate floor space of 7,349 m².

The table below presents further information on the value of the preliminary sales agreements (with a breakdown per city, exclusive of VAT) executed by the Group:

Location	Value of the preliminary sales agreements sold during the year ended		Increase/(decrease)	
	30 September 2022	30 September 2021	In PLN	%
<i>In thousands of Polish Zlotys (PLN)</i>				
Warsaw	85,268	259,242	(173,974)	(67.1%)
Wrocław	23,615	34,840	(11,225)	(32.2%)
Szczecin	20,226	54,870	(34,644)	(63.1%)
Poznań	5,141	21,917	(16,776)	(76.5%)
other	621	4,498	(3,877)	(86.2%)
Total	134,872	375,367	(240,495)	(64.1%)

Management Board Report

Business highlights during the nine months ended 30 September 2022

C. Commencements of new projects

The table below presents information on the projects for which the construction and/or sales process commenced during the nine months ended 30 September 2022:

Project name	Location	Number of units	Area of units (m2)
Nowe Warzymice IV	Szczecin	75	3,818
Eko Falenty I	Warsaw	42	4,304
Miasto Moje VII	Warsaw	243	11,740
Ursus Centralny Iie	Warsaw	280	16,246
Nowa Północ Ia	Szczecin	110	5,230
Osiedle Vola	Warsaw	84	4,851
Między Drzewami	Poznań	117	5,803
Viva Jagodno III	Wrocław	58	3,140
Total		1,009	55,132

For additional information see section “Outlook for the remaining period of 2022 – B. Current projects under construction and/or on sale”.

D. Agreements significant for the business activity of the Group

The table below presents the summary of the signed final purchase agreements of land during the period ended 30 September 2022:

Location	Type of agreement	Signed date	Agreement net value (PLN million)	Paid net till 30 September 2022 (PLN million)	Number of units	Potential PUM
Warsaw, Stojowskiego	final	11 Aug 2021, 11 Jan 2022	16.9	16.9	191	11,000
Warsaw, Dudka ⁽¹⁾	final	28 Oct 2021, 13 Jan 2022	51.4	51.4	1,081	43,754
Warsaw, Marynin	final	22 Feb 2022	25.9	25.9	148	8,100
Warsaw, KEN ⁽³⁾	final	29 Mar 2022	11.9	11.9	94	5,700
Warsaw, Marynin ⁽²⁾	final	15 Jun 2022	9.0	9.0	101	4,183
Warsaw, Zaborowska	final	16 Oct 2021, 31 Aug 2022	19.5	19.5	123	6,928
Warsaw, Wolska ⁽²⁾	final	23 Dec 2021, 19 Sep 2022	23.7	-	292	13,947
Total			158.3	134.6	2,030	93,612

1) The part of the land designated for PRS activity

2) The land designated for PRS activity, the agreement amount 5 mln EUR converted to PLN at the purchase date

3) According to the final agreement the former owner of the plot (Orange Polska S.A.) has the right to use the property till 31 December 2024 until it moves out its telecommunication technical infrastructure located in the Building, the user of the property will pay to the Company leasing fee for the time of usage

The table below presents the summary of the signed preliminary purchase agreements for which the final agreements will be signed during next periods:

Location	Type of agreement	Signed date	Agreement net value (PLN million)	Paid net till 30 September 2022 (PLN million)	Number of units	Potential PUM
Warsaw, Białoleka	preliminary	23 Nov 2020	24.7	15.4	432	20,700
Warsaw, Ursus	preliminary	17 Jan 2021	140.0	10.0	1,860	85,000
Warsaw, Targówek	preliminary	2 June 2021	14.0	4.0	125	6,875
Warsaw, Ochota	preliminary	10 Aug 2021, 5 Oct 2021	7.1	7.1	67	3,700
Warsaw, Włochy	preliminary	30 Dec 2021	16.0	2.0	142	8,400
Warsaw, Bielany ⁽¹⁾	preliminary	21 Mar 2022	11.0	1.0	242	4,559
Total			212.8	39.5	2,868	129,234

1) The land designated for PRS activity

Management Board Report

Selected financial data

PLN/EUR	Exchange rate of Polish Zloty versus Euro			
	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2022 (9 months)	4.674	4.488	4.965	4.870
2021 (9 months)	4.549	4.454	4.660	4.633
2021 (12 months)	4.567	4.454	4.721	4.599

Source: National Bank of Poland ("NBP")

Selected financial data

	EUR		PLN	
	<i>(thousands, except per share data)</i>			
	For the period ended 30 September			
	2022	2021	2022	2021
Revenues	42,664	76,808	199,414	349,399
Gross profit	10,449	13,811	48,837	62,826
Profit/(loss) before taxation	3,967	8,544	18,540	38,866
Net profit/(loss) for the period attributable to the equity holders of the parent	2,583	6,324	12,072	28,767
Cash flows from/(used in) operating activities	(16,086)	12,615	(75,187)	57,384
Cash flows from/(used in) investing activities	(2,203)	(38)	(10,297)	(173)
Cash flows from/(used in) financing activities	5,993	2,444	28,011	11,116
Increase/(decrease) in cash and cash equivalents	(11,995)	15,020	(56,063)	68,327
Average number of equivalent shares (basic)	162,442,859	162,445,822	162,442,859	162,445,822
Net earnings/(loss) per share (basic and diluted)	0.016	0.039	0.074	0.177

Selected financial data

	EUR		PLN	
	<i>(thousands)</i>			
	As at			
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Inventory and Land designated for development	157,831	144,711	768,604	665,583
Total assets	209,805	210,157	1,021,707	966,597
Advances received	37,565	43,098	182,934	198,227
Long term liabilities	44,132	45,888	214,913	211,057
Short term liabilities (including advances received)	76,939	72,943	374,677	335,495
Equity attributable to the equity holders of the parent	88,734	91,326	432,117	420,045

Management Board Report

Overview of results

The net profit attributable to the equity holders of the parent company for the nine months ended 30 September 2022 was PLN 12,072 thousand and can be summarized as follows:

	For the period of 9 months ended		change	
	30 September			
	2022	2021	nominal	%
	PLN			
	<i>(thousands, except per share data)</i>			
Revenue from sales of residential units	199,414	348,679	(149,265)	(42.8%)
Revenue from sale of services	-	720	(720)	(100.0%)
Revenues	199,414	349,399	(149,985)	(42.9%)
Cost of sales of residential units	(150,576)	(286,574)	135,998	(47.5%)
Cost of sales	(150,576)	(286,574)	135,998	(47.5%)
Gross profit	48,837	62,825	(13,988)	(22.3%)
Changes in the value of investment property	(413)	-	(413)	(100%)
Selling and marketing expenses	(2,864)	(3,593)	729	(20.3%)
Administrative expenses	(18,863)	(16,877)	(1,986)	11.8%
Share of profit/(loss) from joint venture	1,222	50	1,172	2,344%
Other expense	115	(744)	859	(115.4%)
Result from operating activities	28,034	41,661	(13,627)	(32.7%)
Finance income	2,847	559	2,288	409.3%
Finance expense	(6,619)	(3,354)	(3,265)	97.3%
Gain/loss in fair value of financial instrument at fair value through profit and loss	(5,722)	-	(5,722)	-
Net finance income/(expense)	(9,494)	(2,795)	(6,699)	239.7%
Profit/(loss) before taxation	18,540	38,866	(20,326)	(52.3%)
Income tax benefit/(expenses)	(6,468)	(10,099)	3,631	(36%)
Net profit/(loss) for the period before non-controlling interests	12,072	28,767	(16,695)	(58%)
Net profit/(loss) for the period attributable to the equity holders of the parent	12,072	28,767	(16,695)	(58%)
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)	0.074	0.177	(0.103)	(58.2%)

Management Board Report

Overview of results

Revenue from sales and services of residential projects

The revenue from sales and services of residential units decreased by PLN 150.0 million (42.9%) from PLN 349.4 million during the nine months ended 30 September 2021 to PLN 199.4 million during the nine months ended 30 September 2022, which is explained by lower amount of units delivered – 466 units delivered to the customers during the nine months ended 30 September 2022, comparing to the 625 units delivered during the nine months ended 30 September 2021 (in terms of fully owned projects).

Cost of sales of residential units

Cost of sales of residential units decreased by PLN 136.0 million (47.5%) from PLN 286.6 million during the nine months ended 30 September 2021 to PLN 150.6 million during the nine months ended 30 September 2022. The decrease relates to a lower amount of delivered units in fully owned projects from 625 units during the nine months ended 30 September 2021 compared to 466 units delivered to customers during the nine months ended 30 September 2022.

Gross margin

The gross margin from sales and services of residential units during the nine months ended 30 September 2022 was 24.5% which increased comparing to 18.0% during the nine months ended 30 September 2021. The change in gross margin relates to a different mix of projects delivered to the customers characterized by a different profitability during the nine months ended 30 September 2022 compared to the mix of projects delivered to customers during the nine months ended 30 September 2021.

During nine months ended 30 September 2022 the projects that significantly impacted revenues and profitability of the Group were Ursus Centralny IIa, Ursus Centralny Ib and Nowe Warzymice II (contributed respectively PLN 19.8 million, PLN 12.7 million and PLN 5.8 million to the gross profit representing a gross profit margin of 24.2%, 27.0% and 27.2%). During nine months ended 30 September 2021 the projects that significantly impacted revenues and profitability of the Group were Viva Jagodno I, Ursus Centralny Ia and Vitalia III (contributed respectively PLN 10.3 million, PLN 10.0 million and PLN 8.3 million to the gross profit representing a gross profit margin of 25.1%, 18.0% and 18.1%).

Selling and marketing expenses

Selling and marketing expenses decreased by PLN 0.7 million (20.3%) from PLN 3.6 million during the nine months ended 30 September 2021 to PLN 2.9 million during the nine months ended 30 September 2022, which is primarily explained by lower number of units sold during the reporting period (298 units sold during the period ended 30 September 2022 comparing to 766 units sold during the period ended 30 September 2021) as well as continued effective marketing strategy started during COVID-19 pandemic.

Administrative expenses

Administrative expenses increased by PLN 2.0 million (11.8%) from PLN 16.9 million in the period ended 30 September 2021 to PLN 18.9 million ended 30 September 2022, which is primarily explained by higher personell expenses due to increase in number of employees and increase in salaries, higher delegation costs due to potential investors relations as well as increase in taxes and charges due to non-deductable VAT costs and property taxed on project where final notary deeds were not signed.

Net finance income/(expenses)

Finance income/(expenses) is accrued and capitalized as part of the cost price of inventory to the extent that is directly attributable to the construction of residential units. Unallocated finance income/(expenses) not capitalized is recognized in the statement of comprehensive income. Net finance expenses increased by PLN 6.7 million (239.7%) from PLN 2.8 million during the nine months ended 30 September 2021 to PLN 9.5 million during the nine months ended 30 September 2022. It is mainly explained by the generated loss in fair value of financial instrument at fair value through profit and loss in amount of PLN 5.7 million, , as well as higher interest rates during the nine months ended on 30 September 2022 compared to the nine months ended on 30 September 2021 and partially compensated by gain on foreign exchange revaluation in the amount of PLN 0.7 million.

Management Board Report

Overview of selected details from the Interim Condensed Consolidated

Statement of Financial Position

The following table presents selected details from the Interim Condensed Consolidated Statement of Financial Position in which material changes had occurred.

	As at 30 September 2022	As at 31 December 2021
	<i>PLN (thousands)</i>	
Inventory and Residential landbank	768,604	665,583
Investment properties	62,176	28,596
Advances received	182,934	198,227
Loans and borrowings	210,530	250,806
Financial liability measured at FVPL	80,349	-

Inventory and residential landbank

The balance of Inventory and Residential landbank amounted to PLN 768.6 million as at 30 September 2022 compared to PLN 665.6 million as at 31 December 2021. The increase is primarily explained by purchases of land during the nine months ended 30 September 2022 in the total amount of PLN 75.6 million and investments in direct construction costs and capitalized finance costs for a total amount of PLN 174.5 million, which is partly offset by the recognized costs of sales in the total amount of PLN 150.6 million.

Investment properties

The balance of Investment properties is PLN 62.2 million as at 30 September 2022 compared to PLN 28.6 million as at 31 December 2021. The increase is primarily explained by purchase of new investment land dedicated for PRS business during the nine months ended 30 September 2022 in the total amount of PLN 32.9 million. As at 30 September 2022 the balance consists of property held for long-term rental yields and capital appreciation as well as investment lands purchased to build investment property for long-term so-called institutional rental and capital appreciation.

Advances received

The balance of advances received is PLN 182.9 million as at 30 September 2022 compared to PLN 198.2 million as at 31 December 2021. The decrease is explained by the revenues recognized from the sale of residential units for a total amount of PLN 199.4 million during the nine months ended 30 September 2022, which was offset by advances received from clients regarding sales of units during the period ended 30 September 2022 for a total amount PLN 184.2 million.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 210.5 million as at 30 September 2022 compared to PLN 250.8 million as at 31 December 2021. The decrease in loans and borrowings is primarily explained by the effect of net repayment of series T bond loans in total amount of PLN 50.0 million, compensated by net proceeds from secured bank loans in the amount of PLN 8.3 million (mainly credit loan for Miasto Moje VI with balance PLN 7.8 million). Average level of debt from bonds loan as at 30 September 2022 amounted to PLN 202.3 million, out of which an amount of PLN 4.4 million comprises facilities maturing no later than 30 September 2023. The balance of bond loans comprises of: principal amount of PLN 200.0 million plus accrued interest of PLN 4.4 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 2.2 million). For additional information see Note 15 of the Interim Condensed Consolidated Financial Statements.

Financial liability measured at FVPL

On 30 January 2022 and 22 February 2022, the Company entered into 5 separate SAFE agreements with Israeli institutional investors ("SAFE") raising a total amount of ILS 60 million, equivalent of PLN 80.3 million as at 30 September 2022. The agreement is classified as financial liability according to IFRS endorsed by EU. For further information regarding the set off of the agreement please see Note 14 of the Interim Condensed Consolidated Financial Statements.

Management Board Report

Overview of cash flow results

The Group funds its day-to-day operations principally from cash flow provided by its operating activities, loans and borrowings under its loan facilities.

The following table sets forth the cash flow on a consolidated basis:

	For the period of nine months ended 30 September	
	2022	2021
	PLN (thousands)	
Cash flows from/(used in) operating activities	(75,187)	57,384
Cash flow from/(used in) investing activities	(10,298)	(173)
Cash flow (used in)/from financing activities	28,011	11,116

Cash flow from/(used in) operating activities

The Company's net cash outflow from operating activities for the nine months ended 30 September 2022 amounted to PLN 75.2 million comparing to a net cash inflow from operating activities during the nine months ended 30 September 2021 amounting to PLN 57.4 million. The decrease by PLN 132.6 million is primarily explained by:

- net cash outflow increase of PLN 155.7 million due to decrease in advances received from clients in the total amount from PLN 339.6 million in the nine months ended on 30 September 2021 comparing to PLN 184.2 million received during the nine month ended on 30 September 2022.

The above mentioned negative effect on the operational cash flow was partly offsetted by:

- the decrease of PLN 3.6 million in amounts paid for lands purchase in a total of PLN 43.4 million in the nine months ended on 30 September 2022 comparing to PLN 47.0 million purchased for the nine months ended on 30 September 2021;
- decrease in the amount paid for income taxes of PLN 10.4 million, resulting from the payment of taxes in the amount of PLN 7.1 million in the period ended 30 September 2022 comparing to payment of taxes in amount of PLN 17.5 million in the period ended million 30 September 2021;
- decrease in cash held in escrow account from PLN 8.2 million on 30 September 2021 to PLN 5.6 million on 30 September 2022 which result in net cash inflow of PLN 2.6 million.

Cash flow from/(used in) investing activities

The Company's net cash outflow used in investing activities amounted to PLN 10.3 million during the the nine months ended 30 September 2022 compared to net outflow from investing activities in comparative period in the amount of PLN 0.2 million. The change is primarily explained by net cash outflow due to acquisition of investment properties land for the PRS activity in the total amount of PLN 10.2 million.

Cash flow from/(used in) financing activities

The Company's net cash inflow from financing activities amounted to PLN 28.0 million during the nine months ended 30 September 2022 compared to a net cash inflow from financing activities amounted to PLN 11.1 million during the nine months ended 30 September 2021. The change is primarily explained by:

- net inflow of proceeds received from the SAFE agreement in the amount of PLN 74.6 million;
- non payment of loans from others during the period of nine months ended 30 September 2022 compared to PLN 6.7 million during analogical period ended on 30 September 2021;
- net outflow of bond loans in the amount of PLN 50 million during the period of nine months ended 30 September 2022 compared to net inflow in the amount of PLN 18.3 million during analogical period ended on 30 September 2021;
- net inflow from secured bank loans in the amount of PLN 4.6 million during nine months ended on 30 September 2022 comparing to PLN 0.6 million inflow during nine months ended on 30 September 2021.

Management Board Report

Outlook for the remaining period of 2022

A. Completed projects

The table below presents information on the total residential units in the completed projects/stages that the Group expects to sell and deliver during the remaining period of 2022:

Project name	Location	Number of residential units delivered ⁽¹⁾			Number of residential units expected to be delivered ⁽¹⁾			Total project
		Until 31 December 2021	During the period ended 30 September 2022	Total units delivered	Units sold not delivered as at 30 September 2022	Units for sale as at 30 September 2022	Total units expected to be delivered	
Ursus Centralny IIa	Warsaw	57	194	251	-	-	-	251
Ursus Centralny Ib	Warsaw	-	96	96	1	-	1	97
Nowe Warzymice II	Szczecin	-	64	64	-	2	2	66
Miasto Moje IV	Warsaw	123	49	172	1	3	4	176
Panoramika VI	Szczecin	51	24	75	-	-	-	75
Miasto Moje V	Warsaw	-	22	22	136	12	148	170
Nowe Warzymice I	Szczecin	47	3	50	2	2	4	54
Verdis	Warsaw	436	3	439	2	-	2	441
Nova Królikarnia 3a	Warsaw	29	2	31	-	-	-	31
Panoramika V	Szczecin	113	2	115	-	-	-	115
Młody Grunwald I	Poznań	144	2	146	2	-	2	148
Nova Królikarnia 3c	Warsaw	22	1	23	-	-	-	23
Miasto Moje I	Warsaw	204	1	205	-	-	-	205
Młody Grunwald III	Poznań	106	1	107	-	1	1	108
Ursus Centralny Ia	Warsaw	137	1	138	-	-	-	138
Grunwald2	Poznań	267	1	268	-	-	-	268
Other (old) projects		-	-	-	1	6	7	7
Total excluding JV		1,736	466	2,202	145	26	171	2,373
Wilanów Tulip ⁽²⁾	Warsaw	122	23	145	1	3	4	149
Total including JV		1,858	489	2,347	146	29	175	2,522

(1) For the purpose of disclosing information related to the particular projects, the word "sell" ("sold") is used, with relation to signing the preliminary sale agreement with the client for the sale of the apartment; whereas the word "deliver" ("delivered") relates to the transferring of significant risks and rewards of the ownership of the residential unit to the client.

(2) The project presented in the Interim Condensed Consolidated Financial Statements under investment in joint ventures; the Company's share is 50%.

For information on the completed projects see "Business highlights during the nine months ended 30 September 2022- A. Results breakdown by project".

Management Board Report

Outlook for the remaining period of 2022

B. Current projects under construction and/or on sale

The table below presents information on projects for which completion is scheduled in the remaining period of 2022, and for the years 2023-2025. The Company has obtained valid building permits for all projects/stages and has commenced construction and /or sales.

Project name	Location	Start date of construction	Units sold until 30 September 2022	Units for sale as at 30 September 2022	Total units	Total area of units (m ²)	Expected completion of construction
Viva Jagodno IIa	Wrocław, Jagodno, Buforowa st.	Q1 2021	61	15	76	4,329	Q4 2022
Nowe Warzymice III	Szczecin, Do Rajkowa st.	Q2 2021	56	6	62	3,537	Q4 2022
Ursus Centralny IIb	Warsaw, Ursus, Gierdziejewskiego st.	Q1 2021	139	67	206	11,758	Q1 2023
Grunwaldzka	Poznań, Grunwaldzka st.	Q2 2021	44	26	70	3,351	Q1 2023
Miasto Moje VI	Warsaw, Bialoleka, Marwilska st.	Q3 2021	108	119	227	11,722	Q2 2023
Ursus Centralny IIc ⁽¹⁾	Warsaw, Ursus, Gierdziejewskiego st.	Q4 2021	48	187	235	11,124	Q2 2023
Nowe Warzymice IV	Szczecin, Do Rajkowa st.	Q1 2022	23	52	75	3,818	Q3 2023
Viva Jagodno IIb	Wrocław, Jagodno, Buforowa st.	Q4 2021	42	110	152	8,876	Q3 2023
Eko Falenty I	Falenty Nowe, Droga Hrabaska st.	Q1 2022	2	40	42	4,303	Q3 2023
Osiedle Vola	Warsaw, Wola, Studzienna st.	Q2 2022	8	76	84	4,851	Q4 2023
Nowa Północ Ia	Szczecin, Bogusława Świątkiewicza st.	Q3 2022	12	98	110	5,230	Q1 2024
Między Drzewami	Poznań, Smardzewska st.	Q4 2022 ⁽³⁾	1	116	117	5,803	Q2 2024 ⁽³⁾
Viva Jagodno III	Wrocław, Jagodno, Buforowa st.	Q2 2023 ⁽³⁾	3	55	58	3,140	Q4 2024 ⁽³⁾
Miasto Moje VII ⁽²⁾	Warsaw, Bialoleka, Marwilska st.	Q1 2023 ⁽³⁾	2	241	243	11,740	Q4 2024 ⁽³⁾
Ursus Centralny IIe	Warsaw, Ursus, Gierdziejewskiego st.	Q1 2023 ⁽³⁾	5	275	280	16,246	Q1 2025 ⁽³⁾
Subtotal			554	1,483	2,037	109,827	

(1) Part of the stage of Ursus Centralny IIc project is designated for PRS activity – comprises 121 units of an aggregate floor space of 4,935 m².

(2) Part of the stage of Miasto Moje VII project is designated for PRS activity – comprises 160 units of an aggregate floor space of 7,349 m².

(3) The sales on the projects started, the construction start and completion date are expected dates based on current Management estimations.

C. Projects for which construction work is planned to commence during the remaining period of 2022

During the remaining period of 2022, the Company is considering the commencement of 1 stage of Nova Królikarnia project (stage 4b1). The stage comprises of 11 units with a total area of 2,566 m².

Management Board Report

Outlook for the remaining period of 2022

D. Value of the preliminary sales agreements signed with clients for which revenue has not been recognized in the Consolidated Statement of Comprehensive Income

The current volume and value of the preliminary sales agreements signed with the clients do not impact the Interim Condensed Consolidated Statement of Comprehensive Income immediately but only after final settlement (i.e. upon signing of protocol for technical acceptance and transfer of the key to the client as well as obtaining full payment for the unit purchased) of the contracts with the customers. The table below presents the value of the preliminary sales agreements (excluding VAT) executed with the Company's clients in particular for units that have not been recognized in the Interim Condensed Consolidated Statement of Comprehensive Income:

Project name	Location	Number of the sold but not delivered units signed with Clients	Value of the preliminary sales agreements signed with clients	Completed / expected completion of construction
Miasto Moje V ⁽¹⁾	Warsaw	136	51,381	Completed
Nowe Warzymice I ⁽¹⁾	Szczecin	2	1,105	Completed
Młody Grunwald I ⁽¹⁾	Poznań	2	964	Completed
Miasto Moje IV ⁽¹⁾	Warsaw	1	845	Completed
Verdis ⁽¹⁾	Warsaw	2	715	Completed
Ursus Centralny Ib ⁽¹⁾	Warsaw	1	451	Completed
Moko II ⁽¹⁾	Warsaw	-	374	Completed
City Link III ⁽¹⁾	Warsaw	1	344	Completed
Moko I ⁽¹⁾	Warsaw	-	319	Completed
Nowe Warzymice II ⁽¹⁾	Szczecin	-	40	Completed
Other (old) projects ⁽¹⁾		-	36	Completed
Subtotal completed projects excluding JV		145	56,573	
Wilanów Tulip ⁽¹⁾⁽³⁾	Warsaw	1	647	Completed
Subtotal completed projects including JV		146	57,220	
Viva Jagodno IIa ⁽²⁾	Wrocław	61	23,867	2022
Nowe Warzymice III ⁽²⁾	Szczecin	56	23,224	2022
Ursus Centralny IIb ⁽²⁾	Warsaw	139	73,624	2023
Miasto Moje VI ⁽²⁾	Warsaw	108	41,610	2023
Ursus Centralny IIc ⁽²⁾	Warsaw	48	21,876	2023
Viva Jagodno IIb ⁽²⁾	Wrocław	42	17,128	2023
Grunwaldzka ⁽²⁾	Poznań	44	16,873	2023
Nowe Warzymice IV ⁽²⁾	Szczecin	23	8,543	2023
Osiedle Vola ⁽²⁾	Warsaw	8	5,981	2023
Eko Falenty I ⁽²⁾	Warsaw	2	1,802	2023
Nowa Północ Ia ⁽²⁾	Szczecin	12	3,442	2024
Miasto Moje VII ⁽²⁾⁽⁴⁾	Warsaw	2	569	2024
Viva Jagodno III ⁽²⁾⁽⁴⁾	Wrocław	3	923	2024
Między Drzewami ⁽²⁾⁽⁴⁾	Poznań	1	358	2024
Ursus Centralny IIe ⁽²⁾⁽⁴⁾	Warsaw	5	1,550	2025
Subtotal ongoing projects		554	241,370	
Total		700	298,590	

(1) For information on the completed projects see "Business highlights during the nine months ended 30 September 2022–A. Results breakdown by project".

(2) For information on current projects under construction and/or on sale, see under "B".

(3) This project is presented in the Interim Condensed Consolidated Financial Statements under Investment in joint ventures; the Company's share in this project is 50%.

(4) Projects where the Company started the sales but did not start construction process until 30/09/2022

Management Board Report

Additional data for the Company

The Company is mainly a holding company and management services provider with respect to the development of residential projects for its subsidiaries. The majority of the Company income are from the following sources: (i) interests from loans granted to subsidiaries for the development of projects, (ii) management fee received from subsidiaries for the provision of projects management services, and (iii) dividend received from subsidiaries. All above revenues are being eliminated on a consolidation level.

Below section presents main data on the Company activity that were not covered in other sections of this Management Board Report.

PLN/EUR	Exchange rate of Polish Zloty versus Euro			
	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2022 (9 months)	4.674	4.488	4.965	4.870
2021 (9 months)	4.549	4.454	4.660	4.633
2021 (12 months)	4.567	4.454	4.721	4.599

Source: National Bank of Poland ("NBP")

Selected financial data	EUR		PLN	
	(thousands, except per share data)			
	For the 9 months ended 30 September			
	2022	2021	2022	2021
Revenues from management services	559	947	2,613	4,310
Financial income (Wise majority from loans granted to subsidiaries)	3,046	1,024	14,237	4,660
Financial expences (Wise majority from Interest on bonds)	(4,137)	(2,093)	(19,337)	(9,522)
Profit including results from subsidiaries	2,352	6,324	10,993	28,767
Cash flows from/(used in) operating activities	(2,135)	(443)	(9,981)	(2,015)
Cash flows from/(used in) investing activities	(2,458)	(1,037)	(11,488)	(4,716)
Cash flows from/(used in) financing activities	5,269	2,097	24,626	9,538
Increase/(decrease) in cash and cash equivalents	978	617	4,569	2,807
Average number of equivalent shares (basic)	162,442,859	162,445,822	162,442,859	162,445,822
Net earnings/(loss) per share (basic and diluted)	0.015	0.039	0.068	0.177

Selected financial data	EUR		PLN	
	(thousands)			
	As at			
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Investment in subsidiaries	89,679	99,676	436,718	458,449
Loan granted to subsidiaries	53,285	43,447	259,485	199,828
Total assets	146,853	145,986	715,143	671,447
Long term liabilities	40,714	42,985	198,267	197,705
Short term liabilities	17,627	11,675	85,838	53,697
Equity	88,512	91,326	431,038	420,045

Management Board Report

Additional information to the report

Major shareholders and disclosure obligations of controlling shareholder

Due to the exceeding of the threshold 95% of shares owned by one shareholder, on 14 February 2022, the Company's shareholder, Amos Luzon Development and Energy Group Ltd., announced a request for a compulsory buyout of the Company's shares belonging to all its other shareholders. After the compulsory buyout (settlement was made on 17 February 2022), Luzon Group now holds, directly and indirectly, 100% of the share capital of the Company. On 8 March 2022, the General Meeting of the Company was held, at which the shareholders adopted a resolution on withdrawing the Company's shares from trading on the regulated market. In connection with the adoption of the above resolution, on 9 March 2022, the Company submitted an application to the Polish Financial Supervision Authority for authorization to withdraw the Company's shares from trading on the regulated market. On 14 April 2022 the Polish Financial Supervision Authority issued a consent to the withdrawal of the Company's shares from trading on the market regulated by the Warsaw Stock Exchange S.A. ("WSE") as of 28 April 2022. The respective resolution was also adopted by the Management Board of WSE on 25 April 2022.

A. Luzon Group, the Company's controlling shareholder, is a company listed on the Tel Aviv Stock Exchange with the registered office in Raanana, Israel, and is subject to certain disclosure obligations. Some of the documents published by A. Luzon Group in performance of such obligations, available here: <http://maya.tase.co.il> (some of which are only available in Hebrew), may contain certain information relating to the Company.

To the best of the Company's knowledge, as at 8 November 2022, there were no changes in the Company's shareholders structure.

The total number of own shares held by the Company as at 30 September 2022 was equal to 1,567,954 shares, which constitute 0.96% of the share capital of the Company and votes at the General Meeting. There were no changes in own shares in the period nine months ended 30 September 2022 and until the publication date.

Changes in the Management and Supervisory Board during the nine months ended 30 September 2022 and until the date of publication of this report

In connection with the withdrawal of the Company's shares from trading on the regulated market operated by WSE, on 26 May 2022 the Extraordinary General Meeting of the Company decided to introduce certain changes to the Articles of Association of the Company. In relation to the Management Board and Supervisory Board main changes are as follows:

- resignation from the joint term of office of members of the Management Board and of the Supervisory Board,
- decrease of minimum number of the Supervisory Board members from 5 to 3,
- deletion of requirement to establish the Audit Committee and the Remuneration Committee in the Supervisory Board.

In connection with the abovementioned changes, that were registered in the National Registry Court on 30 June 2022, on 7 July 2022 the Extraordinary General Meeting of the Company decided about:

- the end of the period of the current joint term of office of the Supervisory Board of the Company in connection with the amendment of the Company's Articles of Association and the expiry of the mandates of the current members of the Supervisory Board of the Company;
- the re-appointment to the Supervisory Board of Amos Luzon, Alon Kadouri and Ofer Kadouri (i.e. three of previous six members of the Supervisory Board);
- the end of the period of the current joint term of office of the Management Board of the Company in connection with the amendment of the Company's Articles of Association and the expiry of the mandates of the current members of the Management Board of the Company;
- re-appointment to the Management Board of the Company of all its existing members to the same functions (i.e. Boaz Haim as President of the Management Board, Yaron Shama as Finance Vice-President of the Management Board, Andrzej Gutowski as Sales Vice-President of the Management Board and Karolina Bronszewska as Marketing and Innovation Member of the Management Board).

Management Board Report

Additional information to the report

Changes in the Management and Supervisory Board during the nine months ended 30 September 2022 and until the date of publication of this report

Also in connection with the abovementioned changes, on August 29, 2022 the Supervisory Board of the Company adopted following resolutions regarding:

- appointment of Amos Luzon as the Chairman of the Supervisory Board;
- resignation from the application of the Rules of Procedure of the Supervisory Board of Ronson Development SE;
- dissolution of the Audit Committee of the Supervisory Board and resignation from the application of its Rules;
- dissolution of the Remuneration Committee of the Supervisory Board and resignation from the application of its Rules.

Changes in ownership of shares and rights to shares by Management and Supervisory Board members during the nine months ended 30 September 2022 and until the date of publication of this report

Mr Amos Luzon, member of the Supervisory Board, as at 31 December 2021 held 71.14%, while as at 30 September 2022 and as at the day preceding the publication of this report held 67.75% of the shares and voting rights in A. Luzon Group (to the best of the Company's knowledge, inter alia through A. Luzon Properties and Investments Ltd., a private company owned by Mr Amos Luzon "99%"), and as a result, thus indirectly held a 66.23% of shares in the Company as at 31 December 2021, 66.43% as at 30 September 2022 and as at the day preceding the publication of this report.

Changes in the Company's group structure

During the nine months ended 30 September 2022 there were the following changes in the Company's group structure:

- 1) Creation of new Companies:
 - Ronson Development SPV12 Sp. z o.o.
 - Ronson Development SPV13 Sp. z o.o.

All the above companies are 100% owned by Ronson Development SE.
- 2) On the 9 March 2022 the following companies were merged into Ronson Development South Sp. z o.o.:
 - Ronson Development Creations Sp. z o.o.,
 - Ronson Development Investment Sp. z o.o.,
 - Ronson Development Metropol Sp. z o.o.,
 - Ronson Development North Sp. z o.o.,
 - Ronson Development Warsaw Sp. z o.o..
- 3) On the 18 August 2022 the company Semela Sp. z o.o. was merged into Ronson Development SPV7 sp. z o.o.
- 4) On the 22 August 2022 the following companies were merged into Ronson Development South Sp. z o.o.:
 - AGRT Sp. z o.o.
 - Ronson Espresso Sp. z o.o.

The Company's group structure as at 30 September 2022 and 31 December 2021 is presented in the Note 7 to the Interim Condensed Consolidated Financial Statements.

Seasonality

The Group's activities are not of a seasonal nature. Therefore, the results presented by the Group do not fluctuate significantly during the year due to the seasonality.

Influence of results disclosed in the report on fulfillment of result forecasts

The Management Board of Ronson Development SE does not publish any financial forecasts concerning the Group and the Company.

Management Board Report

Additional information to the report

Related parties transactions

There were no transactions and balances with related parties during the nine months ended 30 September 2022 other than described below, the remuneration of the Management Board, loans granted to related parties within the Group, the reimbursement of audit review costs and the consulting services agreement with A. Luzon Group, the major (indirect) shareholder, for a total monthly amount of PLN 70 thousand and covering travel and out of pocket expenses. All transactions with related parties were performed based on market conditions.

During the nine months ended 30 September 2022, the Group sold three apartments to the company owned by Andrzej Gutowski for a total net amount (excluding VAT) of PLN 855 thousand. Those transactions were executed at arm's length and was in adherence to the Group's policy in respect of related-party transactions.

Quarterly reporting by the Company

As a result of requirements pertaining to A. Luzon Group, the Company's controlling shareholder, whose ultimate parent company is listed on the Tel Aviv Stock Exchange, the first quarter reports, semi-annual reports and third quarter reports are subject to a full scope review by the Company's auditors. For the Company itself, being domiciled in Poland and until 28 April 2022 listed on the Warsaw Stock Exchange, only the semi-annual and yearly report is subject to a review/audit. The Company has agreed with A. Luzon Group that the costs for the first and third quarter review will be shared between the Company and its shareholder. The Company considers having its first and third quarter report provided with a review report a benefit to all of its bondholders.

The Company prepared this Interim Financial Report for the nine months ended 30 September 2022 in both English and Polish languages, while the Polish version is binding.

Material court cases

There is no proceeding pending before a court, a complement arbitration authority or a public administration authority concerning liabilities or claims of Ronson Development SE or its subsidiaries, the value of which equaled at least 10% of the Company's equity.

Guarantees provided by the Company

During the nine months ended 30 September 2022, the Company did not grant any guarantees.

Employees

The average number of personnel employed by the Group – on a fulltime equivalent basis – during the nine months ended 30 September 2022 was 74 during as well as during the nine months ended 30 September 2021. There were no personnel employed in the Company.

Management Board Report

Responsibility statement

The Management Board of Ronson Development SE hereby declares that:

- a) to the best of its knowledge, the Interim Condensed Consolidated Financial Statements and Interim Condensed Company Financial Statements and comparative data have been prepared in accordance with the applicable accounting principles and that they reflect in a true, reliable and clear manner financial position of the Company, the Group and its financial result;
- b) the Management Board Report contains a true picture of the Company's and Group's development and achievements, as well as a description of the main threats and risks.

This Management Board Report of activities of the Company and the Group during the nine months period ended 30 September 2022 was prepared and approved by the Management Board of the Company on 9 November 2022.

The Management Board

Boaz Haim

President of the Management Board

Yaron Shama

Vicepresident of the Management Board, CFO

Andrzej Gutowski

Vicepresident of the Management Board,
Sales Director

Karolina Bronszewska

Member of the Management Board
Marketing and Innovation Director

Warsaw, 9 November 2022

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022**Interim Condensed Consolidated Statement of Financial Position**

<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	As at 30 September 2022 (Reviewed/Unaudited)	As at 31 December 2021 (Audited)
Assets			
Property and equipment		7,633	7,558
Investment property	9	62,176	28,596
Intangible fixed assets		760	1,016
Investments in joint ventures	25	5,067	3,846
Deferred tax assets	18	10,261	8,195
Land designated for development	10	8,807	10,041
Total non-current assets		94,704	59,251
Inventory	10	759,797	655,542
Trade and other receivables and prepayments	11	49,728	58,180
Advances for Land	12	32,186	48,453
Income tax receivable		516	1,002
Loans granted to thirs parties		1,692	1,621
Loans granted to joint ventures	25	130	319
Other current financial assets		5,583	8,794
Cash and cash equivalents		77,371	133,434
Total current assets		927,003	907,345
Total assets		1,021,707	966,597
Equity			
Share capital		12,503	12,503
Share premium		150,278	150,278
Treasury shares		(1,732)	(1,732)
Retained earnings		271,068	258,996
Total equity/Equity attributable to equity holders of the parent		432,117	420,045
Liabilities			
Floating rate bond loans	15	197,828	196,991
Deferred tax liability	18	16,421	13,513
Lease liabilities related to perpetual usufruct of investment properties	13	663	553
Total non-current liabilities		214,913	211,057
Trade and other payables and accrued expenses	16	78,680	61,086
Floating rate bond loans	15	-	49,770
Other payables - accrued interests on bonds	15	4,441	2,477
Secured bank loans	15	8,261	1,568
Advances received	19	182,934	198,227
Income tax payable		757	2,716
Provisions		1,615	2,128
Lease liabilities related to perpetual usufruct of land	13	17,641	17,523
Financial liability measured at FVPL	14	80,349	-
Total current liabilities		374,677	335,495
Total liabilities		589,590	546,552
Total equity and liabilities		1,021,707	966,597

The notes included on pages 24 to 56 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022

Interim Condensed Consolidated Statement of Comprehensive Income

	Note	For the 9	For the 3	For the 9	For the 3
		months ended	months ended	months ended	months ended
		30 September	30 September	30 September	30 September
PLN (thousands, except per share data and number of shares)		2022	2022	2021	2021
		(Reviewed) / (unaudited)	(Unaudited) / (unreviewed)	(Reviewed) / (unaudited)	(Unaudited) / (unreviewed)
Revenue from residential projects	20	199,414	61,734	348,679	102,254
Revenue from sale of services		-	-	720	240
Revenue		199,414	61,734	349,399	102,494
Cost of sales	20	(150,576)	(44,500)	(286,574)	(83,259)
Gross profit		48,837	17,233	62,826	19,236
Changes in the value of investment property		(413)	(367)	-	-
Selling and marketing expenses		(2,864)	(1,158)	(3,593)	(1,045)
Administrative expenses		(18,863)	(5,914)	(16,877)	(5,660)
Share of profit/(loss) in joint ventures		1,222	156	50	222
Other expenses		(1,919)	(207)	(2,611)	(1,373)
Other income		2,034	702	1,867	604
Result from operating activities		28,034	10,445	41,661	11,983
Finance income		2,847	789	559	211
Finance expense		(6,619)	(3,048)	(3,354)	(1,084)
Gain/loss in fair value of financial instrument at fair value through profit and loss	14	(5,722)	(2,743)	-	-
Net finance income/(expense)		(9,494)	(5,002)	(2,795)	(873)
Profit/(loss) before taxation		18,540	5,443	38,866	11,110
Income tax benefit/(expense)	17	(6,468)	(3,196)	(10,099)	(4,292)
Profit for the period		12,072	2,247	28,767	6,818
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the period, net of tax		12,072	2,247	28,767	6,818
Total profit/(loss) for the period attributable to:					
Equity holders of the parent		12,072	2,247	28,767	6,818
Non-controlling interests		-	-	-	-
Total profit/(loss) for the period, net of tax		12,072	2,247	28,767	6,818
Total profit/(loss) for the period attributable to:					
equity holders of the parent		12,072	2,247	28,767	6,818
Non-controlling interests		-	-	-	-
Total comprehensive income/(expense) for the period, net of tax		12,072	2,247	28,767	6,818
Weighted average number of ordinary shares (basic and diluted)		162,442,859	162,442,859	162,445,822	162,442,859
<i>In Polish Zlotys (PLN)</i>					
Net earnings/(loss) per share attributable to the equity holders of the parent basic		0.074	0.014	0.177	0.042
Net earnings/(loss) per share attributable to the equity holders of the parent diluted		0.074	0.014	0.177	0.042

The notes included on pages 24 to 56 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022**Interim Condensed Consolidated Statement of Changes in Equity**

	<u>Attributable to the Equity holders of parent</u>				
	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Total equity</u>
<i>In thousands of Polish Zlotys (PLN)</i>					
Balance at 1 January 2022	12,503	150,278	(1,732)	258,996	420,045
Comprehensive income:					
Profit for the nine months ended 30 September 2022	-	-	-	12,072	12,072
Total comprehensive income/(expense)	-	-	-	12,072	12,072
Balance at 30 September 2022 (Reviewed/ Unaudited)	12,503	150,278	(1,732)	271,068	432,117

	<u>Attributable to the Equity holders of parent</u>				
	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Total equity</u>
<i>In thousands of Polish Zlotys (PLN)</i>					
Balance at 1 January 2021	12,503	157,905	(1,613)	211,022	379,817
Comprehensive income:					
Profit for the three months ended 30 September 2021	-	-	-	28,767	28,767
Total comprehensive income/(expense)	-	-	-	28,767	28,767
Own shares acquired	-	-	(119)	-	(119)
Reclassification of 2019 net result from Share premium to retained earnings*	-	(7,627)	-	7,627	-
Balance at 30 September 2021 (Reviewed/ Unaudited)	12,503	150,278	(1,732)	247,416	408,465

*change of presentation of allocation of net result for the year 2019 from Share premium to Retained earnings

The notes included on pages 24 to 56 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022**Interim Condensed Consolidated Statement of Cash Flows**

For the year ended 30 September		2022	2021
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>		
Cash flows from/(used in) operating activities			
Profit/(loss) for the period		12,072	28,767
Adjustments to reconcile profit for the period to net cash used in operating activities			
Depreciation		635	588
(Increase)/decrease in fair value of investment property	9	413	-
Write-down of inventory		482	227
Finance expense		5,793	3,354
Finance income		(1,359)	(559)
Foreign exchange rates differences gain/loss		(1,518)	-
Gain/loss in fair value of financial instrument at fair value through profit and loss	14	5,722	-
Share of loss /(profit) from joint ventures		(1,246)	(40)
Income tax expense/(benefit)		6,468	10,098
Subtotal		27,462	42,435
Decrease/(increase) in inventory and land designated for development	10	(17,931)	165,049
Land designated for sale		-	(22,500)
Purchases of land		(43,399)	(46,968)
Decrease/(increase) in advances for land		(1,486)	(19,300)
Decrease/(increase) in trade and other receivables and prepayments		(4,364)	(34,733)
Decrease/(increase) in other current financial assets		3,211	6,008
Increase/(decrease) in trade and other payables and accrued expenses		(6,205)	(1,087)
Increase/(decrease) in provisions		(513)	353
Increase/(decrease) in advances received	19	(15,293)	(9,237)
Subtotal		(58,519)	80,021
Interest paid		(10,905)	(5,173)
Interest received		1,329	-
Income tax received/(paid)		(7,092)	(17,464)
Net cash from/(used in) operating activities		(75,187)	57,384
Cash flows from/(used in) investing activities			
Acquisition of property and equipment		(299)	(173)
Proceeds from Investment property	9	(10,213)	-
Loans granted to JV		214	-
Net cash from/(used in) investing activities		(10,298)	(173)
Cash flows (used in)/from financing activities			
Proceeds from bank loans, net of bank charges	15	51,008	5,970
Repayment of bank loans	15	(46,417)	(5,394)
Proceeds from bond loans, net of charges	15	-	96,181
Repayment of bond loans	15	(50,000)	(77,929)
Repayment of loans from other		-	(6,674)
Payment of perpetual usufruct rights	13	(1,206)	(919)
SAFE Agreement	14	74,626	-
Buy-back of shares		-	(119)
Net cash from/(used in) financing activities		28,011	11,116
Net change in cash and cash equivalents		(57,474)	68,327
Cash and cash equivalents at beginning of period		133,434	135,099
Effects of exchange rate changes on cash and cash equivalents		1,411	-
Cash and cash equivalents at end of period		77,371	203,426

* including restricted cash that amounted to PLN 65,021 thousand and PLN 45,079 thousand as 30 September 2022 and as 30 September 2021, respectively.

The notes included on pages 24 to 56 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 1 – General and principal activities**

Ronson Development SE (‘the Company’), formerly named Ronson Europe N.V., is an European Company with its statutory seat in Warsaw, Poland. The registered office is located at al. Komisji Edukacji Narodowej 57 in Warsaw. The Company was incorporated in the Netherlands on 18 June 2007 as Ronson Europe N.V. with statutory seat in Rotterdam. During 2018, the Company changed its name and was transformed into an European Company (SE) and, effectively as of 31 October 2018, transferred its registered office of the Company from the Netherlands to Poland. Address of the Company’s registered office is the same as domicile of the Company (Al. Komisji Edukacji Narodowej 57 in Warsaw).

The Company (together with its subsidiaries, ‘the Group’) is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. In 2021 the Management Board of the Company decided to start developing a new activity, so-called Private Rent Sector (PRS).

As at 30 September 2022 and as of publication date of the financial statements 66.06% of the shares are indirectly controlled by A. Luzon Group (via I.T.R. Dori B.V.) and 32.98% of the shares are directly controlled by A. Luzon Group (Ultimate Parent). The Ultimate Controlling Party is Mr Amos Luzon, member of the Supervisory Board. Additionally 0.96% of the shares are held by the Company.

The Interim Condensed Consolidated Financial Statements of the Company have been prepared for the nine months ended 30 September 2022 and contain comparative data for the nine months ended 30 September 2021 and as at 31 December 2021. The Interim Condensed Consolidated Financial Statements of the Company for the nine months ended 30 September 2022 with all its comparative data have been reviewed by the Company’s external auditors.

The information about the companies from which the financial data are included in these Interim Condensed Consolidated Financial Statements and the extent of ownership and control are presented in Note 7.

The Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022 were authorized for issuance by the Management Board on 9 November 2022 in both English and Polish languages, while the Polish version is binding.

Note 2 – Basis of preparation of Interim Condensed Consolidated Financial Statements

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 “Interim financial reporting”.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2021 prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union. At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the nature of the Group’s activities, the IFRSs issued by IASB are not different from the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”). The Consolidated Financial Statements of the Group for the year ended 31 December 2021 are available upon request from the Company’s registered office at Al. Komisji Edukacji Narodowej 57, Warsaw, Poland or at the Company’s website: ronson.pl

These Interim Condensed Consolidated Financial Statements have been prepared on the assumption that the Group is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations. Further explanation and analyzes on significant changes in financial position and performance of the Company during the nine months ended 30 September 2022 are included in the Management Board Report on pages 2 through 19.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 3 – Summary of significant accounting policies**

Except as described below, the accounting policies applied by the Company and the Group in these Interim Condensed Consolidated Financial Statements are the same as those applied by the Company in its Consolidated Financial Statements for the year ended 31 December 2021.

The following standards and amendments became effective as of 1 January 2022:

- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before intended use
- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 (IFRS 9 Financial Instruments; IFRS 16 Leases, IFRS 1 First-time Adoption of International Financial Reporting Standards, IAS 41 Agriculture)

The impact of the above amendments and improvements to IFRSs was analysed by the Management. Based on the first assessment the amendments do not impact the annual consolidated financial statements of the Group nor the interim condensed consolidated financial statements of the Groups.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity or the Group in the current or future reporting periods and on foreseeable future transactions.

Financial instruments – financial liabilities measured at fair value through profit and loss

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. As financial liability at fair value through profit or loss the Group classifies an investors agreement signed in February 2022 (for more information please refer to Note 14).

Such liabilities are subsequently measured at fair value. A gain or loss on a financial liability that is designated as at fair value through profit or loss is presented as follows:

- (a) the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income;
- (b) the remaining amount of change in the fair value of the liability is presented in profit or loss in line: “Gain/loss in fair value of financial instrument at fair value through profit and loss”,

unless the treatment of the effects of changes in the liability’s credit risk described in (a) would create or enlarge an accounting mismatch in profit or loss, then all changes in fair value (including the effects of changes in the credit risk of the liability) are presented in profit and loss.

Investment properties, Investment properties under construction

Investment properties and investment properties under construction are measured initially at cost, including transaction costs. After initial recognition, as at each reporting date, investment property under construction that meets the premises for their valuation, and investment property are disclosed at fair value. The fair value measurement is updated at least quarterly. Profits or losses resulting from changes in the fair value of investment properties are recognized in the statement of comprehensive income in the period in which they arise. The result on the valuation of investment properties is presented in the profit / loss on investment property item.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 3 – Summary of significant accounting policies***Investment properties, Investment properties under construction*

For investment properties under construction, the premises for valuation are deemed to be met in the case of projects where a significant part of the risks related to the construction process has been eliminated and it is possible to measure reliably at fair value. In other cases, when it is not possible to reliably determine the fair value, the value of real estate under construction is valued according to the purchase price or production cost less impairment losses.

The Group has specified the conditions under which it begins the process of analyzing whether significant risks relating to investment properties under construction have been eliminated. There are specific conditions analyzed by the Group if the risks are minimalized which are basis for the fair value valuation, like for example, but not limited to, obtaining building permit, contracting construction work.

The presented conditions constitute the boundary criteria of the analysis. Each investment property under construction is analyzed individually in terms of the possibility of obtaining a reliable valuation to fair value, taking into account, in addition to the conditions described above, also the general economic and market situation, the availability of data for similar properties and expectations regarding the volatility of factors underlying the valuation and the method of financing investment project.

The fair values of land and buildings measured at fair value are updated in such a way as to reflect the market conditions prevailing at the end of the reporting period. The fair value of investment property is the price that would have been received for the sale of an asset or paid for the transfer of a liability in a transaction between market participants carried out on normal conditions at the valuation date. Fair values are subject to verification by external valuations prepared by experts in cooperation with the Management Board. To determine the fair value of the property, independent appraisers use valuation methods most appropriate for the valuation of the property depending on the individual asset.

Note 4 – The use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates.

In preparing these Interim Condensed Consolidated Financial Statements, the significant judgments made by the Management Board in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Consolidated Financial Statements for the year ended 31 December 2021, except below changes.

Valuation of financial liability at fair value through profit or loss

The fair value of the financial liability at fair value through profit or loss is determined by independent valuator based on the Monte Carlo simulation model and the Black & Scholes model. The determination of the fair value of the liability requires the use of estimates such as share price, exercise price, loan maturity, risk free interest, credit risk, expected volatility and expected dividend yield. More information is presented in the Note 14.

Note 5 – Functional and reporting currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Interim Condensed Consolidated Financial Statements are presented in thousands of Polish Zloty ("PLN"), which is the functional currency of the Parent Company and the Group's presentation currency.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 5 – Functional and reporting currency**

Transactions in currencies other than the functional currency are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than the functional currency are recognized in the statement of comprehensive income.

Note 6 – Seasonality

The Group's activities are not of a seasonal nature. Therefore, the results presented by the Group do not fluctuate significantly during the year due to the seasonality.

Note 7 – Composition of the Group

The details of the companies whose financial statements have been included in these Interim Condensed Consolidated Financial Statements, the year of incorporation and the percentage of ownership and voting rights directly held or indirectly by the Company, are presented below and on the following page.

Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
		30 September 2022	31 December 2021
a. held directly by the Company:			
1 Ronson Development Management Sp. z o.o.	1999	100%	100%
2 Ronson Development Warsaw Sp. z o.o. ⁽³⁾	2000	-	100%
3 Ronson Development Investment Sp. z o.o. ⁽³⁾	2011	-	100%
4 Ronson Development Metropol Sp. z o.o. ⁽³⁾	2011	-	100%
5 Ronson Development Creations Sp. z o.o. ⁽³⁾	2005	-	100%
6 Ronson Development Sp. z o.o.	2006	100%	100%
7 Ronson Development Construction Sp. z o.o.	2006	100%	100%
8 City 2015 Sp. z o.o.	2006	100%	100%
9 Ronson Development Village Sp. z o.o. ⁽¹⁾	2007	100%	100%
10 Ronson Development Skyline Sp. z o.o.	2007	100%	100%
11 Ronson Development Universal Sp. z o.o. ⁽¹⁾	2007	100%	100%
12 Ronson Development South Sp. z o.o.	2007	100%	100%
13 Ronson Development Partner 5 Sp. z o.o.	2007	100%	100%
14 Ronson Development Partner 4 Sp. z o.o.	2007	100%	100%
15 Ronson Development North Sp. z o.o. ⁽³⁾	2007	-	100%
16 Ronson Development Providence Sp. z o.o.	2007	100%	100%
17 Ronson Development Finco Sp. z o.o.	2009	100%	100%
18 Ronson Development Partner 2 Sp. z o.o.	2009	100%	100%
19 Ronson Development Partner 3 Sp. z o.o.	2012	100%	100%
20 Ronson Development Studzienna Sp. z o.o.	2019	100%	100%
21 Ronson Development SPV1 Sp. z o.o.	2021	100%	100%
22 Ronson Development SPV2 Sp. z o.o.	2021	100%	100%
23 Ronson Development SPV3 Sp. z o.o.	2021	100%	100%
24 Ronson Development SPV4 Sp. z o.o.	2021	100%	100%
25 Ronson Development SPV5 Sp. z o.o.	2021	100%	100%
26 Ronson Development SPV6 Sp. z o.o.	2021	100%	100%
27 Ronson Development SPV7 Sp. z o.o.	2021	100%	100%
28 Ronson Development SPV8 Sp. z o.o.	2021	100%	100%
29 Ronson Development SPV9 Sp. z o.o.	2021	100%	100%
30 Ronson Development SPV10 Sp. z o.o.	2021	100%	100%
31 Ronson Development SPV11 Sp. z o.o.	2021	100%	100%
32 Ronson Development SPV12 Sp. z o.o. ⁽²⁾	2022	100%	-
33 Ronson Development SPV13 Sp. z o.o. ⁽²⁾	2022	100%	-
b. held indirectly by the Company :			
34 AGRT Sp. z o.o. ⁽⁵⁾	2007	-	100%
35 Ronson Development Partner 4 Sp. z o.o. – Panoramika Sp.k.	2007	100%	100%
36 Ronson Development Sp z o.o. - Estate Sp.k.	2007	100%	100%
37 Ronson Development Sp. z o.o. - Home Sp.k.	2007	100%	100%
38 Ronson Development Sp z o.o. - Horizon Sp.k.	2007	100%	100%
39 Ronson Development Partner 3 Sp. z o.o. - Sakura Sp.k.	2007	100%	100%
40 Ronson Development Partner 3 sp. z o.o. – Viva Jagodno sp. k.	2009	100%	100%
41 Ronson Development Sp. z o.o. - Apartments 2011 Sp.k.	2009	100%	100%
42 Ronson Development Sp. z o.o. - Idea Sp.k.	2009	100%	100%
43 Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 Sp.k.	2009	100%	100%
44 Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k.	2009	100%	100%
45 Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k.	2009	100%	100%

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022

Notes to the Interim Condensed Consolidated Financial Statements

Note 7 – Composition of the Group

Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
		30 September 2022	31 December 2021
b. held indirectly by the Company :			
46 Ronson Development Partner 5 Sp. z o.o - Vitalia Sp.k.	2009	100%	100%
47 Ronson Development Sp. z o.o. - 2011 Sp.k.	2009	100%	100%
48 Ronson Development Sp. z o.o. - Gemini 2 Sp.k.	2009	100%	100%
49 Ronson Development Sp. z o.o. - Verdis Sp.k.	2009	100%	100%
50 Ronson Espresso Sp. z o.o. ⁽⁵⁾	2006	-	100%
51 Ronson Development Sp. z o.o. - Naturalis Sp.k.	2011	100%	100%
52 Ronson Development Sp. z o.o. - Impressio Sp.k.	2011	100%	100%
53 Ronson Development Partner 3 Sp. z o.o.- Nowe Warzymice Sp. k.	2011	100%	100%
54 Ronson Development Sp. z o.o. - Providence 2011 Sp.k.	2011	100%	100%
55 Ronson Development Partner 2 Sp. z o.o. - Capital 2011 Sp. k.	2011	100%	100%
56 Ronson Development Partner 5 Sp. z o.o. - Miasto Marina Sp.k.	2011	100%	100%
57 Ronson Development Partner 5 Sp. z o.o. - City 1 Sp.k.	2012	100%	100%
58 Ronson Development Partner 2 Sp. z o.o. - Miasto Moje Sp. k.	2012	100%	100%
59 Ronson Development sp. z o.o. – Ursus Centralny Sp. k.	2012	100%	100%
60 Ronson Development Sp. z o.o. - City 4 Sp.k.	2016	100%	100%
61 Ronson Development Partner 2 Sp. z o.o. – Grunwald Sp.k.	2016	100%	100%
62 Ronson Development Sp. z o.o. - Grunwaldzka” Sp.k.	2016	100%	100%
63 Ronson Development Sp. z o.o. - Projekt 3 Sp.k.	2016	100%	100%
64 Ronson Development Sp. z o.o. - Projekt 4 Sp.k.	2017	100%	100%
65 Ronson Development Sp. z o.o. - Projekt 5 Sp.k.	2017	100%	100%
66 Ronson Development Sp. z o.o. - Projekt 6 Sp.k.	2017	100%	100%
67 Ronson Development Sp. z o.o. - Projekt 7 Sp.k.	2017	100%	100%
68 Ronson Development Sp. z o.o. - Projekt 8 Sp.k.	2017	100%	100%
69 Bolzanus Limited (<i>Company with the registered office in Cyprus</i>)	2013	100%	100%
70 Park Development Properties Sp. z o.o. - Town Sp.k.	2007	100%	100%
71 Tras 2016 Sp. z o.o.	2011	100%	100%
72 Park Development Properties Sp. z o.o.	2011	100%	100%
73 Jasminova 2016 Sp. z o.o.	2016	100%	100%
74 Town 2016 Sp. z o.o.	2016	100%	100%
75 Enterprise 2016 Sp. z o.o.	2016	100%	100%
76 Wrocław 2016 Sp. z o.o.	2016	100%	100%
77 Darwen Sp. z o.o.	2016	100%	100%
78 Truro Sp. z o.o.	2017	100%	100%
79 Tregaron Sp. z o.o.	2017	100%	100%
80 Totton Sp. z o.o.	2017	100%	100%
81 Tring Sp. z o.o.	2017	100%	100%
82 Thame Sp. z o.o.	2017	100%	100%
83 Troon Sp. z o.o.	2017	100%	100%
84 Tywyn Sp. z o.o.	2018	100%	100%
85 Semela Sp. z o.o. ⁽⁴⁾	2021	-	100%
c. other entities not subject to consolidation:			
86 Coralchief sp. z o.o.	2018	50%	50%
87 Coralchief sp. z o.o. - Projekt 1 sp. k.	2016	50%	50%
88 Ronson IS sp. z o.o.	2009	50%	50%
89 Ronson IS sp. z o.o. sp. k.	2012	50%	50%

1) *The Company has the power to govern the financial and operating policies of this entity and to obtain benefits from its activities, whereas Kancelaria Radcy Prawnego Jarosław Zubrzycki holds the legal title to the shares of this entity.*

2) *Companies created and registered in KRS in first quarter of 2022*

3) *Companies merged with Ronson Development South Sp. z o.o. on 9 March 2022*

4) *Companies merged with Ronson Development SPV7 Sp. z o.o. on 18 august 2022*

5) *Companies merged with Ronson Development South Sp. z o.o. on 22 August 2022*

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 8 – Segment reporting**

The Group's operating segments are defined as separate entities developing particular residential projects, which for reporting purposes were aggregated. The aggregation for reporting purpose is based on geographical locations (Warsaw, Poznań, Wrocław and Szczecin) and type of activity (development of apartments, development of houses). Moreover, for particular assets the reporting was based on type of income: rental income from investment property or from so-called Private Rent Sector. The segment reporting method requires also the Company to present separately joint venture within Warsaw segment. There has been no changes in the basis of segmentation or in the basis of measurement of segment profit or loss from the last annual financial statements. There is no aggregation of the services to one Client, the revenue is distracted to many clients, mostly individual clients.

According to the Management Board's assessment, the operating segments identified have similar economic characteristics. Aggregation based on the type of development within the geographical location has been applied since primarily the location and the type of development determine the average margin that can be realized on each project and the project's risk factors. Considering the fact that the construction process for apartments is different from that for houses and considering the fact that the characteristics of customers buying apartments slightly differ from those of customers interested in buying houses, aggregation by type of development within the geographical location has been used for segment reporting and disclosure purposes.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated indirectly based on reasonable criteria. Unallocated assets comprise mainly unallocated cash and cash equivalents and income tax assets. Unallocated liabilities comprise mainly income tax liabilities and bond loans. The unallocated result (loss) comprises mainly head office expenses. IFRS adjustments represents the elimination of the Joint venture segment for reconciliation of the profit (loss), assets and liabilities to the consolidated numbers. Joint ventures are accounted using the equity method.

The results of activities in the individual segments are assessed mainly on the basis of sale revenues and cost of sales of residential projects or rental activity, marketing costs and others operating costs/income assigned to each segment. Additionally the Group analyses the profit and gross margin on sales as well as result before tax (including financial costs and income assigned to the segment) generated by the individual markets.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 – Segment reporting

Data presented in the table below are aggregated by type of development within the geographical location:

In thousands of Polish Zlotys (PLN)

As at 30 September 2022													
	Warsaw				Poznań		Wroclaw		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Segment assets	531,839	95,339	11,725	64,128	112,750	8,895	72,585	-	92,362	-	-	(6,528)	983,095
Unallocated assets	-	-	-	-	-	-	-	-	-	-	38,612	-	38,612
Total assets	531,839	95,339	11,725	64,128	112,750	8,895	72,585	-	92,362	-	38,612	(6,528)	1,021,707
Segment liabilities	187,114	3,955	1,665	25,322	12,730	1	30,148	-	26,641	-	-	(1,665)	285,911
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	303,679	-	303,679
Total liabilities	187,114	3,955	1,665	25,322	12,730	1	30,148	-	26,641	-	303,679	(1,665)	589,590

In thousands of Polish Zlotys (PLN)

As at 31 December 2021													
	Warsaw				Poznań		Wroclaw		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Segment assets	546,714	85,181	19,914	30,449	116,951	-	45,403	-	97,797	-	-	(15,749)	926,660
Unallocated assets	-	-	-	-	-	-	-	-	-	-	39,937	-	39,937
Total assets	546,714	85,181	19,914	30,449	116,951	-	45,403	-	97,797	-	39,937	(15,749)	966,597
Segment liabilities	218,314	952	547	1,329	6,064	-	11,413	-	28,594	-	-	(547)	266,666
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	279,886	-	279,886
Total liabilities	218,314	952	547	1,329	6,064	-	11,413	-	28,594	-	279,886	(547)	546,552

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting

In thousands of Polish Zlotys (PLN)

For the nine months ended 30 September 2022

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS Adjustments	Total
	Apartments	Houses	Joint venture	Rental ⁽²⁾	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue/Revenue from external services ⁽¹⁾	164,336	-	14,096	623	2,325	-	176	-	31,953	-	-	(14,096)	199,413
Segment result	40,936	1,095	2,763	63	(2,567)	1,376	(546)	-	6,407	-	-	(2,763)	46,765
Unallocated result	-	-	-	-	-	-	-	-	-	-	(18,731)	-	(18,731)
Result from operating activities	40,936	1,095	2,763	63	(2,567)	1,376	(546)	-	6,407	-	(18,731)	(2,763)	28,034
Net finance income/ (expenses)	142	(74)	(58)	(710)	(34)	(2)	(11)	-	79	-	(8,884)	58	(9,494)
Profit/(loss) before tax	41,078	1,020	2,705	(647)	(2,601)	1,374	(557)	-	6,486	-	(27,615)	(2,705)	18,540
Income tax expenses													(6,468)
Profit/(loss) for the period													12,072

(1) Revenue is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key of the residential unit to the buyer and total payment obtained.

(2) Revenue from rent is satisfied over the time.

In thousands of Polish Zlotys (PLN)

For the nine months ended 30 September 2021

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental ⁽²⁾	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue/Revenue from external services ⁽¹⁾	188,043	29,166	3,820	582	18,813	-	89,094	-	23,702	-	-	(3,820)	349,399
Segment result	26,176	5,684	117	176	4,204	-	18,054	-	3,924	-	-	(117)	58,218
Unallocated result	-	-	-	-	-	-	-	-	-	-	(16,557)	-	(16,557)
Result from operating activities	26,176	5,684	117	176	4,204	-	18,054	-	3,924	-	(16,557)	(117)	41,661
Net finance income/ (expenses)	(217)	(70)	(69)	144	(22)	-	(49)	-	(120)	-	(2,462)	69	(2,795)
Profit/(loss) before tax	25,958	5,614	48	320	4,182	-	18,005	-	3,804	-	(19,019)	(48)	38,866
Income tax expenses													(10,099)
Profit/(loss) for the period													28,767

(1) Revenue is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key of the residential unit to the buyer and total payment obtained.

(2) Revenue from rent is satisfied over the time.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2022

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting

In thousands of Polish Zlotys (PLN)

For the three months ended 30 September 2022

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS Adjustments	Total
	Warsaw		Joint venture	Rental ⁽²⁾	Poznań		Wrocław		Szczecin				
	Apartments	Houses			Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue/Revenue from external services ⁽¹⁾	58,856	-	36	213	-	-	-	-	2,665	-	-	(36)	61,734
Segment result	16,970	(210)	(78)	(255)	(26)	(0)	(246)	-	443	-	-	78	16,676
Unallocated result	-	-	-	-	-	-	-	-	-	-	(6,231)	-	(6,231)
Result from operating activities	16,970	(210)	(78)	(255)	(26)	(0)	(246)	-	443	-	(6,231)	78	10,445
Net finance income/(expenses)	105	(45)	(10)	(765)	(14)	(1)	12	-	44	-	(4,337)	10	(5,001)
Profit/(loss) before tax	17,076	(255)	(88)	(1,021)	(41)	(1)	(234)	-	487	-	(10,568)	88	5,443
Income tax expenses													(3,196)
Profit/(loss) for the period													2,247

(1) Revenue is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key of the residential unit to the buyer and total payment obtained.

(2) Revenue from rent is satisfied over the time.

In thousands of Polish Zlotys (PLN)

For the three months ended 30 September 2021

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Warsaw		Joint venture	Rental ⁽²⁾	Poznań		Wrocław		Szczecin				
	Apartments	Houses			Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue/Revenue from external services ⁽¹⁾	46,474	6,845	3,820	191	3,359	-	41,096	-	4,529	-	-	(3,820)	102,494
Segment result	4,629	2,148	589	187	(296)	-	10,535	-	733	-	-	(589)	17,937
Unallocated result	-	-	-	-	-	-	-	-	-	-	(5,954)	-	(5,954)
Result from operating activities	4,629	2,148	589	187	(296)	-	10,535	-	733	-	(5,954)	(589)	11,983
Net finance income/(expenses)	(139)	(22)	(356)	45	(9)	-	(12)	-	(14)	-	(721)	356	(873)
Profit/(loss) before taxation	4,491	2,127	233	232	(305)	-	10,523	-	718	-	(6,675)	(233)	11,110
Income tax expense													(4,292)
Profit/(loss) for the period													6,818

(1) Revenue is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key of the residential unit to the buyer and total payment obtained.

(2) Revenue from rent is satisfied over the time.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Investment properties

<i>In thousands of Polish Zlotys (PLN)</i>	For the 9 months ended 30 September 2022	For the year ended 31 December 2021
Balance at 1 January	28,596	8,956
IFRS 16 adjustment	130	(8)
Transfer to Property, equipment and intangible assets	-	-
Purchase of investment property land	33,863	19,944
Change in fair value during the year	(413)	(297)
Balance as at 30 September, including:	62,176	28,596
<i>Cost at the time of purchase</i>	<i>57,445</i>	<i>23,590</i>
<i>IFRS 16</i>	<i>675</i>	<i>537</i>
<i>Fair value adjustments</i>	<i>4,055</i>	<i>4,468</i>

As at 30 September 2022, the investment property balance included:

- property held for long-term rental yields and capital appreciation, and were not occupied by the Group;
- four investment land purchased to build investment property for long-term so-called institutional rental and capital appreciation.

During the period ended 30 September 2022 the Company purchased a land dedicated for PRS business located in Warsaw, Marynin and Wola for the total amount of PLN 32.9 million.

Fair value valuation

During the period ended 30 September 2022 the Group valued two of its investment properties under construction to fair value using the comparison approach (pairwise comparison method). The valuation has been performed by independent appraiser. The below table presents the impact of the valuation on the profit and loss for the nine months ended 30 September 2022.

Investment	Location	Book value as at 30 September 2022	Fair value as at 30 September 2022	Gain/(loss) on investment property valuation
Galopu	Warsaw, Ursynów	8,766	11,939	3,173
Poleczki	Warsaw, Ursynów	12,062	8,476	(3,586)
Total		20,828	20,415	(413)

Comparison approach (pairwise comparison method)

This approach is used to value investment property for which data on comparable property sale transactions on a given market is available as well as land and residential property. Valuation of these types of property involves an analysis of similar properties which are being sold on the market and for which the characteristics that determine the purchase price and the terms of the transactions are known. Since very few comparable transactions are executed on the market and the prices of such transactions differ widely, the valuation was performed using the pairwise comparison method. The Group uses this approach mainly to value undeveloped properties or developed properties with unspecified use or zoning on which no capital expenditure has been made.

Fair value hierarchies

The valuation of the investment properties has been done using Level 2 of the fair value hierarchy, but the unobservable input data on the Level 3 was average period of comparable transactions. For the comparison approach the external appraiser used the transactions from the period 2021-2022 to perform the valuation. All others input data were from Level 2 i.e. transactions observable on the market during the selected period.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Inventory and Residential landbank

Inventory

Movements in Inventory during the nine months ended 30 September 2022 were as follows:

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2021	Transferred to finished units	Additions	As at 30 September 2022	
Land and related expense	358,975	(12,975)	78,305	424,304	
Construction costs	115,557	(76,355)	152,618	191,820	
Planning and permits	17,131	(2,419)	6,981	21,693	
Borrowing costs ⁽¹⁾	38,432	(3,422)	10,935	45,945	
Borrowing costs on lease and depreciation perpetual usufruct right ⁽²⁾	3,039	(317)	923	3,645	
Other	3,647	(1,859)	1,605	3,393	
Work in progress	536,780	(97,348)	251,367	690,800	
	As at 31 December 2021	Transferred from work in progress	Recognized in the statement of comprehensive income	As at 30 September 2022	
<i>In thousands of Polish Zlotys (PLN)</i>					
Finished goods	105,681	97,348	(148,457)	54,572	
	As at 31 December 2021	Revaluation write-down recognized in statement of comprehensive income		As at 30 September 2022	
<i>In thousands of Polish Zlotys (PLN)</i>		Increase	Utilization/ Reversal		
Write-down	(4,118)	-	1,150	(2,968)	
	As at 31 December 2021	Recalculation adjustment ⁽³⁾	Depreciation	Transfer to Other receivables	As at 30 September 2022
<i>In thousands of Polish Zlotys (PLN)</i>					
Perpetual usufruct right ⁽²⁾	17,199	1,447	(165)	(1,088)	17,393
Inventory, valued at lower of - cost and net realisable value	655,542				759,797

(1) Borrowing costs are capitalized to the value of inventory with 7.4373% average effective capitalization interest rate.

(2) For additional information see note 13.

(3) Relates to change in the perpetual usufruct payments from 2022 and purchased land with perpetual usufruct.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Inventory and Residential landbank

Residential landbank

Plots of land purchased for development purposes on which construction is not planned within a period of three years has been reclassified as Residential landbank presented within Non-current assets. The table below presents the movement in the Residential landbank:

	For the 9 months ended 30 September 2022	For the year ended 31 December 2021
<i>In thousands of Polish Zloty (PLN)</i>		
Opening balance	10,041	45,486
Sold land	-	(24,976)
Moved to inventory	-	(7,766)
Additions	50	-
Write-down adjustment	(1,284)	(2,703)
Total closing balance	8,807	10,041
Closing balance includes:		
Book value	17,396	17,301
Write-down	(8,589)	(7,260)
Total closing balance	8,807	10,041

In the period ended 31 December 2021 the Company decided to move to Inventory project Vivaldi in the total amount of PLN 7,766 thousand and sold the land from Naturalis project in amount of PLN 24,976 thousand. In the period ended 30 September 2022 there was an additional movement to the Residential landbank presented in the Note 21.

Note 11 - Trade and other receivables and prepayments

	As at 30 September 2022	As at 31 December 2021
<i>In thousands of Polish Zlotys (PLN)</i>		
Value added tax (VAT) receivables	34,024	31,800
Trade and other receivables	3,074	2,823
Trade and other receivables - IFRS 16 (impact of perpetual usufruct)	976	809
Bid bond	-	1,437
Notary's deposit	1,614	14,742
Prepayments ⁽¹⁾	10,040	6,569
Total trade and other receivables and prepayments	49,728	58,180

(1) The capitalized costs relating to obtaining the contracts have been presented in this line and amounted to PLN 1.8 milion for the 9 months ended 30 September 2022 year and PLN 2.4 milion for the year ended 31 December 2021.

During the period ended 30 September 2022 and the year ended 31 December 2021, the Group booked allowance for doubtful accounts in the amount of PLN 515 thousand and PLN 1,043 thousand respectively as irrecoverable debts included in trade and other receivables.

Notary's deposits represents paid amount for the preliminary purchase agreements of lands. The decrease in balance compared to year-end is a result of final land purchase in Warsaw, Białołęka (PLN 14.7 million) compensated by paid notary deposits for land in Warsaw, Białołęka district (PLN 513 thousand) and land in Warsaw, Bielany district (PLN 1.1 million). Bid bond balance related to the tender for a potential purchase of land which was cancelled by the court and repaid in Q1 2022.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 11 - Trade and other receivables and prepayments

VAT receivables balance increased by PLN 2.2 million due to continued purchase of lands in the period ended 30 September 2022 (signed preliminary and final purchase agreements), partially compensated by VAT return in the total amount of PLN 19.8 million. For more information please refer to Note 26 to the Interim Condensed Consolidated Financial Statements. The VAT return process takes up to 180 days.

As at 30 September 2022 and at the time of preparing the financial statements there are two ongoing tax controls in the companies: Ronson Development Sp. z o.o. - Projekt 3 Sp. k. ("Projekt 3") and Ronson Development Sp. z o.o. - Projekt 6 Sp. k. ("Projekt 6").

On 17 January 2022 Projekt 6 received an authorization to carry out a tax inspection in terms of the accuracy of the declared tax as well as for the correctness of calculating and paying the tax on goods and services for the month August 2021. The amount of VAT audited by the tax authorities amounts to PLN 2.6 mio.

On 3 February 2022, Projekt 3 received an authorization to carry out a tax inspection in terms of the accuracy and correctness of the declared VAT return for the months from February to April 2021. The amount of VAT audited by the tax authority amounts to PLN 2.6 mio.

Since 2021, the above mentioned companies have completed purchases of land in Warsaw. The purchase agreements were concluded with group IŁ Capital. As a result the Companies have applied for a VAT refund on the above transactions. Due to the complex purchase transaction the tax control in Projekt 3 has been extended until 6 February 2023 and in Projekt 6 until 17 January 2023.

12 – Advances for land

The table below presents the lists of advances for land paid as at 30 September 2022 and 31 December 2021:

Investment location	As at 30 September 2022	As at 31 December 2021
<i>In thousands of Polish Zlotys (PLN)</i>		
Warsaw, Białołęka	8,986	7,500
Warsaw, Ursynów	-	9,000
Warsaw, Ursus	10,000	10,000
Warsaw, Targówek	4,000	4,000
Warsaw, Włochy	2,100	2,100
Warsaw, Ochota	7,100	7,100
Warsaw, Białołęka	-	3,753
Warsaw, Bemowo	-	5,000
Total	32,186	48,453

For more information about purchase of plots during the period ended 30 September 2022 please refer to Note 26 to the Interim Condensed Consolidated Financial Statements.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 13 – IFRS 16

The movement on the right of use assets and lease liabilities during the period ended 30 September 2022 is presented below:

<i>In thousands of Polish Zlotys (PLN)</i>	1 January 2022	Aquisitions	Depreciation charge	Fair value adjustment	Recalculation adjustment ⁽¹⁾	Transfer to trade receivables	30 September 2022
Right of use assets related to inventory	17,199	1,704	(165)	-	(257)	(1,088)	17,393
Right of use assets related to investment property	545	-	(8)	-	138	-	675
Right of use assets related to fixed assets	296	154	(63)	-	-	-	387

<i>In thousands of Polish Zlotys (PLN)</i>	1 January 2022	Aquisitions	Finance expense	Payments	Recalculation adjustment ⁽¹⁾	Transfer to trade payables	30 September 2022
Lease liabilities related to inventory	17,231	1,704	787	(1,160)	(265)	(1,090)	17,207
Lease liabilities related to fixed assets	292	142	-	-	-	-	434
Lease liabilities related to investment property	553	-	34	(45)	121	-	663

(1) Relates to change in the perpetual usufruct payments from 2022

The movement on the right of use assets and lease liabilities during the period ended 31 December 2021 is presented below:

<i>In thousands of Polish Zlotys (PLN)</i>	1 January 2021	Additions	Depreciation charge	Fair value adjustment	Recalculation adjustment ⁽¹⁾	Transfer to trade receivables	31 December 2021
Right of use assets related to inventory	13,675	-	(167)	-	6,379	(2,688)	17,199
Right of use assets related to investment property	553	-	(8)	-	-	-	545
Right of use assets related to fixed assets	-	353	(57)	-	-	-	296

<i>In thousands of Polish Zlotys (PLN)</i>	1 January 2021	Additions	Finance expense	Payments	Recalculation adjustment ⁽¹⁾	Transfer to trade payables	31 December 2021
Lease liabilities related to inventory	13,902	-	746	(903)	6,204	(2,718)	17,231
Lease liabilities related to fixed assets	-	292	-	-	-	-	292
Lease liabilities related to investment property	590	-	-	(37)	-	-	553

(1) Relates to change in the perpetual usufruct payments from 2022

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Investors agreement (“SAFE Agreement”)

On 30 January 2022 and 22 February 2022, the Company and Amos Luzon Development and Energy Group Ltd., the Company’s controlling shareholder, concluded SAFE agreements (“SAFE”) with Sphera Master Fund L.P., More Provident Funds Ltd., Sphera Small Cap Fund L.P. EJS Galatee Holdings and Klirmark Opportunity Fund III L.P (the “Investors”) raising a total of ILS 60 million (the “SAFE Amount”) which for the date of transaction amounted to PLN 74.6 million. All the needed conditions have been completed and the full agreement amount has been transferred to Ronson until 30 September 2022.

The above agreements grant the Investors certain rights applicable after the Company is delisted from the regulated market of the Warsaw Stock Exchange, including the right to subscribe for instruments convertible into shares in the Company, as well as the right to convert their respective investments into shares or bonds in Amos Luzon Development and Energy Group Ltd.

The above agreements do not impose any restrictive covenants or onerous undertakings on the part of the Company as well as it does not bear any interest. Taking into consideration all above requirements, the SAFE agreement has been classified as financial liability measured at fair value through profit and loss.

As at 30 September 2022 the fair value of the SAFE is ILS 57,634 thousand (PLN 80,349 thousand) based on the arm’s-length transactions made as of the valuation date. The loss in fair value valuation in the amount of PLN 5,722 thousand has been recognized in profit and loss.

The below table presents the payments made by the investors and the valuation of the liability as at the transaction date and as at 30 September 2022:

Investor	Amount of the investment in Ronson [in ILS]	Date of payment	Paid to Ronson [in EUR]	Paid to Ronson on the transaction date [in PLN]	Fair value 30.09.2022 [in PLN]	Gain/(loss) in fair value of financial instrument at fair value through profit and loss
EJS Galatee Holdings	1,500,000	23 February 2022	413,232	1,876,734	2,020,640	(143,907)
Sphera Master Fund L.P	26,500,000	18 February 2022	7,264,254	32,753,070	35,264,558	(2,511,487)
Sphera Small Cap L.P	2,000,000	18 February 2022	551,953	2,488,646	2,679,474	(190,828)
Moore Provident Funds	15,000,000	23 February 2022	-	18,656,716	20,087,303	(1,430,587)
Klirmark Opportunity Fund III L.P	15,000,000	24 February 2022	-	18,851,326	20,296,835	(1,445,509)
Total	60,000,000		8,229,439	74,626,492	80,348,810	(5,722,318)

Valuation process and valuation techniques

The valuations of the SAFE was performed by external advisors Prometheus Financial Advisory, which specializes in financial accounting and complex financial instruments. The valuation of the instrument was determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practise Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, (the “AICPA Practice Aid”). The assumptions used in the valuation model are based on the future expectations combined with the Company’s management judgement. Numerous objective and subjective factors to determine the fair value of the ordinary shares as of the date of each option grant, including the factors:

- the prices, rights, preferences and privileges of the preferred shares;
- current business conditions and projections;
- the Company’s stage of development;
- the likelihood of a liquidity event for the ordinary shares underlying these options, such as an initial public offering or sale of the Company, given prevailing market conditions;
- any adjustments necessary due to lack of marketability of the ordinary shares;
- the purchase of the preferred shares by third party investors in arm’s-length transactions;
- the market performance of comparable publicly traded companies.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Investors agreement (“SAFE Agreement”)

For the valuation purposes, each of the SAFE agreement is composed of two components: equity component and debt component. In order to value the equity component the Monte Carlo simulation model (“Monte Carlo”) and the Black & Scholes model (“B&S”) has been used. Both models allow calculating the value of the embedded option based on the share price, exercise price, loan maturity, risk free interest, expected volatility and expected dividend yield.

The fair value of the equity component has been determined under two scenarios and then applied a weighted average of these values based on their relative probabilities, in order to calculate the weighted value of the equity component. The debt component was valued by discounting the original SAFE amount with 3% YTM according to the investment agreement. In addition, subtracted the gap in the fair value of the Luzon (Series 10) bonds to be issued, between the 3% YTM promised to investors and the bond's market YTM.

For the purpose of determining the Company share price two methods of a benchmark valuation was conducted:

- a. evaluating the rate of change in share price of benchmark listed companies in the Warsaw Stock Exchange from the delisting date of the Company till the reporting date, the comparative value was used as the average rate of change in the Company share price (average change of -22.7%);
- b. benchmark analysis based on the equity multiplier of the benchmark companies and using the average equity multiplier of the benchmark companies at the date of valuation and equity of the Company at the date of the SAFE agreement (equity multiplier at the level of 0.66).

The combination of the above two methods provided a more reliable picture of the changes in the valuation of the share price of the Company between the date the company delisted to the valuation date.

The valuation of the agreements has been done using Level 3 of the fair value hierarchy. The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at 30 September 2022	Unobservable inputs	Range of inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
SAFE Agreement	ILS 57,6 million	initial public offering date, the underlying price of the option (Monte Carlo Outcome), expected volatility, share price	Range of inputs- 0%-100% IPO probability Expected Volatility – 30%-45%	Relationship- increased IPO success would increase FV of equity component by 1.7M for each 1000 bps. Increased volatility would increase FV of equity component

Changes in other factors do not materially affect the valuation, as it is related to the observable transaction, which was the transfer of funds by investors.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Borrowings

Bond loans

The table below presents the movements in bond loans during the nine months ended 30 September 2022 and during the year ended 31 December 2021 as well as the Current and Non-currents balances as at the end of respective periods:

<i>In thousands of Polish Zloty (PLN)</i>	For the period ended 30 September 2022 (Reviewed/ Unaudited)	For the year ended 31 December 2021 (Audited)
Opening balance	249,238	230,072
Repayment of bond loans	(50,000)	(77,929)
Redemption of bonds (non-cash)	-	(2,247)
Proceeds from bond loans (nominal value)	-	100,000
Issue cost	-	(2,648)
Issue cost amortization	1,068	1,576
Accrued interest	12,429	10,775
Interest repayment	(10,466)	(10,362)
Total closing balance	202,269	249,238
Closing balance includes:		
Current liabilities	4,441	52,247
Non-current liabilities	197,828	196,991
Total Closing balance	202,269	249,238

Bond loans

On 9 May 2022 the Company fully repaid series T bonds including accrued interest with a total amount of PLN 51.1 million. After these repayments series T bonds amounted to nil.

Bonds as at 30 September 2022:

<i>In thousands of Polish Zlotys (PLN)</i>	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Charges and fees	Carrying value
Bonds loans series V ⁽¹⁾	PLN	6 month Wibor + 4.30%	2024	100,000	-	(981)	99,019
Bonds loans series W ⁽²⁾	PLN	6 month Wibor + 4.00%	2025	100,000	4,441	(1,192)	103,249
Total				200,000	4,441	(2,172)	202,269

1)The series V bonds are subject to repayment in 2 tranches 40% (PLN 40 million) of the amount together with accumulated interest to be repaid by October 2023 and the remaining amount of 60% (PLN 60 million) together with accumulated interest to be paid by April 2024.

2)The series W bonds are subject to repayment in 2 tranches 40% (PLN 40 million) of the amount together with accumulated interest to be repaid by October 2024 and the remaining amount of 60% (PLN 60 million) together with accumulated interest to be paid by April 2025.

Bonds as at 31 December 2021:

<i>In thousands of Polish Zlotys (PLN)</i>	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Charges and fees	Carrying value
Bonds loans series T	PLN	6 month Wibor + 3.50%	2022	50,000	332	(230)	50,102
Bonds loans series V ⁽¹⁾	PLN	6 month Wibor + 4.30%	2024	100,000	1,136	(1,467)	99,669
Bonds loans series W ⁽²⁾	PLN	6 month Wibor + 4.00%	2025	100,000	1,009	(1,542)	99,466
Total				250,000	2,477	(3,239)	249,238

1)The series V bonds are subject to repayment in 2 tranches 40% (PLN 40 million) of the amount together with accumulated interest to be repaid by October 2023 and the remaining amount of 60% (PLN 60 million) together with accumulated interest to be paid by April 2024.

2)The series W bonds are subject to repayment in 2 tranches 40% (PLN 40 million) of the amount together with accumulated interest to be repaid by October 2024 and the remaining amount of 60% (PLN 60 million) together with accumulated interest to be paid by April 2025.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Borrowings

Financial ratio covenants

Based on the conditions of bonds V and W in each reporting period the Company shall test the ratio of Net debt to Equity (hereinafter “Net Indebtedness Ratio”). The Ratio shall not exceed 80% on the Check Date.

Until the publication date, as at 30 September 2022 and as at 31 December 2021 the Company did not breach any bonds loan covenants, which will expose the Company or the Group for risk of obligatory and immediate repayment of any loan.

The table presenting the Net Indebtedness Ratio as at 30 September 2022 and 31 December 2021:

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 September 2022	As at 31 December 2021
Loans and borrowings	202,269	249,238
Secured bank loans	8,261	1,568
Financial liability measured at FVPL	80,349	-
IFRS 16 - Lease liabilities related to cars	409	292
Less: cash on individual escrow accounts (other current financial assets)	(5,583)	(8,794)
Less: Cash and cash equivalents	(77,371)	(133,434)
Net Debt	208,334	108,870
Equity	432,117	420,045
Ratio	48.2%	25.9%
Max Ratio	80.0%	80.0%

Other covenants

Based on the conditions of bonds V and W transactions with related-parties (shareholders holding more than 25% of the shares in the Company “within the meaning of IAS 24 or with related parties “including with entities controlling the Company whether jointly or individually, whether directly or indirectly or with their subsidiaries which are not members of the Group) shall not exceed the aggregate amount of PLN 1.0 million during any given calendar year.

During the period ended 30 September 2022 and year ended 31 December 2021, the consulting fees related to A. Luzon Group amounted to PLN 656 thousand and PLN 862 thousand respectively.

Impact of the implementation of IFRS 16 on financial ratios in bond covenants

Terms and conditions of issuance of Bonds of the Company (“T&C’s”) provide that only certain, specified types of financial indebtedness should be taken into account when determining the level of financial indebtedness for the purpose of calculating financial ratios in accordance with T&C’s. In particular, certain T&C’s require that financial indebtedness resulting from finance lease agreements (in Polish: umowy leasingu finansowego) should be included in calculation of the financial indebtedness. Those T&C’s do not provide that the indebtedness resulting from finance lease agreements shall also include other financial indebtedness which is recognized as lease liability in accordance with IFRS 16.

Given the above, and taking into the account the type of activities carried out by the Group, despite changes in the IFRS in this respect, the Company concluded that inclusion of other type of financial indebtedness, in particular liabilities from annual fees for perpetual usufruct, for the purposes of calculations of financial ratios would not be in line with T&C’s and therefore the Company does not include such finance lease alike items in such calculations.

For additional information about IFRS 16 see Note 13.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Borrowings

Secured bank loans

	For the period ended 30 September 2022	For the year ended 31 December 2021
	(Reviewed/ Unaudited)	(Audited)
<i>In thousands of Polish Zloty (PLN)</i>		
Opening balance	1,568	-
New bank loan drawdown	53,112	20,031
Bank loans repayments	(46,417)	(18,497)
Bank charges paid	(2,106)	(809)
Bank charges presented as prepayments	1,573	571
Bank charges amortization (capitalized on Inventory)	531	238
Accrued interest/(interest repayment) on bank loans, net	-	34
Total closing balance	8,261	1,568
Closing balance includes:		
Current liabilities	8,261	1,568
Non-current liabilities	-	-
Total closing balance	8,261	1,568

Bank loans as at 30 September 2022:

Investment	Currency	Nominal interest rate	Year of maturity	Credit line amount in ('000 PLN)	Unpaid amount as at 30 September 2022 ('000 PLN)	Accrued interest ('000 PLN)	Balance as at 30 September 2022 ('000 PLN)
Ursus IB	PLN	3 Month Wibor + 3.00%	2023	26,700	-	-	-
Grunwaldzka	PLN	3 Month Wibor + 2.90%	2023	20,880	487	-	487
Miasto Moje VI	PLN	3 Month Wibor + 2.50%	2023	59,600	7,774	-	7,774
Ursus IIC	PLN	3 Month Wibor + 2.50%	2023	61,900	-	-	-
Nowe Warzymice IV	PLN	3 Month Wibor + 2.20%	2023	20,000	-	-	-
Viva Jagodno IIB	PLN	3 Month Wibor + 2.20%	2023	38,850	-	-	-
Total				227,930	8,261	-	8,261

Bank loans as at 31 December 2021:

Investment	Currency	Nominal interest rate	Year of maturity	Credit line amount in ('000 PLN)	Unpaid amount as at 31 December 2021 ('000 PLN)	Accrued interest ('000 PLN)	Balance as at 31 December 2021 ('000 PLN)
Ursus IB	PLN	3 month Wibor + 3.00%	2023	26,700	639	10	649
Miasto Moje V	PLN	3 month Wibor + 3.00%	2023	35,300	449	12	461
Nowe Warzymice II	PLN	3 month Wibor + 2.70%	2022	15,300	446	12	458
Grunwaldzka	PLN	3 month Wibor + 2.90%	2023	20,880	-	-	-
Total				98,180	1,534	34	1,568

On 28 January 2022 the Company signed agreement for bank loan for Miasto Moje VI in amount up to PLN 59.6 million. On 11 April 2022 the Company signed agreement for bank loan for Ursus Centralny IIC up to PLN 61.9 million. On 15 July 2022 Company signed two bank loan agreements for Nowe Warzymice IV (up to PLN 20 million) and for Viva Jagodno IIB (up to PLN 38.9 million).

All bank credit loans are secured. For additional information about unutilized credit loans see Note 22. The bank loans are presented as short-term due to the fact that those are the credit lines used by the Company and repaid during normal course of business (up to 12 months).

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 16 – Trade and other payables and accrued expenses

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 September 2022	As at 31 December 2021
Trade payables ⁽¹⁾	47,787	22,909
Accrued expenses	22,768	25,121
Guarantees for construction work	4,424	8,007
Value added tax (VAT) and other tax payables	1,847	2,061
Non-trade payables	870	2,165
Other trade payables - IFRS 16	984	823
Total trade and other payables and accrued expenses	78,680	61,086

(1) The increase in trade payables is mainly attributed to a transaction held on 19 September 2022 in which the Company via its subsidiary signed final agreement for purchasing a land on Wolska Street Warsaw in which the payment for the land in the amount of PLN 24.3 million is deferred to the month of January 2023.

Trade and non-trade payables are non-interest bearing and are normally settled on 30-day terms.

Note 17 – Income tax

<i>In thousands of Polish Zlotys (PLN)</i>	For the 9 months ended 30 September 2022	For the 3 months ended 30 September 2022	For the 9 months ended 30 September 2021	For the 3 months ended 30 September 2021
	(Reviewed) / (unaudited)	(Unreviewed) / (unaudited)	(Reviewed) / (unaudited)	(Unreviewed) / (unaudited)
Current tax expense				
Current period	6,227	2,590	6,318	1,571
Taxes in respect of previous periods	(601)	(992)	(163)	-
Total current tax expense	5,627	1,598	6,155	1,571
Deferred tax expense				
Origination and reversal of temporary differences	2,988	1,817	4,555	1,758
Tax losses utilized/(recognized)	(2,147)	(219)	(611)	963
Total deferred tax (benefit)/expense	841	1,598	3,944	2,721
Total income tax expense	6,468	3,196	10,099	4,292

The effective income tax rate in the period ended 30 September 2022 amounted to 34% (26% in comparative period). Higher effective tax rate in the period of nine months ended 30 September 2022 was due to higher taxes non-deductible costs for tax purposes in the period ended 30 September 2022.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 18 – Deferred tax assets and liabilities

Movements in Deferred tax assets and liabilities during the nine months ended 30 September 2022 were as follows:

<i>In thousands of Polish Zlotys (PLN)</i>	Opening balance 1 January 2022	Recognized in the statement of comprehensive income	Closing balance 30 September 2022
Deferred tax assets			
Tax loss carry forward	4,285	2,147	6,432
Difference between tax and accounting basis of inventory	20,420	4,062	24,482
Accrued interest	1,885	373	2,258
Accrued expense	760	(121)	639
Write-down on work in progress	2,610	25	2,635
Fair value valuation of SAFE agreement	-	1,087	1,087
Other	1,953	(700)	1,253
Total deferred tax assets	31,913	6,874	38,787
Deferred tax liabilities			
Difference between tax and accounting revenue recognition	27,553	6,588	34,141
Difference between tax base and carrying value of capitalized finance costs on inventory	7,608	1,268	8,876
Accrued interest	635	(69)	566
Fair value gain on investment property	975	(0)	975
Other	461	(72)	389
Total deferred tax liabilities	37,232	7,715	44,947
Total deferred tax benefit (see Note 17)		841	
Deferred tax assets	31,913		38,787
Deferred tax liabilities	37,231		44,947
Offset of deferred tax assets and liabilities for individual companies	(23,718)		(28,526)
Deferred tax assets reported in the statement of financial position	8,195		10,261
Deferred tax liabilities reported in the statement of financial position	13,513		16,421

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 19 – Advances received

Payments from customers on account of the purchase of apartments and parking spaces are recorded as deferred income until the time that they are delivered to the buyer and are recognised in the income statement as “sales revenue”. This balance sheet item is closely dependent over time on the relationship between the sales rate (which as it increases, increases this item) and the deliveries rate (which as it decreases, decreases this item).

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 September 2022	As at 31 December 2021
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement		
Opening balance	198,047	219,645
- increase (advances received)	184,193	436,801
- decrease (revenue recognized)	(199,414)	(458,399)
Total advances received	182,826	198,047
Other (deferred income)	108	180
Total	182,934	198,227

Additional information regarding contingent receivables which are a result of signed agreements with the clients, please see Note 22.

Revenues from contracts will be recognized at the time of handover the apartment to the client, completion of construction process and obtaining all necessary administrative decisions (occupancy permit), which usually takes from 1 to 6 months from the completion of construction stage.

Note 20 - Sales revenue and cost of sales

<i>In thousands of Polish Zlotys (PLN)</i>	For the 9 months ended 30 September	For the 3 months ended 30 September	For the 9 months ended 30 September	For the 3 months ended 30 September
	2022 (Reviewed) / (unaudited)	2022 (Unreviewed) / (unaudited)	2021 (Reviewed) / (unaudited)	2021 (Unreviewed) / (unaudited)
Sales revenue				
Revenue from residential projects	199,414	61,734	348,679	102,254
Revenue from sale of services	-	-	720	240
Total sales revenue	199,414	61,734	349,399	102,494
Cost of sales				
Cost of finished goods sold	(151,061)	(44,500)	(286,290)	(80,763)
Inventory write down to the net realisable value	485	-	284	(2,496)
Total cost of sales	(150,576)	(44,500)	(286,574)	(83,259)
Gross profit on sales	48,837	17,234	62,826	19,236
Gross profit on sales %	24%	28%	18%	19%

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 21 – Impairment losses and provisions

During the nine months ended 30 September 2022, as a result of Net Realizable Value (NRV) analysis and reviews, a write-down adjustment for some of the Company's inventory was reversed in the amount of 2,525 thousand (PLN 1,148 thousand reversal of the impairment recognized in line Inventory, PLN 1,377 thousand reversal of impairment recognized in line Residential land bank), while for some other Company's residential landbank the impairment was made in the amount of PLN 2,659 thousand. The reversal of the impairment was made due to sale realization of the projects with showed in the past negative margin, positive margin on projects, which development started in Q1 2022, as well as increase in selling prices on the projects designated for development where the impairment was recognized in the past. On the other hand the creation of an impairment is a result of higher General Constructor's costs assumed on selected projects. During the nine months ended 30 September 2021, as a result of Net Realizable Value (NRV) analysis and reviews, a write-down adjustment for some of the Company's inventory was reversed in the amount of 2,835 thousand, while for some other Company's residential landbank the impairment was made in the amount of PLN 2,505 thousand.

Note 22 – Commitments and contingencies

(i) Investment commitments:

The amounts in the table below present uncharged investment commitments of the Group in respect of construction services to be rendered by the general contractors:

	Commitments			
	Contracted amount as at 30 September 2022	As at 30 September 2022	Contracted amount as at 31 December 2021	As at 31 December 2021
<i>In thousands of Polish Zlotys (PLN)</i>				
Karmar S.A.	166,087	65,244	167,567	129,300
Hochtief polska S.A.	51,380	7,283	50,242	34,792
Danya Cebus Poland Sp. z o.o.	-	-	58,547	18,759
TechBau Budownictwo Sp. z o.o.	19,150	13,220	-	-
EBUD - Przemysłówka Sp. z o.o.	55,502	36,519	25,155	11,087
Leancon Sp. z o.o.	32,500	28,186	-	-
Totalbud S.A.	-	-	27,305	27,305
Total	324,620	150,452	328,816	221,243

(ii) Unutilized construction loans:

The table below presents the list of the construction loan facilities, which the Group arranged for in conjunction with entering into loan agreements with the banks in order to secure financing of the construction and other costs of the ongoing projects. The amounts presented in the table below include the unutilized part of the construction loans available to the Company/Group:

	As at 30 September 2022	As at 31 December 2021
<i>In thousands of Polish Zlotys (PLN)</i>		
Miasto Moje V	-	29,791
Miasto Moje VI	30,392	-
Ursus Centralny Ib	-	19,158
Ursus Centralny IIc	61,900	-
Nowe Warzymice II	-	8,370
Grunwaldzka	13,436	20,880
Viva Jagodno IIB	38,850	-
Nowe Warzymice IV	20,000	-
Total	164,578	78,199

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 22 – Commitments and contingencies

(iv) Contracted proceeds not yet received:

The table below presents whole consideration to be received from the customers having bought apartments from the Group and which are based on the value of the sale and purchase agreements signed with the clients until 30 September 2022 (including the payments received and unsatisfied obligation for payments at 30 September 2022 and 31 December 2021) and not yet delivered to Clients:

	Completion date	As at 30 September 2022 (Reviewed/Unaudited)			As at 31 December 2021 (Audited)		
		Total value of preliminary sales agreements signed with clients	Advances received from Clients until 30 September 2022	Contracted payments not received yet as at 30 September 2022	Total value of preliminary sales agreements signed with clients	Advances received from Clients until 31 December 2021	Contracted payments not received yet as at 31 December 2021
<i>In thousands of Polish Zlotys (PLN)</i>							
Ursus IIa	Q4 2021	-	-	-	80,911	75,349	5,562
Ursus IIb	Q4 2022	73,624	45,413	28,211	64,510	18,367	46,143
Ursus Ib	Q3 2022	451	474	(23)	41,720	23,438	18,282
Ursus IIc	Q2 2023	21,876	7,788	14,088	1,521	-	1,521
Miasto Moje IV	Q4 2021	845	743	102	15,571	15,330	241
Miasto Moje V	Q3 2022	51,381	49,473	1,909	57,945	30,701	27,244
Miasto Moje VI	Q2 2023	41,610	20,460	21,150	16,803	2,280	14,523
Viva Jagodno IIa	Q4 2022	23,867	18,817	5,049	18,302	3,257	15,045
Viva Jagodno IIb	Q3 2023	17,128	6,464	10,664	-	-	-
Panoramika VI	Q4 2021	-	-	-	7,464	6,914	549
Panoramika V	Q3 2020	-	-	-	1,104	513	591
Nowe Warzymice II	Q2 2022	40	46	(6)	20,859	10,193	10,666
Nowe Warzymice III	Q4 2022	23,224	17,370	5,854	18,547	3,828	14,719
Nowe Warzymice IV	Q3 2023	8,543	2,172	6,372	-	-	-
Nowa Północ Ia	Q4 2023	3,442	444	2,999	-	-	-
Osiedle Vola	Q4 2023	5,981	775	5,206	-	-	-
Eko Falenty I	Q3 2023	1,802	335	1,467	-	-	-
Viva Jagodno III	Q4 2024	923	92	831	-	-	-
Między Drzewami	Q1 2024	358	-	358	-	-	-
Ursus Centralny IIe	Q2 2025	1,550	126	1,423	-	-	-
Miasto Moje VII	Q1 2025	569	61	508	-	-	-
Totton 3c	Q2 2021	-	-	-	1,401	1,415	(15)
Truro 3a	Q2 2021	-	-	-	3,325	332	2,992
Grunwaldzka	Q1 2023	16,873	9,771	7,101	12,636	2,579	10,057
Other (old) projects		3,856	2,000	1,856	6,529	3,549	2,980
Total (excluding JV)		297,943	182,826	115,117	369,148	198,047	171,101
Wilanów Tulip	Q3 2021	647	605	42	8,833	5,023	3,810
TOTAL		298,590	183,431	115,159	377,981	203,069	174,911

*from the completion date the assumed recognition of the advances as revenue is between 3-6 months

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022****Notes to the Interim Condensed Consolidated Financial Statements****Note 22 – Commitments and contingencies***(iv) Litigations:*

On 19 November 2021, the State Treasury (Skarb Państwa) – President of the Capital City of Warsaw notified Ronson Development Sp. z o.o. – Ursus Centralny Sp. k. (subsidiary, t”the Company”) on the termination of the annual fee for perpetual usufruct of land owned by the State Treasury, located in Warsaw at 6 and 6A Taylor st. The Company received a decision to pay the annual fee in the new amount from 1 January 2022, i.e.:

- for 2022 in the amount of PLN 475,642.84
- for 2023 in the amount of PLN 2,033,512.04
- for 2024 and subsequent years in the amount of PLN 3,591,381.24.

The Management Board of the Company submitted an application to the Local Government Boards of Appeal in Warsaw for a determination that the increase in the fee for perpetual usufruct was unjustified.

On 7 April 2022, the Local Government Boards of Appeal in Warsaw received a letter from the State Treasury – the President of the Capital City of Warsaw, which showed that there was no possibility of reaching a settlement in the above case.

On 1 July 2022 the Company received a judgment of 25 May 2022 from the Local Government Boards of Appeal dismissing the company's application. Therefore, on 13 July 2022, the Company submitted a letter to the District Court in Warsaw. In the opinion of the Company’s Management the judgment of the Local Government Boards of Appeal is defective and cannot stand, and objection is justified and necessary.

The resolution of this case is not expected in 2022 and as a result any assesment of the outcome of this case can not be reliable enough at this stage. In case of a loss in the court, the result would affect the value of the right of use assets related to inventory and the lease liabilities for perpetual usufruct right related to inventory.

Note 23 – Risk management

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk and inflation risk), credit risk, liquidity risk and the overall security stability of the EU area due to the Ukraine War. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance. The Management Board reviews and updates policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments.

The Group does not use derivative financial instruments to hedge currency or interest rate risks arising from the Group’s operations and its sources of finance. It has been throughout the year ended 31 December 2021 and continued in the period ended 30 September 2022, the Group’s policy that no trading in (derivative) financial instruments shall be undertaken.

The Group’s principal financial instruments comprise cash balances, other current financial assets, loans granted to JVs and third parties, bank loans, bonds, financial intruments measured through FVPL, trade receivables and trade payables. The main purpose of these financial instruments is to manage the Group’s liquidity and to raise finance for the Group’s operations.

In terms of risks specific for the sector, in which the Group operates, there is a potential increase in construction costs, a significant increase in interest rates, the challenge of securing lands for reasonable prices which can lead to the significant negative impact on the margins of new phases and projects, a prolongation of administrative procedures as well as an increasing competition in the market are considered to be the most significant uncertainties for the financial period ending 30 September 2022.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022****Notes to the Interim Condensed Consolidated Financial Statements****Note 23 – Risk management***Financial risk factors*

The Group's activities expose it to a variety of financial risks such as credit risk and liquidity risk.

The Interim Condensed Consolidated Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Consolidated Financial Statements for the year ended 31 December 2021 (Note 31). There have been no changes in the risk management measurements performed by the Company since year end or in any risk management policies.

(i) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, bond loans and financing from external investors (SAFE agreement).

Compared to year end, the Group entered into 5 separate SAFE agreements in which the Company obtained a total funding of ILS 60 million (PLN 80.3 million) via Israeli institutional investors (for further details see Note 14). Apart from that there was no material change in the contractual undiscounted cash outflows for financial liabilities, except for the assumption of new loans and redemption of existing loans during the nine months ended 30 September 2022 as described in Notes 15.

(ii) Fair value estimation

The Investment properties and financial liabilities (the SAFE agreement) are valued at fair value determined by an independent appraiser (please refer to Note 10 and Note 14). During the nine months ended 30 September 2022 there were no other significant changes in the business or economic circumstances that affect the fair value of the group's financial assets, investment property and financial liabilities.

(iii) Interest rate risk

A vast majority of loans and borrowings obtained by the Group is against variable interest rates that are based on WIBOR rates plus a margin. Since January 2022 till the reporting date the WIBOR6M (which is the most significant to the Company) ate increased by 158.19% from 2.87% to 7.41%. The bonds loans are based on the WIBOR6M plus margin and bank loans on WIBOR3M plus margin. Changes in the WIBOR rates will have significant impact on the cash flow and the profitability of the Group.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management

(iii) Interest rate risk

The table below presents the sensitivity analysis and its impact on net assets and income statement assuming if the variable interest rate changes by 5% assuming that all other variables remain unchanged:

<i>In thousands of Polish Zlotys (PLN)</i>	30 September 2022		31 December 2021	
	Increase by 5%	decrease by 5%	Increase by 5%	decrease by 5%
Income statement				
Variable interest rate assets	1,966	(1,966)	116	(116)
Variable interest rate liabilities	(10,527)	10,527	(12,540)	12,540
Total	(8,561)	8,561	(12,424)	12,424
Net assets				
Variable interest rate assets	1,966	(1,966)	116	(116)
Variable interest rate liabilities	(10,527)	10,527	(12,540)	12,540
Total	(8,561)	8,561	(12,424)	12,424

Short-term receivables and payables are not exposed to interest rate risk.

(iv) Legislation and administrative risk

During the year 2022 several changes in the Polish legislation in particular: contemplated deletion of open escrow accounts as well as introduction of compulsory contributions to the developer guarantee fund starting from 1 July 2022, the new construction law and the new local regulations related to road and infrastructure participation costs, constitute a risk that could directly or indirectly affect the Company's and the Group's activities and results. The Management Board is in the opinion, that the introduction of such changes might have a negative impact on the Group's activities. In spite of that and taking under consideration the Company and the Group long-term experience in the market, its ability to adjust quickly to the new market conditions, its financial situation and its reputation in the market the Management Board is in the opinion that these changes are of a lesser extent than on other market operators.

The Polish legislation environment is characterised in frequent amendments, incoherence, lack of unified interpretation of legislation and tax legislations which are subject to frequent changes all which is contributing to the risks factors in which the Company and the Group operate. All the above changes and lack of unified judicial decision can have negative consequences on the Company's business, its performance, its financial standing and the development prospects.

The above changes demonstrates the dynamic environment in which the Company operates and as such requiring in some cases quick response in order to adjust its activity accordingly.

The Management Board will continue monitoring the above mentioned issues on an on-going basis, and adopt further actions, if necessary, in order to minimize as much as it is possible their impact on the Company operations.

(v) Effect of the War Conflict on the Polish economy and real estate industry

During Q3 2022 the global economy continued to be weakened by the war through significant disruptions in trade in food and fuel price shocks, all of which are contributing to high inflation and subsequent tightening in global financing conditions. Activity in the euro area has deteriorated in the second half of 2022, due to distressed supply chains, increased financial strains and declines in consumer and business confidence. The most damaging effects of the invasion, however, are surging energy prices amid large reductions in Russian energy supply. This unprecedented crisis has implications for consumers and governments alike – constraining fiscal affordability, firm productivity, and household welfare.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management

(v) Effect of the War Conflict on the polish economy and real estate industry

According to last publication update by the Worlds Bank, Poland's economic growth is expected to slow down in 2023 more markedly than initially expected because the ongoing war in Ukraine has dimmed prospects of a post-pandemic economic recovery across Europe.

The war in Ukraine has a strong impact on the Polish economy in a number of ways. Since the beginning of the year and in the coming months and quarters, Poland is facing rising inflation and related interest rate increases, rising fuel, energy and food prices, a slowdown in high economic growth and a weakening of the Polish currency. The major challenge will also be the enormous pressure on the state apparatus and the national system of education, medical and social services, associated with the inflow of refugees from Ukraine. The new geopolitical situation also requires Poland to significantly increase expenditures on military expansion. The consequence is likely to be an increase in the national debt.

The war in Ukraine has had a big impact on the economy and the functioning of the construction industry, a key part of which is the housing sector. The supply chains of materials from eastern markets have been disrupted, while demand for workers at construction sites from Ukraine has increased.

The increase in inflation rates due to higher energy prices, product prices and the sharp increase of interests rates in the financial markets caused that the current availability of mortgages for clients reduced dramatically. In terms of the residential market the Company witness significant shift to cash buyers from mortgage buyers which caused a significant decrease in number of sales observed since the beginning of the year.

On the other hand based on the Management observation high interest rates will also force more people into the rental market as they can no longer afford a mortgages, applying even more pressure on the available rental stock. The War Conflict will be influenced by factors such as high inflation, increased construction costs and a more restrictive financing policy towards new developments and Client mortgages due to the growing geopolitical and economic risks caused by this conflict.

The Company is continuously observing the situation in order to asses the impact on the business operations. As part of its strategy the Company will asses its current planned projects and will start the projects which will be secured by bank financing and are mosts likely to succeed in the near future, all in order to mitigate as much as possible the impact of this crisis on the Company's operations.

(vi) Inflation risk

At the beginning of 2022, prices of energy and agricultural commodities were high, significantly exceeding their levels seen since last year. Inflation rose to 17.2% in September from May's 16.1%. September's result represented the highest inflation rate since March 1997. According to the Statistical office of Poland (GUS), the main factors contributing to the high inflation rate are driven by cost of housing and utilities (29.9%), electricity, gas and other fuels (44.3%) and food and non-alcoholic beverages (19.3%), as well as increase in USD/PLN and EUR/PLN exchange rates.

The inflation growth and with it the interbank interest growth affects the polish economy in many aspects and the real estate residential sector in the following:

- the risk of average mortgage rates increases which might result in decline in volume of mortgages lending which will influence reduction of the demand from individual clients;
- risk of increase in construction costs, related to problems of manufacturing, energy and transportation;
- risk in delay or withholding of starting new projects due to high costs.

In the third quarter of 2022, there was a decrease in sales in the six largest cities by 30% comparing to previous quarter and as much as 56% decrease comparing to the same period in 2021.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022****Notes to the Interim Condensed Consolidated Financial Statements****Note 23 – Risk management***(vi) Inflation risk*

The drop in sales is mainly due to higher mortgage interest rates and tighter credit rating regulations which is direct results of the high inflation rates and government attempts to reduce the inflation rate by tightened its monetary policy and increasing the interbank interest rates.

The Management Board understand that the inflation process and its stabilisation is a long process that may take significant efforts and time and is continuing monitoring the situation, and adopt further actions, if necessary, in order to reduce as much as it possible the effect of the inflation and interest rates increase on the Company's operations and strategy.

Construction cost risk and nonperformance by General contractors

The Group's activities expose it to a variety of construction costs risks such as construction cost increase risk, raw material cost increase, shortage of qualified workforce, increase in labor costs and delay in obtaining the necessary permits to start construction. The Interim Condensed Consolidated Financial Statements do not include all risk management information and disclosures related to the above subject required in the annual financial statements, and should be read in conjunction with the Group's Annual Consolidated Financial Statements for the year ended 31 December 2021 (Note 31). There have been no changes in the risk management measurements and risk management performed by the Company's Management since year end

COVID-19

During the reporting period the Company had experienced in some of its projects, delays related to administrative proceedings with obtaining permits which translated to delay in starting of projects, as direct result of COVID-19 restrictions, as well as in some cases delays by clients with obtaining credit loans for purchasing of apartments. For the reporting period the effect of Covid-19 is not significant to the Company operations.

The Management Board will continue monitoring the situation on on-going basis, and adopt further actions, if necessary, in order to reduce as much as it is possible the effect of the pandemic on the Company's operations and strategy.

Note 24 – Related party transactions

During the nine months ended 30 September 2022 the Company and /or subsidiaries owned by it executed the following transactions and balances with related parties: remuneration of Management Board, loans granted to related parties, the reimbursement of audit review costs and an consulting agreement with major (indirect) shareholder, A. Luzon Group, for total monthly amount of PLN 70 thousand and covering travels and out of pocket expenses incurred in connection with rendering services. In the period nine months ended 30 September 2022 and 30 September 2021 the total amount of costs from A. Luzon Group amounted PLN 656 thousand and PLN 635 thousand thousand respectively.

In addition to the above, during the nine months ended 30 September 2022, the Group sold three apartments to the company owned by Andrzej Gutowski for a total net amount (excluding VAT) of PLN 855 thousand. Those transactions were executed at arm's length and was in adherence to the Group's policy in respect of related-party transactions.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 25 – Investment in joint ventures

Share of profit/(loss) of joint venture

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 September 2022	As at 31 December 2021
Loans granted	130	319
Share in net equity value of joint ventures	5,067	3,846
The Company's carrying amount of the investment	5,197	4,165
Presented as Loans granted to joint ventures (current assets)	(130)	(319)
Investment in joint ventures	5,067	3,846

Share of profit/(loss) from joint ventures comprise the Company's shares in four entities where the Group is holding 50% shares and voting rights in each of those entities: Ronson IS Sp. z o.o. and Ronson IS Sp. z o.o. Sp.k. which are running the first two stages of the City Link, as well as Coralchief Sp. z o.o. and Coralchief Sp. z o.o. – Projekt 1 Sp.k. which are running the Wilanów Tulip project.

Loans granted to joint venture

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 September 2022	As at 31 December 2021
Opening balance	319	11,634
Loans granted	-	117
Loans repaid	(195)	(10,564)
Accrued interest	9	377
Interest paid	(4)	(1,244)
Total closing balance	130	319

As at 30 September 2022 the total amount of loans granted to joint ventures was presented as a short-term assets. The loans granted to joint venture were bear at fixed interests at the level of 5%.

Note 26 – Other events during the period

Commencements of new projects in nine months ended 30 September 2022

Project name	Location	Number of units	Area of units (m2)
Nowe Warzymice IV	Szczecin	75	3,818
Eko Falenty I	Warsaw	42	4,304
Miasto Moje VII*	Warsaw	243	11,740
Ursus Centralny IIe*	Warsaw	280	16,246
Nowa Północ Ia	Szczecin	110	5,230
Osiedle Vola	Warsaw	84	4,851
Między Drzewami*	Poznań	117	5,803
Viva Jagodno III*	Wrocław	58	3,140
Total		1,009	55,132

*Commencement of sales, the construction process did not started yet

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 26 – Other events during the period

Purchase of land

The below table presents signed final agreements for purchase of plots signed in the period ended 30 September 2022:

Location	Type of agreement	Signed date	Agreement net value (PLN million)	Paid net till 30 September 2022 (PLN million)	Number of units	Potential PUM
Warsaw, Stojowskiego	final	11 Aug 2021, 11 Jan 2022	16.9	16.9	191	11,000
Warsaw, Dudka ⁽¹⁾	final	28 Oct 2021, 13 Jan 2022	51.4	51.4	1,081	43,754
Warsaw, Marynin	final	22 Feb 2022	25.9	25.9	148	8,100
Warsaw, KEN ⁽³⁾	final	29 Mar 2022	11.9	11.9	94	5,700
Warsaw, Marynin ⁽²⁾	final	15 Jun 2022	9.0	9.0	101	4,183
Warsaw, Zaborowska	final	16 Oct 2021, 31 Aug 2022	19.5	19.5	123	6,928
Warsaw, Wolska ⁽²⁾	final	23 Dec 2021, 19 Sept 2022	23.7	-	292	13,947
Total			158.3	134.6	2,030	93,612

1) The part of land designated for PRS activity

2) The land designated for PRS activity

3) According to the final agreement the former owner of the plot (Orange Polska S.A.) has the right to use the property till 31 December 2024 until it moves out its telecommunication technical infrastructure located in the Building, the user of the property will pay to the Company leasing fee for the time of usage

The below table presents signed preliminary agreements for purchase of plots signed until 30 September 2022 including advances paid:

Location	Type of agreement	Signed date	Agreement net value (PLN million)	Paid net till 30 September 2022 (PLN million)	Number of units	Potential PUM
Warsaw, Białołęka ⁽¹⁾	preliminary	23 Nov 2020	24.7	15.4	432	20,700
Warsaw, Ursus	preliminary	17 Jan 2021	140.0	10.0	1,860	85,000
Warsaw, Targówek	preliminary	2 June 2021	14.0	4.0	125	6,875
Warsaw, Ochota	preliminary	10 Aug 2021, 5 October 2021	7.1	7.1	67	3,700
Warsaw, Włochy	preliminary	30 Dec 2021	16.0	2.0	142	8,400
Warsaw, Bielany ⁽²⁾	preliminary	21 Mar 2022	11.0	1.0	242	4,559
Total			212.8	39.5	2,868	129,234

1) The land designated for PRS activity

Occupancy permits

Project name	Location	Occupancy permit date	Number of units	Area of units (m ²)
Nowe Warzymice II	Szczecin	5 April 2022	66	3,492
Ursus Centralny IB	Warsaw	5 July 2022	97	5,740
Miasto Moje V	Warsaw	31 August 2022	170	8,559
Total			333	17,791

Conclusion of a material agreement for General contractors

Project name	Location	Number of units	General contractor	Agreement signing date	Agreement net value (million PLN)	Additional provisions
Nowe Warzymice IV	Szczecin	75	Przedsiębiorstwo wielobranżowe „EBUD” - Przemysłówka Sp. z o.o.	1 February 2022	16.8	none
Eko Falenty I	Warsaw	42	Techbau Budownictwo Sp. z o.o.	4 March 2022	19.2	none
Osiedle Vola	Warsaw	84	Leancon Sp. z o.o.	19 May 2022	32.5	none
Nowa Północ Ia	Szczecin	110	Przedsiębiorstwo wielobranżowe „EBUD” - Przemysłówka Sp. z o.o.	28 July 2022	26.0	*
Total		311			94.5	

*contract value subject to valorization

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 26 – Other events during the period

Building permits

Project name	Location	Building permit date	Number of units	Area of units (m²)
Nowe Warzymice IV	Szczecin	22 January 2022	75	3,800
Między Drzewami	Poznań	15 March 2022	117	5,800
Osiedle Vola	Warsaw	15 April 2022	84	4,850
Nowa Północ I	Szczecin	21 April 2022	200	9,450
Nova Królikarnia 4b1	Warsaw	2 May 2022	11	2,566
Total			487	26,466

Withdrawal of the Company's shares from trading on the regulated market

On 8 March 2022, the General Meeting of the Company was held, at which the shareholders adopted a resolution on withdrawing the Company's shares from trading on the regulated market. In connection with the adoption of the above resolution, on 9 March 2022, the Company submitted an application to the Polish Financial Supervision Authority for authorization to withdraw the Company's shares from trading on the regulated market. On 14 April 2022 the Polish Financial Supervision Authority issued a consent to the withdrawal of the Company's shares from trading on the market regulated by the Warsaw Stock Exchange S.A. ("WSE") as of 28 April 2022. The respective resolution was also adopted by the Management Board of WSE on 25 April 2022.

Distribution of the net profit for year 2021

Ordinary General Meeting of the Company decided to divide the net profit of the Company for the year 2021 in the amount of PLN 40,346 thousand in a following way:

- to allocate for the dividend payment to the shareholders of the Company the amount of PLN 0.24 (twenty-four grosze) per share, with the total amount depending on the number of own shares (which are not entitled to dividend) held by the Company on the dividend record date (dzień dywidendy) and such total amount not exceeding, in any case, PLN 39,363 thousand;
- to allocate the remaining portion of the net profit of the Company for year 2021 to supplementary capital (kapitał zapasowy).

The distribution of profit in the manner specified above depends on the fact that this payment will not adversely affect the Company's ability to repay debt or implement development plans, in the context of the current market situation and the situation on the real estate market. The fulfillment or non-fulfillment of this condition will be confirmed by the Extraordinary General Meeting of the Company no later than by 30 November 2022. In the absence of adoption by the above-mentioned Extraordinary General Meeting of the Company of an appropriate resolution or in the event of a resolution on non-compliance with the above condition, the entire amount of profit for 2021 will be allocated to the Company's supplementary capital (kapitał zapasowy).

In case the dividend is paid as described above, the day according to which the list of shareholders entitled to dividend payment, referred to item 1 above (the dividend record date) is set shall be set for 30 September 2022 and the date of dividend payment is set for 15 December 2022.

Note 27 – Subsequent events

Occupancy permits

Project name	Location	Occupancy permit date	Number of units	Area of units (m²)
Viva Jagodno IIa	Wrocław	10 October 2022	76	4,329
Nowe Warzymice III	Szczecin	25 October 2022	62	3,537
Total			138	7,866

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022****Notes to the Interim Condensed Consolidated Financial Statements****Note 27 – Subsequent events***Purchase of land*

On 13 October 2022 the Company (via its subsidiary) signed a conditional agreement concerning the purchase of the ownership rights of a plot of land located in Warsaw, Białołęka district, with an area of c.a. 0.3031 ha. Net price was preliminary established in amount of PLN 1.5 million.

On 17 October 2022 the Company (via its subsidiary) signed a conditional agreement concerning the purchase of the ownership rights of a plot of land located in Warsaw, Białołęka district, with an area of c.a. 1.1812 ha. Net price was preliminary established in amount of PLN 9.0 million. The lands are located in the area of already purchased lands – all of the lands being in the process of the purchase in this location amounted to total value of PLN 24.7 mln. The final purchase agreement should be signed no later than 30 November 2022.

Conclusion of a material agreement for General contractors

On 18 October 2022 the Company (via its subsidiary) signed an agreement with MARDOM (General contractor) for construction works for Między Drzewami project located in Poznań consisting of residential building (117 residential units) together with underground parking, land development and technical infrastructure. The fee for the General contractor under this agreement will amount to PLN 36.0 million.

The Management Board

Boaz Haim

President of the Management Board

Yaron Shama

Vicepresident of the Management Board, CFO

Andrzej GutowskiVicepresident of the Management Board,
Sales Director

Karolina BronszewskaMember of the Management Board
Marketing and Innovation Director

Anna RzekzkowskaPerson responsible for financial statements
preparation**Warsaw, 9 November 2022**

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Interim Condensed Company Statement of Financial Positions

<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	As at 30 September 2022 (Reviewed/Unaudited)	As at 31 December 2021 (Audited)
Assets			
Intangible assets		5	19
Investment in subsidiaries	6	436,718	458,449
Loans granted to subsidiaries	7	256,697	196,918
Deferred tax assets		-	-
Total non-current assets		693,420	655,386
Trade and other receivables and prepayments		1,727	122
Receivable from subsidiaries		83	473
Loan granted to subsidiaries	7	2,788	2,910
Cash and cash equivalents		17,125	12,556
Total current assets		21,723	16,061
Total assets		715,143	671,447
Equity			
Share capital		12,503	12,503
Share premium reserve		150,278	150,278
Treasury shares		(1,732)	(1,732)
Retained earnings		269,989	258,996
Total shareholders' equity		431,038	420,045
Liabilities			
Long-term liabilities			
Bond loans	8	197,828	196,991
Deferred tax liabilities		439	714
Total long-term liabilities		198,267	197,705
Current liabilities			
Bond loans	8	-	49,770
Other payables - accrued interests on bonds	8	4,441	2,477
Trade and other payables and accrued expenses		1,048	1,450
Financial liability measured at FVPL		80,349	-
Total current liabilities		85,838	53,697
Total liabilities		284,105	251,402
Total shareholders' equity and liabilities		715,143	671,447

The notes included on pages 61 to 65 are an integral part of these interim condensed company financial statements

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Interim Condensed Company Statement of Comprehensive Income

<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	For the 9 months ended 30 September 2022 (Reviewed) / (unaudited)	For the 3 months ended 30 September 2022 (Reviewed) / (unaudited)	For the 9 months ended 30 September 2021 (Reviewed) / (unaudited)	For the 3 months ended 30 September 2021 (Reviewed) / (unaudited)
Revenues from consulting services		2,613	754	4,310	176
General and administrative expense		(3,904)	(1,225)	(3,354)	(1,105)
Other revenues/(expenses)		(919)	-	(4)	(10)
Net impairment losses on financial assets		(1,076)	-	-	-
Operating profit		(3,286)	(472)	952	(939)
Result from subsidiaries after taxation	6	19,104	5,347	32,892	9,179
Operating profit after result from subsidiaries		15,818	4,875	33,844	8,240
Finance income		14,237	6,077	4,660	1,620
Finance expense		(13,615)	(5,144)	(9,522)	(3,321)
Gain/loss in fair value of financial instrument at fair value through profit and loss		(5,722)	(2,744)	-	-
Net finance income/(expense)	9	(5,100)	(1,810)	(4,862)	(1,701)
Profit/(loss) before taxation		10,719	3,065	28,982	6,539
Income tax benefit/(expense)		275	(812)	(215)	279
Profit for the period		10,993	2,253	28,767	6,818
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the period, net of tax		10,993	2,253	28,767	6,818
Weighted average number of ordinary shares (basic and diluted)		162,442,859	162,442,859	162,445,822	162,442,859
<i>In Polish Zlotys (PLN)</i>					
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)		0.068	0.014	0.177	0.042

The notes included on pages 61 to 65 are an integral part of these interim condensed company financial statements

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Interim Condensed Company Statement of Changes in Equity

	Attributable to the Equity holders of parent				<u>Total Equity/ Equity attributable to the Equity holders of the parent</u>
	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	
<i>In thousands of Polish Zlotys (PLN)</i>					
Balance at 1 January 2022	12,503	150,278	(1,732)	258,996	420,045
Net profit for the period ended 30 September 2022				10,993	10,993
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(expense)	-	-	-	10,993	10,993
Balance at 30 September 2022	12,503	150,278	(1,732)	269,989	431,038

	Attributable to the Equity holders of parent				<u>Total Equity/ Equity attributable to the Equity holders of the parent</u>
	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	
<i>In thousands of Polish Zlotys (PLN)</i>					
Balance at 1 January 2021*	12,503	157,905	(1,613)	211,022	379,817
Net profit for the period ended 30 September 2021	-	-	-	28,767	28,767
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(expense)	-	-	-	28,767	28,767
Repurchase of own shares	-	-	(119)	-	(119)
Reclassification of 2019 net result from Share Premium to Retained earnings	-	(7,627)	-	7,627	-
Balance at 30 September 2021	12,503	150,278	(1,732)	247,416	408,465

*change of presentation of allocation of net result for the year 2019 from Share premium to Retained earnings

The notes included on pages 61 to 65 are an integral part of these interim condensed company financial statements

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Interim Condensed Company Statement of Cash Flows

For the 9 months period ended 30 September	2022	2021
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	
Cash flows from operating activities		
Profit for the year		10,993 28,767
<i>Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:</i>		
Finance income	9	(12,731) (4,661)
Finance expense	9	13,591 9,522
Depreciation		14 -
Gain/loss in fair value of financial instrument at fair value through profit and loss		5,722 -
Foreign exchange rates differences gain/loss		(1,494) -
Income tax expense		(275) 215
Impairment on financial assets		1,076 -
Net results subsidiaries during the year		(19,104) (32,891)
Subtotal		(2,208) 952
Decrease/(increase) in trade and other receivables and prepayments		(1,605) (46)
Decrease/(increase) in receivable from subsidiaries		390 3,326
Increase/(decrease) in trade and other payable and accrued expense		(402) (1,251)
Subtotal		(3,825) 2,982
Interest paid	8	(10,466) (8,491)
Interest received	7	4,310 3,494
Net cash used in operating activities		(9,981) (2,015)
Cash flows from investing activities		
Loans granted to subsidiaries, net of issue cost	7	(82,525) (59,300)
Repayment of loans granted to subsidiaries	7	30,202 41,616
Dividend from subsidiary		40,845 13,000
Investment in subsidiaries		(10) (33)
Net cash used in investing activities		(11,488) (4,716)
Cash flows from financing activities		
Treasury shares		- (119)
Dividends paid		- -
Repayment of loans from subsidiaries/Loans received from subsidiaries		- (8,600)
SAFE Agreement		74,626 -
Proceeds from bond loans, net of issue costs		- 96,186
Repayment of bond loans	8	(50,000) (77,929)
Net cash from financing activities		24,626 9,538
Net change in cash and cash equivalents		3,158 2,807
Cash and cash equivalents at 1 January		12,556 27,152
Effects of exchange rate changes on cash and cash equivalents		1,411 -
Cash and cash equivalents at the end of the period*		17,125 29,959

* including restricted cash that amounted to PLN 14,910 thousand and PLN 0 as 30 September 2022 and as 30 September 2021, respectively.

The notes included on pages 61 to 65 are an integral part of these interim condensed company financial statements

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022****Notes to the Interim Condensed Company Financial Statements****Note 1 – General**

Ronson Development SE (‘the Company’), formerly named Ronson Europe N.V., is an European Company with its statutory seat in Warsaw, Poland. The registered office is located at al. Komisji Edukacji Narodowej 57 in Warsaw. The Company was incorporated in the Netherlands on 18 June 2007 as Ronson Europe N.V. with statutory seat in Rotterdam. During 2018, the Company changed its name and was transformed into an European Company (SE) and, effectively as of 31 October 2018, transferred its registered office of the Company from the Netherlands to Poland.

The Company (together with its subsidiaries, ‘the Group’) is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. In 2021 the Management Board of the Company decided to start developing a new activity, so-called Private Rent Sector (PRS). For information about companies in the Group which financial data are included in the Interim Condensed Consolidated Financial Statements reference is made to Note 7 in the Interim Condensed Consolidated Financial Statements

As at 30 September 2022 and as of publication date of the financial statements 66.06% of the shares are indirectly controlled by A. Luzon Group (via I.T.R. Dori B.V.) and 32.98% of the shares are directly controlled by A. Luzon Group (Ultimate Parent). The Ultimate Controlling Party is Mr Amos Luzon, member of the Supervisory Board. Additionally 0.96% of the shares are held by the Company.

Note 2 – Basis of preparation of Interim Condensed Company Statements

These Interim Condensed Company Financial Statements of Ronson Development SE have been prepared in accordance with IAS 34 (concerning the preparation of interim financial statements). The Interim Condensed Company Financial Statements do not include all the information and disclosures required in annual financial statements prepared in accordance with the IFRS and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2021, which have been prepared in conformity with IFRS. At the date of authorization of these Interim Condensed Company Financial Statements, the IFRSs applied by the Company are not different from the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

The Interim Condensed Company Financial Statements of Ronson Development SE have been prepared on the going concern assumption, i.e. the continuation of the Company’s business activity in the foreseeable future. As at the day of the approval of these financial statements, there were no circumstances identified implying any threats to the continuation of the Company’s activity.

These Interim Condensed Company Financial Statements of Ronson Development SE were approved by the Management Board for publication on 9 November 2022 in both English and Polish languages, while the Polish version is binding.

For additional information about significant accounting policy and the influence of the new accounting standard, see Note 3 of the Interim Condensed Consolidated Financial Statements.

Note 3 – The use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates.

In preparing these Interim Condensed Company Financial Statements, the significant judgments made by the Management Board in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the Consolidated Financial Statements for the year ended 31 December 2021, except changes described in the Note 4 of the Interim Condensed Consolidated Financial Statements.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Company Financial Statements

Note 4 – Functional and reporting currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The Company Financial Statements are presented in thousands of Polish Zloty (“PLN”), which is the Company’s functional and presentation currency.

Transactions in currencies other than the functional currency are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than the functional currency are recognized in the statement of comprehensive income.

Note 5 – Seasonality

The Company’s activities are not of a seasonal nature. Therefore, the results presented by the Company do not fluctuate significantly during the year due to the seasonality.

Note 6 – Investment in subsidiaries

The subsidiaries of the Company are valued with equity methods.

The table below presents the movement in investment in subsidiaries during the nine months ended 30 September 2022 and during the year ended 31 December 2021:

	For the 9 months ended 30 September 2022	For the 12 months ended 31 December 2021
<i>In thousands of Polish Zlotys (PLN)</i>		
Balance at beginning of the period	458,449	435,874
Investments in subsidiaries	10	55
Sale of shares	-	(48)
Net result subsidiaries during the period	19,104	46,588
Dividend from subsidiary	(40,845)	(24,020)
Balance at end of the period	436,718	458,449

The Company holds and owns (directly and indirectly) 81 companies. These companies are active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland as well as in development of the rental industry, so-called Private Rental Sector. For additional information see Note 7 to the Interim Condensed Consolidated Financial Statements.

On 18 January 2022, 8 September and 9 September 2022 the Company has obtained advanced payments for expected dividends for 2021 year and the withdrawal from supplementary capital from Ronson Development Construction Sp. z o.o. in the total amount of PLN 32,075 thousand.

Ronson Development South Sp. z o.o. has paid an advance payment for expected dividend for 2021 year in the amount of PLN 8,770 thousand on 6 September 2022.

The net result of the investments in subsidiaries in the period of nine months ended 30 September 2021 amounted PLN 32,892 thousand.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Company Financial Statements

Note 7 – Loans granted to subsidiaries

The table below presents movements in loans granted to subsidiaries held directly and indirectly by the Company during the nine months ended 30 September 2022 and during the year ended 31 December 2021:

	For the 9 months ended 30 September 2022	For the 12 months ended 31 December 2021
<i>In thousands of Polish Zloty (PLN)</i>	(Reviewed/ Unaudited)	(Audited)
Opening balance	199,828	160,347
Loans granted	82,525	110,000
Loans repayment during the year	(30,202)	(70,178)
Impairment	(1,076)	-
Loans set off	-	(1,513)
Accrued interest	12,490	6,430
Repayment of interest	(4,080)	(5,257)
Total closing balance	259,485	199,828
Closing balance includes:		
Current assets	2,788	2,910
Non-current assets	256,697	196,918
Total closing balance	259,485	199,828

The loans are not secured.

All new loans granted are at the similar conditions to those presented in the Company Financial Statements for the year ended 31 December 2021 (additional information was presented in Note 10).

Note 8 – Bonds loans

The table below presents changes in bonds loans during the period ended 30 September 2022 and during the period ended 31 December 2021:

	For the period ended 30 September 2022	For the year ended 31 December 2021
<i>In thousands of Polish Zloty (PLN)</i>	(Reviewed/ Unaudited)	(Audited)
Opening balance	249,238	230,072
Repayment of bond loans	(50,000)	(77,929)
Redemption of bonds (non-cash)	-	(2,247)
Proceeds from bond loans (nominal value)	-	100,000
Issue cost	-	(2,648)
Issue cost amortization	1,068	1,576
Accrued interest	12,429	10,775
Interest repayment	(10,466)	(10,362)
Total closing balance	202,269	249,238
Closing balance includes:		
Current liabilities	4,441	52,247
Non-current liabilities	197,828	196,991
Total Closing balance	202,269	249,238

For information about bond covenants, reference is made to Note 15 to the Interim Condensed Consolidated Financial Statements.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Company Financial

Note 9 – Finance costs and income

<i>In thousands of Polish Zlotys (PLN)</i>	For the period of 9 months ended 30 September 2022	For the period of 3 months ended 30 September 2022	For the period of 9 months ended 30 September 2021	For the period of 3 months ended 30 September 2021
Interests and fees on granted loans to subsidiaries	12,490	5,820	4,660	1,620
Interest income on bank deposits	229	154	-	-
Foreign exchange gain	1,518	103	-	-
Finance income	14,237	6,077	4,660	1,620
Interest expense on bonds measured at amortized cost	(12,429)	(4,824)	(7,899)	(2,767)
Interests and fees on received loans from subsidiaries	-	-	(198)	(30)
Foreign exchange loss	(24)	(24)	-	-
Commissions and fees	(1,067)	(205)	(1,337)	(491)
Other	(95)	(91)	(88)	(33)
Finance expense	(13,615)	(5,144)	(9,522)	(3,321)
Gain/loss in fair value of financial instrument at fair value through profit and loss	(5,722)	(2,743)	-	-
Net finance income/(expense)	(5,100)	(1,810)	(4,862)	(1,701)

Note 10 – Related parties transactions

During the nine months ended 30 September 2022 the Company and /or subsidiaries owned by it executed the following transactions and balances with related parties: remuneration of Management Board, loans granted to related parties, the reimbursement of audit review costs and an consulting agreement with major (indirect) shareholder, A. Luzon Group, for total monthly amount of PLN 70 thousand and covering travels and out of pocket expenses incurred in connection with rendering services.

In the period nine months ended 30 September 2022 and 30 September 2021 the total amount of costs from A. Luzon Group amounted PLN 656 thousand and PLN 635 thousand respectively.

In addition to the above, during the nine months ended 30 September 2022, the Group sold three apartments to the company owned by Andrzej Gutowski for a total net amount (excluding VAT) of PLN 855 thousand. Those transactions were executed at arm's length and was in adherence to the Group's policy in respect of related-party transactions.

Note 11 – Investors agreement (“SAFE Agreement”)

On 30 January 2022 and 22 February 2022, the Company and Amos Luzon Development and Energy Group Ltd., the Company's controlling shareholder, concluded SAFE agreements (“SAFE”) with Sphera Master Fund L.P., More Provident Funds Ltd., Sphera Small Cap Fund L.P. EJS Galatee Holdings and Klirmark Opportunity Fund III L.P (the “Investors”) raising a total of ILS 60 mln (the “SAFE Amount”) which for the date of transaction amounted to PLN 74.6 million. All the needed conditions have been completed and the full agreement amount has been transferred to Ronson until 30 September 2022.

Taking into consideration the requirements, the SAFE agreement has been classified as financial liability measured at fair value through profit and loss. For detailed information about the valuation of the financial liability please refer to Note 14 to the Interim Condensed Consolidated Financial Statements.

**Interim Condensed Consolidated Financial Statements for the nine months ended
30 September 2022**

Notes to the Interim Condensed Company Financial

Note 12 – Subsequent events

For further subsequent events, reference is made to Note 27 to the Interim Condensed Consolidated Financial Statements.

The Management Board

Boaz Haim

President of the Management Board

Yaron Shama

Vicepresident of the Management Board, CFO

Andrzej Gutowski

Vicepresident of the Management Board,
Sales Director

Karolina Bronszewska

Member of the Management Board
Marketing and Innovation Director

Anna Rzeczowska

Person responsible for financial statements
Preparation

Warsaw, 9 November 2022