Standalone Financial Statements for the year ended for the year ended 31 December 2022

Ronson Development SE

Contents

Standalone Statement of Comprehensive Income

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	*Note*	2022	2021
Revenues from consulting services	*4*	3,904	6,025
General and administrative expense	*5,6*	(5,920)	(5,308)
Other revenues/(expenses)		(918)	11
Net impairment losses on financial assets		(1,076)	-
Operating profit		**(4,010)**	**728**
Result from subsidiaries after taxation	*9*	31,660	46,588
Operating profit after result from subsidiaries		**27,650**	**47,316**
Finance income	*7*	20,681	6,430
Finance expense	*7*	(19,570)	(12,746)
Gain/loss in fair value of financial instrument at fair value through profit and loss		4,121	-
Net finance income/(expense)		**5,232**	**(6,316)**
Profit/(loss) before taxation		**32,882**	**41,000**
Income tax benefit/(expense)	*8*	(2,610)	(653)
Profit for the period		**30,272**	**40,347**
Other comprehensive income		-	-
Total comprehensive income/(expense) for the period, net of tax		**30,272**	**40,347**
Weighted average number of ordinary shares (basic and diluted)		**162,442,859**	**162,445,075**
In Polish Zlotys (PLN)			
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)*		**0.186**	**0.248**

** the Company is not required to disclose earnings per share according to IAS 33 „Earnings per share", but it is done voluntarily*

The notes included on pages 5 to 26 are an integral part of these standalone financial statements

Standalone Statement of Financial Position

As at 31 December		2022	2021
In thousands of Polish Zlotys (PLN)	***Note***		
Assets			
Intangible assets		1	19
Investment in subsidiaries	*9*	445,275	458,449
Loans granted to subsidiaries	*10*	266,441	196,918
Total non-current assets		**711,717**	**655,386**
Trade and other receivables and prepayments		1,410	122
Receivable from subsidiaries		-	473
Loan granted to subsidiaries	*10*	10,140	2,910
Cash and cash equivalents		6,397	12,556
Total current assets		**17,947**	**16,061**
Total assets		**729,664**	**671,447**
Equity			
Shareholders' equity	*11*		
Share capital		12,503	12,503
Share premium reserve		150,278	150,278
Treasury shares		(1,732)	(1,732)
Retained earnings		289,268	258,996
Total Equity/ Equity attributable to the Equity holders of the parent		**450,317**	**420,045**
Liabilities			
Long-term liabilities			
Bond loans	*12*	158,110	196,991
Deferred tax liabilities		3,323	714
Total long-term liabilities		**161,433**	**197,705**
Current liabilities			
Bond loans	*12*	40,000	49,770
Other payables - accrued interests on bonds	*12*	5,260	2,477
Trade and other payables and accrued expenses	*14*	2,148	1,450
Financial liability measured at FVPL	*13*	70,506	-
Total current liabilities		**117,914**	**53,697**
Total liabilities		**279,347**	**251,402**
Total shareholders' equity and liabilities		**729,664**	**671,447**

The notes included on pages 5 to 26 are an integral part of these standalone financial statements

Standalone Statement of Changes in Equity

In thousands of Polish Zlotys (PLN)	Share capital	Share premium	Treasury shares	Retained earnings	Total Equity/ Equity attributable to the Equity holders of the parent
	Attributable to the Equity holders of parent				
Balance at 1 January 2022	**12,503**	**150,278**	**(1,732)**	**258,996**	**420,045**
Comprehensive income:					
Net profit for the period ended 31 December 2022	-	-	-	30,272	30,272
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(expense)	**-**	**-**	**-**	**30,272**	**30,272**
Balance at 31 December 2022	**12,503**	**150,278**	**(1,732)**	**289,268**	**450,317**

In thousands of Polish Zlotys (PLN)	Share capital	Share premium	Treasury shares	Retained earnings	Total Equity/ Equity attributable to the Equity holders of the parent
	Attributable to the Equity holders of parent				
Balance at 1 January 2021	**12,503**	**157,905**	**(1,613)**	**211,022**	**379,817**
Comprehensive income:					
Profit for the period ended 31 December 2021	-	-	-	40,347	40,347
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(expense)	**-**	**-**	**-**	**40,347**	**40,347**
Own shares acquired	-	-	(119)	-	(119)
Reclassification of 2019 net result from Share premium to retained earnings[(1)]	-	(7,627)	-	7,627	-
Balance at 31 December 2021	**12,503**	**150,278**	**(1,732)**	**258,996**	**420,045**

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

The notes included on pages 5 to 26 are an integral part of these standalone financial statements

Standalone Statement of Cash Flows

For the 12 months period ended 31 December *In thousands of Polish Zlotys (PLN)*	*Note*	2022	2021
Cash flows from operating activities			
Profit for the year		30,272	40,347
Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:			
Finance income	*7*	(19,244)	(6,430)
Finance expense	*7*	19,570	12,746
Depreciation		17	-
Gain/loss in fair value of financial instrument at fair value through profit and loss		(4,121)	-
Foreign exchange rates differences gain/loss		(1,449)	-
Income tax expense	*8*	2,609	673
Impairment on financial assets	*9*	1,076	-
Net results subsidiaries during the year		(31,660)	(46,588)
Subtotal		**(2,930)**	**748**
Decrease/(increase) in trade and other receivables and prepayments		(1,288)	(34)
Decrease/(increase) in receivable from subsidiaries		473	3,226
Increase/(decrease) in trade and other payable and accrued expense		698	(220)
Subtotal		**(3,047)**	**3,720**
Interest paid		(15,303)	(14,158)
Interest received		4,426	5,257
Net cash used in operating activities		**(13,924)**	**(5,181)**
Cash flows from investing activities			
Loans granted to subsidiaries, net of issue cost	*10*	(106,725)	(110,000)
Repayment of loans granted to subsidiaries	*10*	43,702	70,178
Dividend from subsidiary	*9*	44,845	24,020
Net investment in subsidiaries	*9*	(10)	(7)
Net cash used in investing activities		**(18,188)**	**(15,809)**
Cash flows from financing activities			
Purchase of Treasury shares	*11*	-	(119)
SAFE Agreement	*13*	74,626	-
Repayment of loans received from subsidiaries	*12*	-	(10,665)
Proceeds from bond loans, net of issue costs	*12*	-	95,105
Repayment of bond loans	*12*	(50,000)	(77,929)
Net cash from financing activities		**24,626**	**6,392**
Net change in cash and cash equivalents		**(7,485)**	**(14,596)**
Cash and cash equivalents at 1 January		12,556	27,152
Effects of exchange rate changes on cash and cash equivalents		1,326	-
Cash and cash equivalents at 31 December		**6,397**	**12,556**

The notes included on pages 5 to 26 are an integral part of these standalone financial statements

Notes to the Standalone financial statements

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. 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). The Company prepared Consolidated Financial Statements for the year ended 31 December 2022, which was authorized for issue on 15 March 2023.

The shares of the Company were traded on the Warsaw Stock Exchange until 28 April 2022. As at 31 December 2022 and until the date of publication, 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. In addition 0.96% of the shares are held by the Company. The real beneficiary of the Company is Mr. Amos Luzon, Chairman of the Supervisory Board.

The details of the entities, the year of incorporation and the percentage of ownership and voting rights directly or indirectly held by the Company as at 31 December 2022 and as at 31 December 2021, are presented below and on the following page.

	Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
			31 December 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%	-

Notes to the Standalone financial statements

1. General

	Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
			31 December 2022	31 December 2021
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%
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 *(Company with the registered office in Cyprus)*	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.(6)	2016	-	100%
74	Town 2016 Sp. z o.o. (6)	2016	-	100%
75	Enterprise 2016 Sp. z o.o. (6)	2016	-	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
6) Companies merged with Tras 2016 Sp. z o.o. on 13 October 2022

Notes to the Standalone financial statements

2. Accounting principles

a) Basis of preparation and statement of compliance

The Standalone Financial Statements of Ronson Development SE have been prepared in accordance with IFRS as endorsed by the European Union ("IFRS"). IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The Standalone Financial Statements of Ronson Development SE were approved by the Management Board for publication on 15 March 2023 in both English and Polish languages, while the Polish version is binding.

The Standalone 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.

The financial statements have been prepared on a historical cost basis except the SAFE Agreement (financial liability) which was measured at fair value. With regards to valuation of investment in subsidiaries IAS 27 allows for valuation either at cost or at fair value or in accordance with the equity method. The Company decided to select the equity method, excluding SAFE financial liabilities measured through profit or loss.

New and amended standards adopted by the Group

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 analyzed by the Management. Based on the assessment the amendments do not impact the Consolidated Financial Statements of the Group.

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. The Management Board do not expect that these standards have a material impact on the entity or the Group in the current or future reporting periods and on foreseeable future transactions.

b) 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 Standalone 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.

Notes to the Standalone financial statements

2. Accounting principles

c) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the Standalone Financial Statements, and the reported amounts of income and expenses during the reported period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

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 in presented in the Note 13.

Estimated impairment of shares in subsidiaries and loans granted

The impairment test is carried out when there are indications that the carrying amount of the investment will not be recovered. The assessment of impairment of shares in subsidiaries is based on an analysis of the fair value of assets and liabilities held by individual entities and on expectations regarding future cash flows from the operations of these entities. In the assessment process, the Company also assesses the duration and extent to which the current value of shares is lower than its purchase price, as well as the prospects of a given entity and plans regarding its investment projects. All significant decreases in the fair value of subsidiaries' assets were recognized by the Management Board as long-term and resulted in a write-down of shares in subsidiaries. In particular, in the case of subsidiaries that did not conduct any significant operating activities as at 31 December 2022, the value of the write-downs corresponds to the total value of the difference between the value of the net assets of a given subsidiary and the purchase price of the shares.

With regard to the allowance for loans granted, the Management Board determines the allowance using the methodology of expected credit losses in accordance with IFRS 9. Allowances for expected losses are recognized based on assumptions regarding the risk of default and expected loss ratios. By adopting these assumptions and selecting data for the calculation of impairment, the Company applies a subjective assessment based on its past history and existing market conditions, as well as estimates regarding the future at the end of each reporting period.

3. Significant accounting policies

The accounting policies applied in the preparation of the attached financial statements are consistent with those applied in the preparation of the financial statements of the Company for the year ended 31 December 2021 and have been applied consistently in all periods presented in the Standalone Financial Statements.

(a) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency at exchange rates prevailing at the dates of the transactions using:

- the purchase or selling rate of the bank whose services are used by the Company – in case of foreign currency sales or purchase transactions, as well in the case as of the debt or liability payment transactions;
- the average rate specified for a given currency by the National Bank of Poland as on the transaction date, unless a customs declaration or other binding document indicates another rate – in case of other transactions.

Notes to the Standalone financial statements

3. Significant accounting policies

(a) Foreign currency

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

(b) Revenue from contracts with customers

Revenue from consulting services represents fees charged by the Company to its subsidiaries. Revenue is recognized when control of the goods or services are transferred at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at Amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

For the Company the first category is most relevant. Financial assets at Amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Notes to the Standalone financial statements

3. Significant accounting policies

(c) Financial instruments

Financial assets

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at Amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Financial liability at fair value through profit or loss 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:

- 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;

- 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.

The financial instruments of the Company are classified into one of the following categories:

Category	Statement of financial position item	Measurement
Assets measured at amortized costs	Loans granted to subsidiaries	Amortized cost method
	Cash and cash equivalent	Amortized cost method
	Trade and other receivables and prepayments	Amortized cost method
Liabilities measured at amortized costs	Bond loans	Amortized cost method
	Trade and other payables and accrued expenses	Amortized cost method
Liabilities measured at fair value through profit and loss	Financial liability measured at FVPL	Fair value

Notes to the Standalone financial statements

3. Significant accounting policies

(c) Financial instruments

Investments in subsidiaries

Subsidiaries are entities the Company controls directly or indirectly. The Company accounts, based on IAS 27 par 10(c), for investments in subsidiaries under equity method. Under the equity method of accounting, the investments are initially recognized at cost and adjusted subsequently for the post-acquisition changes in share of the net assets of subsidiaries. Dividends received or receivable from subsidiaries are recognized as a reduction in the carrying amount of the investment. The financial statements of subsidiaries are prepared for the same period as the financial statement of the Company. All subsidiaries keep books of accounts in accordance with accounting policies specified in the Accounting Act dated 29 September 1994 ('the Accounting Act') with subsequent amendments and the regulations issued based on that Act. The Company accounts for investments in subsidiaries based on their financial statements as per books of accounts adjusted in order to bring the financial statements of those entities in conformity with IFRSs as adopted by EU.

(d) Equity

(i) Share capital

Share capital includes the proceeds received from the issue of ordinary shares on the nominal value in exchange for cash.

(ii) Share premium

Share premium includes the excess of proceeds received from the issue of shares over the nominal value of shares. Shares issuance costs are deducted from the share premium.

(iii) Treasury shares

Own shares that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(e) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(f) Income tax expense

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax expense is calculated according to tax regulations in effect in the jurisdiction in which the individual companies are domiciled.

Deferred income tax is provided, using the balance sheet method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and for tax losses carried forward, except for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. At each reporting date deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Standalone financial statements

3. Significant accounting policies

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial positions comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, except for collateralized deposits.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

4. Revenue

The Company provides services related to the preparation and organization of the investment process with respect to development projects owned by the Company's subsidiaries. As part of its responsibilities, the Company undertakes the performance of advisory, management, legal and other activities necessary to manage the investment process. The Company recognizes revenues when the obligation to perform the service is fulfilled, i.e. during the service provision period.

The concluded agreements do not contain a significant element of financing. Due to such characteristics of the contracts signed, there are no significant balances of contract assets or contract liabilities, except for trade receivables. Revenues are recognized at the moment when the service is performed.

The decrease of revenues by PLN 2.1 million for the year ended 31 December 2022 as compared to the year ended 31 December 2021 results from decrease of revenue from management of investment process from PLN 6,000 thousand at year ended 31 December 2021 to PLN 3,904 thousand during the year ended 31 December 2022 being a result of less projects started during the period ended 31 December 2022.

5. General and administrative expense

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2022**	**2021**
External services	1,170	1,061
Remuneration fees	3,852	4,046
Other	898	201
Total	**5,920**	**5,308**

Notes to the Standalone financial statements

6. Management and Supervisory Board Members' remuneration

Management Board personnel compensation

Management Board personnel compensation, payable by the Company, is presented in the table below. For compensations paid by other entities in the Group reference is made to the Consolidated Financial Statements.

As at 31 December *In thousands of Polish Zlotys (PLN)*	2022	2021
Salary and other short time benefit(3)	120	70
Management bonus	25	50
Subtotal - Ms Karolina Bronszewska	**145**	**120**
Salary and other short time benefit	264	264
Management bonus	95	95
Other (2)	132	132
Subtotal - Mr Yaron Shama	**491**	**491**
Salary and other short time benefit	240	240
Incentive plan linked to financial results	171	425
Subtotal - Mr Andrzej Gutowski	**411**	**665**
Salary and other short time benefit	937	1,099
Management bonus	760	754
Other (1)	951	623
Subtotal - Mr Boaz Haim	**2,648**	**2,476**
Total	**3,695**	**3,752**

(1) Mainly related to car expenses, flights and accommodation and an American school.
(2) Transactions with related parties.
(3) Remuneration for 7 months of the year 2021 (from 1 June 2021 – appointment as member of Management Board)

Alon Haver

On 23 November 2021 Mr. Alon Haver submitted his resignation from the position of the Member of the Management Board of the Company, with effective date as of 31 December 2021. During 2021 Mr. Alon Haver was also a Management Board member of the indirect major shareholder of the Company (A. Luzon Group) and due to the above the fact he was not receiving any remuneration from the Company nor from any of the Company's subsidiaries. The Company was covering expenses related to his activity as a Company's Management Board member, such as travel and accommodation expenses.

Supervisory Board remuneration

As at 31 December *In thousands of Polish Zlotys (PLN)*	2022	2021
Mr Ofer Kadouri *(first appointment: 1 March 2017)*	56	64
Mr Alon Kadouri *(first appointment: 1 March 2017)*	53	51
Mr Shmuel Rofe *(first appointment: 20 November 2017, end of term 7 July 2022)*	17	64
Mr Piotr Palenik *(first appointment: 30 June 2017, end of term 7 July 2022)*	14	51
Mr Przemyslaw Kowalczyk *(first appointment: 30 June 2011, end of term 7 July 2022)*	17	64
Total	**157**	**294**

Notes to the Standalone financial statements

6. Management and Supervisory Board Members' remuneration

Supervisory Board remuneration

The supervisory directors are entitled to a quarterly fee of EUR 2,225 plus an amount of EUR 1,500 per personal attendance in the Supervisory Board meeting (EUR 750 if attendance is by using means of direct remote communication). The total amount due in respect of Supervisory Board fees during 2022 and 2021 amounted to PLN 157 thousand (EUR 33.5 thousand) and PLN 294 thousand (EUR 64.7 thousand), respectively. In addition, the Company paid social security contributions at the amount of PLN 26.3 thousand in the year ended 31 December 2022.

Mr Amos Luzon did not receive any direct remuneration from the Company nor from any of the Company's subsidiaries.

Changes in the Management and Supervisory Board during the period ended 31 December 2022 and until the date of publication of the financial statements

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 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 took resolution 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).

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.

Notes to the Standalone financial statements

7. Net finance income and expense

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	2022	2021
Interests and fees on granted loans to subsidiaries	18,886	6,430
Interest income on bank deposits	346	-
Foreign exchange gain	1,449	-
Finance income	**20,681**	**6,430**
Interest expense on bonds measured at amortized cost	(18,086)	(10,775)
Interests and fees on received loans from subsidiaries	-	(206)
Bank charges	(101)	(104)
Provisions and charges on bonds measured at amortized cost	(1,349)	(1,577)
Other	(34)	(84)
Finance expenses	**(19,570)**	**(12,746)**
Gain/loss in fair value of financial instrument at fair value through profit and loss	4,121	-
Net finance income	**5,232**	**(6,316)**

8. Income tax

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	2022	2021
Current tax expense/(benefit)		
Current period	-	-
Reversal of withholding tax in the Netherlands	-	391
Total current tax expense	**-**	**391**
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	2,507	636
Expense/(benefit) of tax losses recognized	103	(374)
Total deferred tax expense/(benefit)	**2,610**	**262**
Total income tax expense/(benefit)	**2,610**	**653**

Notes to the Standalone financial statements

9. Investment in subsidiaries

The subsidiaries of the Company are valued with equity pick-up method.

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2022**	**2021**
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	31,660	46,588
Dividend from subsidiary	(44,845)	(24,020)
Balance at end of the period	**445,274**	**458,449**

In the year 2022 the Company acquired 2 new entities through creation new Companies and registering it in KRS. The total amount spent on investments in 2022 amounted PLN 10,000.

On 18 January 2022, 8-9 September 2022 and 18 November 2022 the Company has obtained advance 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 36,075 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 Company holds and owns (directly and indirectly) 78 companies as at 31 December 2022. For information about companies in the Group, controlled directly and indirectly, which financial data are included in the Note 1 of this Financial Statements. 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 development of so-called Private Rented Sector, which the Group decided to develop in the next years. The projects managed by the companies are in various stages of development ranging from being in the process of acquiring land for development to projects which are completed or near completion.

10. Loan granted to subsidiaries

Movements in loans granted to subsidiaries presents the table below:

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2022**	**2021**
Opening balance	**199,828**	**160,347**
Loans granted	106,725	110,000
Loans repayment during the year	(43,702)	(70,178)
Impairments	(1,076)	-
Loans set off	-	(1,513)
Accrued interest	18,886	6,430
Repayment of interest	(4,080)	(5,257)
Total closing balance	**276,581**	**199,828**
Closing balance includes:		
Current assets	10,140	2,910
Non-current assets	266,441	196,918
Total closing balance	**276,581**	**199,828**

Notes to the Standalone financial statements

10. Loan granted to subsidiaries

Loans as at 31 December 2022:

In thousands of Polish Zlotys (PLN)	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Impairment	Carrying value
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 4.0%	2023	993	1,888	-	2,881
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 4.0%	2023	5,466	1,793	-	7,259
Tras 2016 (Nova Królikarnia B.V.)	PLN	Wibor 6M + 4.0%	2024	5,300	1,056	-	6,356
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 4.0%	2024	20,000	4,703	-	24,703
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	7,000	596	-	7,596
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	3,699	578	-	4,277
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	5,000	426	-	5,426
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	6,000	511	-	6,511
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	10,103	639	-	10,742
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	33,474	2,124	-	35,598
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	48,200	1,621	-	49,821
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	10,000	848	-	10,848
Ronson Development Skyline	PLN	6,00%	2026	4,350	5,172	(9,326)	196
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2026	49,750	2,783	(750)	51,783
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2026	39,875	982	-	40,857
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 3.2%	2026	8,900	165	-	9,065
Tras 2016 (Nova Królikarnia B.V.)	PLN	Wibor 6M + 4.0%	2027	151	2,511	-	2,662
Total loans granted to Subsidiaries				**258,262**	**28,395**	**(10,076)**	**276,581**

Loans as at 31 December 2021:

In thousands of Polish Zlotys (PLN)	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Impair-ment	Carrying value
Ronson Development Skyline	PLN	6.00%	2022	4,350	4,911	(9,000)	261
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 4.0%	2022	151	2,498	-	2,649
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 4.0%	2023	893	1,800	-	2,693
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 4.0%	2023	11,916	1,264	-	13,180
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 4.0%	2024	5,000	584	-	5,584
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 4.0%	2024	29,000	2,239	-	31,239
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	13,899	29	-	13,928
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	5,000	10	-	5,010
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	6,000	12	-	6,012
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	10,455	21	-	10,476
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	7,000	14	-	7,014
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	47,874	98	-	47,973
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	43,700	92	-	43,792
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	10,000	17	-	10,017
Total loans granted to Subsidiaries				**195,239**	**13,590**	**(9,000)**	**199,828**

The loans are not secured as at 31 December 2022 and 31 December 2021.

Notes to the Standalone financial statements

11. Shareholders' equity

Share capital

The share capital of the Company amounts to three million two hundred and eighty thousand two hundred and sixteen euros and twenty-six cents (€3,280,216.26) and is divided into one hundred and sixty-four million ten thousand eight hundred and thirteen (164,010,813) shares with a par value of two eurocents (EUR 0.02) each. The share capital of the Company was fully covered. The number of issued ordinary shares as at December 31, 2022 and as at December 31, 2021 amounted to 164,010,813. All shares are bearer shares. The number of outstanding shares equals the number of votes, as there are no privileged shares issued by the Company. As at 31 December 2022, the Company held 1,567,954 own shares (0.96%) in treasury (see below) and, in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares.

Distribution of the net profit for year 2021

The entire net profit for 2021 in the amount of PLN 40,346 thousand was allocated to the Company's retained earnings.

Proposed profit appropriation

Until the date of approval of the financial statements for publication, the Management Board of Ronson Development SE has not adopted a resolution on the proposed distribution of net profit for 2022.

Treasury shares

During the Extraordinary General Meeting of Shareholders held on 24 January 2019, the shareholders of the Company resolved to approve a share buyback program and the establishment of a capital reserve for the purpose of such program, whereby the Management Board of the Company is authorized to purchase ordinary bearer shares in the Company. In order to fund the purchase of own shares under the buyback program a capital reserve (within retained earnings) is established for an amount of PLN 2.0 million. The capital reserve was subsequently reduced by the amount of the consideration paid for the shares bought back.
Then, on 30 June 2020, the Ordinary General Meeting of the Company adopted a resolution on the adoption of another share buyback program, under which the Management Board of the Company, on 1 July 2020, defined the detailed conditions for the purchase of the Company's own shares, which were also approved by the Supervisory Board of the Company. The maximum amount for the purchase of all shares under the second program was set at PLN 1,369,761.99 (one million three hundred and sixty-nine thousand seven hundred and sixty-one zlotys 99/100).
Currently, due to the fact that the Company is no longer a public company, and all the Company's shares are held directly or indirectly by A. Luzon Group, continuation of the above-mentioned program became irrelevant.

The table below presents the Treasury shares owned by the Company as at 31 December 2022 and 31 December 2021:

As at	**31 December 2022**	**31 December 2021**
Number of shares	164,010,813	164,010,813
Share Capital	12,503,000	12,503,000
Treasury shares	1,567,954	1,567,954
Value of treasury shares	(1,731,716)	(1,731,716)
% of total shares	**0.96%**	**0.96%**

Until the publication date there were no changes in the value of Treasury shares owned by the Company.

Notes to the Standalone financial statements

12. Borrowings

Bonds loans

For the year ended 31 December *In thousands of Polish Zloty (PLN)*	2022	2021
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	1,349	1,576
Accrued interest	18,086	10,775
Interest repayment	(15,303)	(10,362)
Total closing balance	**203,370**	**249,238**
Closing balance includes:		
Current liabilities	45,260	52,247
Non-current liabilities	158,110	196,991
Total Closing balance	**203,370**	**249,238**

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.

As at 31 December 2022 and 31 December 2021, all covenants were met.

13. 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 Opp ortunity 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 31 December 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 A. Luzon Group.

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. The respective instrument should be classified as a financial liability because it includes the obligation to deliver cash to investors in the event of change of control and it includes a conversion option that does not meet the fixed-for-fixed criteria. The Group designated the financial liability as measured at FVPL entirely, on initial recognition. No amount was recognized through the other comprehensive income.

As at 31 December 2022 the fair value of the SAFE is ILS 56,418 thousand (PLN 70,506 thousand) based on the arm’s-length transactions made as of the valuation date. The profit in fair value valuation in the amount of PLN 4,121 thousand has been recognized in profit and loss. The liability is due in August 2023, with the possibility for the investors to decide about the extension for the next 12 months.

Notes to the Standalone financial statements

13. Investors agreement ("SAFE Agreement")

The below table presents the payments made by the investors and the valuation of the liability as at the transaction date and as at 31 December 2022:

Investor	Paid to Ronson [in NIS]	Date of payment	Currency of payment	Paid to Ronson [in EUR]	Paid to Ronson [in PLN]	Value 31.12.2022	Gain/loss in fair value of financial instrument at fair value through profit and loss
EJS Galatee Holdings	1,500,000	23 February 2022	EUR	413,232	1,876,734	1,773,104	103,629
Sphera Master Fund L.P	26,500,000	18 February 2022	EUR	7,264,254	32,753,070	30,944,513	1,808,557
Sphera Small Cap L.P	2,000,000	18 February 2022	EUR	551,953	2,488,646	2,351,228	137,418
More Provident Funds	15,000,000	23 February 2022	PLN	-	18,656,716	17,626,531	1,030,185
Klirmark Opportunity Fund III L.P	15,000,000	24 February 2022	PLN	-	18,851,326	17,810,395	1,040,931
Total	**60,000,000**			**8,229,439**	**74,626,492**	**70,505,771**	**4,120,721**

Valuation process and valuation techniques

The valuations of the SAFE was performed by external advisors Prometheus Financial Advisory, which specilizes 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:

a) the prices, rights, preferences and privileges of the preferred shares;
b) current business and market conditions and projections;
c) the Company's stage of development;
d) 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.

For the valuation purposes, each of the SAFE agreement is composed of two components: equity (assuming a public offering of the Company's shares in Israel and a listing of the Company's shares on the Tel Aviv Stock Exchange (collectively "IPO")) and debt. As of the valuation date, i.e. December 31, 2022, the Company's Management Board estimates that the probability of an IPO has decreased to 0%, due to significant formal complications, particularly (the obligation to pay taxes for capital gains; the obligation to pay taxes on dividend distribution; the registration for tax purposes in Poland and to have taxpayer number; the obligation to report on tax incomes on a yearly basis) tax complications for potential shareholders acquiring the Company's shares on the Tel Aviv Stock Exchange.

Based on the above, Company's management does not anticipate an IPO on the Israeli Stock Exchange before finding possible solutions to these problems for the investors. Therefore, valuation was focused on the valuation of the debt component only.

In order to valuate the fair value of the SAFE, the loss of the investors was valuated resulting from the fact that they were promised bonds with a YTM of 3% (Yield to Maturity), while the YTM of Luzon bond (Series 10) in the market is 6.54%.

In order to estimate the fair value of the SAFE, the investors' loss was reduced from the original SAFE Amount.

Notes to the Standalone financial statements

13. Investors agreement ("SAFE Agreement")

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair Value as at 31 December 2022 *[PLN thousands]*	Fair Value as at 31 December 2021 *[PLN thousands]*	Unobservable input	Range of input (probability weighted average) 2022	Range of input (probability weighted average) 2021	Relationship of unobservable inputs to fair value
Financial liability measured at FVPL (SAFE agreements)	70,506	-	YTM(Yield to Maturity) discount rate	3%-6.54%	-	A shift of the YMT rate by +1% results in a lower value of 1,168 thousands PLN A shift of the YMT rate by -1% results in a higher in value of 1,217 thousands PLN (2021: change in default rate by +/- 1% changed FV by PLN('000) 0)

14. Trade and other payables and accrued expenses

As at 31 December *In thousands of Polish Zlotys (PLN)*	**2022**	**2021**
Trade payables and accrued expenses	2,148	1,450
Total trade and other payables and accrued expenses	**2,148**	**1,450**

The balance consists mostly of the bonuses for the members of the Management Board.

15. Commitments and contingencies

Guarantees provided by the Company

The table below present sureties that were provided by the Company as at 31 December 2022 and 31 December 2021 to banks with respect to the construction loan contacts signed by the Company's subsidiaries:

Entity name *In thousands of Polish Zlotys (PLN)*	**Sureties up to the amount of**	**Amount as at 31 December 2022**
Powszechna Kasa Oszczędności Bank Polski S.A.	11,327	-
Total	**11,327**	**-**

Entity name *In thousands of Polish Zlotys (PLN)*	**Sureties up to the amount of**	**Amount as at 31 December 2021**
Powszechna Kasa Oszczędności Bank Polski S.A.	7,009	-
Total	**7,009**	**-**

Notes to the Standalone financial statements

16. Related party transactions

During the financial years ended 31 December 2022 and 31 December 2021, respectively, there were no transactions between the Company on the one hand, and its shareholders, their affiliates and other related parties which would qualify as not being at arm's length.

The Company's related party transactions included primarily investment in subsidiaries, dividends received, loans granted and received revenues from consulting services and remuneration of Management and Supervisory Board Members. Details on the transactions are presented in these financial statements.

17. Financial risk management, objectives and policies

The Company on standalone basis and as a parent to Ronson Group is exposed to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk and the overall security stability of the EU area due to the Ukraine War. The Company's and 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 agrees policies for managing each of these risks on the consolidated level.

The Company's principal financial instruments comprise cash balances, bond loans, loans granted, trade receivables, trade payables and financial instruments measured through FVPL (SAFE Agreement). The main purpose of these financial instruments is to manage the Company's liquidity and to raise finance for the Company's and Group's operations. The Company and the Group does not use derivative financial instruments to hedge currency or interest rate risks arising from the Company's or Group's operations and its sources of finance. It is, and has been throughout the year ended 31 December 2022 and 31 December 2021, the Company's and Group's policy that no trading in (derivative) financial instruments shall be undertaken.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and cash equivalents, receivables and loans granted to subsidiaries. The carrying amounts of the financial assets represent the maximum credit risk exposure.

The Company does not expect any counter parties to fail in meeting their obligations. In particular with respect to the loans granted to subsidiaries, the Company as a parent, is able to monitor on ongoing basis the financial standing of counter parties. All loans granted were determined as low credit risk instruments at initial recognition and with respect to none loan the credit risk has increased. The Company places its cash and cash equivalents in financial institutions with high credit ratings. Management has no information that any counterparty will fail to meet its obligations. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Group's customer base, primarily related parties and past history confirm recoverability of amounts due. Given such characteristics of the financial instruments the Management estimates that credit risk loss allowance with respect to all financial instruments, including primarily loans granted, is immaterial.

Notes to the Standalone financial statements

17. Financial risk management, objectives and policies

Credit risk

The carrying amounts of the financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date and as at 31 December 2021 was as follows:

As at 31 December *In thousands of Polish Zloty (PLN)*	**2022**	**2021**
Trade and other receivables	50	473
Loans granted to related parties	276,581	199,828
Cash and cash equivalents	6,397	12,556
Total	**283,028**	**212,857**

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments, such as bond loans, financial instruments measured through FVPL, bank loans, cash and cash equivalents. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

(i) Foreign currency risk

The Company is exposed to foreign currency risk on receivables and payables denominated in a currency other than PLN to a limited extent only. As at 31 December 2022 and 2021, trade receivables and payables denominated in foreign currencies were insignificant.

(ii) Fair value estimation

The financial liabilities (the SAFE agreement) are valued at fair value determined by an independent appraiser (please refer to Note 13). During the period ended 31 December 2022 there were significant changes in the business or economic circumstances that affect the fair value of the group's financial assets and financial liabilities. The impact of this changes has been recognized in the Standalone Statement of Comprehensive Income.

(iii) Interest rate risk

The Company did not enter into any fixed-rate borrowings transaction in the year ended 31 December 2022. The Group's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The Company's risk is offset by loans granted, which terms and conditions reflects terms and conditions of bond loans received.

Market risk

(iii) Interest rate risk

The National Benchmark Reform Working Group (NGR), established by the Polish Financial Supervision Authority, is working on the implementation of a new RFR-type reference index - WIRON (Warsaw interest Rate Overnight), which will replace WIBOR and WIBID. The Roadmap published by NGR explains that the change is taking place under the BMR Regulation as part of the IBOR reform. Completion of the reform is planned by the end of 2024, while the implementation by market participants of a new offer of financial products using the WIRON index is planned for 2023 and 2024. The method of replacing the existing rates by WIRON will be regulated in the Ordinance of the Minister of Finance planned for 2023, which will specify the dates of replacement and adjustment spread. The assumptions of the Road Map also indicate that the WIBOR and WIBID reference indices will cease to be published from the beginning of 2025.

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

Notes to the Standalone financial statements

17. Financial risk management, objectives and policies

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's or Group's reputation.

The Company's liquidity risk is managed with respect to the Group's risk 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 and bond loans and other financial instruments.

Effective interest rates and liquidity risk analysis

			As at 31 December 2022					
In thousands of Polish Zlotys (PLN)	***Note***	**Average effective interest rate**	**Total**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Fixed rate instruments								
Cash and cash equivalents		0.00%	**4,797**	4,797	-	-	-	-
Loans granted to subsidiaries	*10*	6.00%	**196**	-	196	-	-	-
Cash and cash equivalents		2.50%	**1,600**	1,600	-	-	-	-
Variable rate instruments								
Floating rate bonds	*12*	Wibor 6M + 3.50%-4.30%	**(203,370)**	(5,260)	(40,000)	(99,183)	(58,927)	-
Loans granted to subsidiaries	*10*	Wibor 6M + 3.20%-4.00%	**276,581**	-	10,140	31,058	235,382	-

			As at 31 December 2021					
In thousands of Polish Zlotys (PLN)	***Note***	**Average effective interest rate**	**Total**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Fixed rate instruments								
Cash and cash equivalents		0.00%	**12,556**	12,556	-	-	-	-
Loans granted to subsidiaries	*10*	6.00%	**261**	-	261	-	-	-
Variable rate instruments								
Floating rate bonds	*12*	Wibor 6M + 3.50%-4.30%	**(249,238)**	(52,247)	-	(140,000)	(56,991)	-
Loans granted to subsidiaries	*10*	Wibor 6M + 3.20%-4.00%	**199,466**	-	2,648	52,696	144,122	-

Sensitivity analysis on the interest rates change

	31 December 2022		**31 December 2021**	
thousands of Polish Zlotys (PLN)	**Increase by 10%**	**Decrease by 10%**	**Increase by 10%**	**Decrease by 10%**
Income statement				
Variable interest rate assets	27,638	(27,638)	19,957	(19,957)
Variable interest rate liabilities	(20,337)	20,337	(24,924)	24,924
Total	**7,301**	**(7,301)**	**(4,967)**	**4,967**
Net assets				
Variable interest rate assets	27,638	(27,638)	19,957	(19,957)
Variable interest rate liabilities	(20,337)	20,337	(24,924)	24,924
Total	**7,301**	**(7,301)**	**(4,967)**	**4,967**

Notes to the Standalone financial statements

17. Financial risk management, objectives and policies

Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Year ended 31 December 2022				
In thousands of Polish Zlotys (PLN)	**Less than 1 year**	**Between 1 and 2 years**	**Between 3 and 5 years**	**Over 5 years**	**Total**
Bond loans	54,297	113,617	62,928	-	230,841
Total	**54,297**	**113,617**	**62,928**	**-**	**230,841**

	Year ended 31 December 2021				
In thousands of Polish Zlotys (PLN)	**Less than 1 year**	**Between 1 and 2 years**	**Between 3 and 5 years**	**Over 5 years**	**Total**
Liabilities					
Bond loans	62,847	54,025	211,019	-	**327,891**
Total	62,847	54,025	211,019	-	**327,891**

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

In 2022, the global economy was weakened by trade disruptions in the areas of food and fuel prices as a result of the ongoing war in Ukraine. In the second half of 2022, activity in the euro area deteriorated due to disrupted supply chains, increased financial stress and a decline in consumer and business index confidence. The upward trend in global oil, gas and coal prices observed since the beginning of 2021 increased sharply after Russia's invasion of Ukraine due to sanctions imposed on Russia, pushing up inflation to levels not seen in Europe for decades.

According to a recent update of a World Bank publication, Poland's economic growth in 2023 is expected to slow more than initially thought, as the ongoing war in Ukraine has dimmed the prospects for a post-pandemic recovery in Europe.

In 2022, the war in Ukraine was a key factor affecting the Polish economy. It caused an increase in inflation particularly related to increases in energy and food prices. The level of Polish inflation is currently one of the highest in the European Union. The Polish government's decision to completely abandon imports of Russian energy resources by the end of 2022 has also influenced activities related to the acquisition of new sources of supply, particularly coal, and the intensification of investments aimed at energy diversification.

The Polish government has also taken measures to reduce the increase in energy prices for citizens and businesses in the form of subsidies for coal and other energy resources and a freeze on electricity prices for vulnerable consumers.

In order to curb rising inflation, the Monetary Policy Council of the National Bank of Poland (NBP) raised reference interest rates for the eleventh time in a row in September 2022, resulting in a huge increase in loan instalments for borrowers and consequently worsening the situation of many households. In order to counteract the deterioration in the financial situation of borrowers, the Polish parliament introduced a consumer support programme. It includes, among other things, four months of credit holidays in 2022 and four in 2023. The government has also increased the level of the Borrower Support Fund and made it easier to apply for assistance from it.

The creditworthiness of Poles has also decreased and, consequently, the number of new loans taken out has fallen. This caused a significant slowdown in the real estate market. At the same time, in terms of the residential market, the Company noted a significant trend of cash buyers outnumbering those using mortgages, resulting in a significant decline in the number of units sold observed from the beginning of 2022.

Notes to the Standalone financial statements

17. Financial risk management, objectives and policies

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

In addition, as a consequence of the armed conflict in Ukraine, the supply chains of materials from eastern markets were disrupted and, due to the outflow of workers from Ukraine, the demand for workers on construction sites also increased.

On the other hand, however, according to the Management Board's observation, high interest rates will also force more people to enter the rental market as they will no longer be able to afford mortgages, putting even more pressure on the available rental stock. It is important to recognise that due to increasing geopolitical and economic risks, the war conflict in Ukraine will continue to intensify factors such as high inflation, increased construction costs and more restrictive financing policies for new developments and mortgages.

The Company is monitoring the situation on an ongoing basis to assess its impact on business operations. As part of its strategy, the Company will evaluate its currently planned projects and initiate projects that will be secured with bank financing and have the best chance of success in the near future, all with the aim of mitigating the impact of this crisis on the Company's business as much as possible.

18. Information about agreed-upon engagements of the Company’s auditor

Information about audit agreements and the values from those agreements is disclosed below:

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2022**	**2021**
Audit and review of the standalone and consolidated financial statements remuneration	509	464
Other services	-	77
Reimbursed audit review costs [1]	(86)	(117)
Total remuneration for the expense of the Company	**423**	**424**

(1) Costs in respect of the audit review of the Company’s first and third quarter reports have been reimbursed in 50% to Main Company’s shareholder.

19. Other events during the financial year

Purchase of shares by indirect majority shareholder

From 31 December 2021 to 18 February 2022 the Company was notified many times by A. Luzon Group about acquisition of additional Company’s shares, giving the Majority Shareholder (directly and indirectly) 99.04% shares in the Company’s share capital.

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.

The Management Board

Boaz Haim
President of the Management Board

Yaron Shama
Finance Vice-President of the Management Board

Andrzej Gutowski
Sales Vice-President of the Management Board

Karolina Bronszewska
Member of the Management Board
for Marketing and Innovation

Warsaw, 15 March 2023