



TRANSLATORS' EXPLANATORY NOTE

The English content of this report is a free translation of the registered auditor's report of the below-mentioned Polish Company. In Poland statutory accounts as well as the auditor's report should be prepared and presented in Polish and in accordance with Polish legislation and the accounting principles and practices generally adopted in Poland.

The accompanying translation has not been reclassified or adjusted in any way to conform to the accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancies in interpreting the terminology, the Polish language version is binding.

Independent Registered Auditor's Report

To the General Shareholders' Meeting and the Supervisory Board of Ronson Development SE

Report on the audit of consolidated financial statements

Our opinion

In our opinion, the accompanying annual consolidated financial statements:

- give a true and fair view of the consolidated financial position of the group Ronson Development SE (the "Group"), in which Ronson Development SE is the parent entity (the "Parent Company") as at 31 December 2022 and the Group's consolidated financial performance and the consolidated cash flows for the year then ended in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting policies;
- comply in terms of form and content with the laws applicable to the Group and the Parent Company's Articles of Association.

Our opinion is consistent with our additional report to the Audit Committee issued on the date of this report.

What we have audited

We have audited the annual consolidated financial statements of Group Ronson Development SE which comprise:

- the Consolidated Statement of Financial Position as at 31 December 2022;
- and the following prepared for the financial year from 1 January to 31 December 2022:
- the Consolidated Statement of Comprehensive Income;
 - the Consolidated Statement of Changes in Equity;
 - the Consolidated Statement of Cash Flows, and
 - the Notes to the Consolidated Financial Statements comprising a description of the significant adopted accounting policies and other notes and explanations to the consolidated financial statements.

Basis for opinion

Basis for opinion

We conducted our audit in accordance with the National Standards on Auditing in the wording of the International Standards on Auditing as adopted by the resolution of the National Council of Statutory Auditors ("NSA") and pursuant to the Law of 11 May 2017 on Registered Auditors, Registered Audit Companies and Public Oversight (the "Law on Registered Auditors"). Our responsibilities under NSA

are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

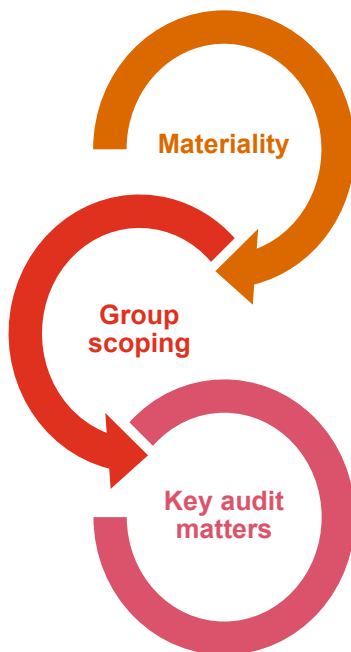
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by resolution of the National Council of Statutory Auditors and other ethical requirements that are relevant to our audit of the consolidated financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the key registered auditor and the registered audit firm remained independent of the Group in accordance with the independence requirements set out in the Act on Registered Auditors.

Our audit approach

Overview



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- The overall materiality threshold adopted for the purposes of our audit was set at PLN 7.0 million, which represents 0.7% of the total assets of the Group.

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- We have audited the annual financial statement of the Parent Company and we have conducted audit procedures for selected financial statements line items for specific subsidiaries.
 - The scope of our audit covered 100% of the Group's revenue and 100% of the sum of total assets of all the consolidated Group companies before consolidation eliminations.

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- Timing of revenue recognition
 - Inventory and land designed for development valuation
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Parent Company's Management Board made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operated.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole, as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	PLN 7.0 million
How we determined it	0.7% of the total assets of the Group
Rationale for the materiality benchmark applied	We have adopted the Groups' total assets as the basis for determining materiality because the value of total assets, in our opinion, is an indicator commonly used by the users of financial statements to evaluate the operations of entities on the real estate market. We adopted the materiality threshold at 0.7% because based on our professional judgement it is within the acceptable quantitative materiality thresholds.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. They include the most significant identified risks of material misstatements, including the identified risks of material misstatement resulting from fraud. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Timing of revenue recognition Revenue arising from selling the residential, commercial real estate and parking places, amounted to PLN 300.3 million for the period ended 31 December 2022 (period ended 31 December 2021: PLN 457.7 million), which represents 100% of total revenue of the Group for the period (2021: 95% of the total revenue of the Group).</p> <p>Revenue is one of the key figures reflecting the results of the Group's operating activities, and determining how to recognize it often requires judgment. The Group recognizes revenue when the performance obligation is satisfied as the result of transferring control over the promised real estate to the customer. The transfer of control over an asset occurs at the moment when the property is physically transferred to the client. In the opinion of the Management, control is considered transferred to the customer when the handover report confirming the transfer has been signed by the customer and the Group's representative and the entire amount resulting from the sale agreement has been paid by the buyer.</p> <p>Given the importance of the described matter for the correct revenue recognition by the Group in the consolidated financial statements, we considered the issue of determination the accounting policy for revenue recognition, and in particular the timing of revenue recognition, a key audit matter.</p> <p>In the consolidated financial statements, accounting policy and disclosures relating to revenue recognition, valuation and its structure are presented in Notes to consolidated financial statements point 3(b) and note 5 to the consolidated financial statements.</p>	<p>Our audit procedures comprised in particular:</p> <ul style="list-style-type: none"> a) evaluation of whether applied accounting policies with regard to revenue recognition complied with guidelines in IFRS 15 "Revenue from Contracts with Customers"; b) understanding and evaluating the revenue recognition process and application of IFRS 15; c) identification and evaluation of controls in this area; d) conducting substantive tests in order to verify if revenue was recognized in the correct period in relation to the criterion of transfer of the control, in particular tests of documents for randomly selected samples, reconciliation to source documents (primarily development contracts, handover reports, notarial deeds, sales invoices and bank statements); e) analytical procedures over margin in order to confirm completeness of costs and revenue in the period; f) evaluating adequacy of disclosures relating to revenue presented in the consolidated financial statements;
<p>Inventory and land designed for development valuation The inventory and land designed for development in the accompanying annual consolidated financial statements of Ronson Development SE as at 31 December 2022 is PLN 768.3 million (as at 31 December 2021: PLN 665.6 million), which stands for 77 % of the total assets of the Group as of 31 December 2022 (31 December 2021: 69%). Inventory and land designed for development consists of capitalized expenses of development</p>	<p>Our audit procedures comprised in particular:</p> <ul style="list-style-type: none"> a) evaluation of adopted accounting policies in respect of valuation of inventory and land designed for development in terms of compliance with the appropriate financial reporting standards; b) understanding and assessing the process of valuation of Inventory and land designed for

projects of multi-family residential real estate at the initial stage, projects under construction and completed projects.

Inventory, that included projects under construction and completed projects, is measured at the lower of cost and net realizable value. The cost of Inventory includes, but is not limited to, land acquisition cost, perpetual usufruct value, construction costs, planning and design costs, borrowing costs incurred during the construction period and other costs directly attributed to the project.

Land designed for development included the expenditures incurred at the investment planning stage and is measured at the purchase price of the land, increased by capitalized costs incurred in connection with the preparation of the project, not higher than the net realizable value.

The Group estimated the net realizable value and write off of inventory and land designed for development depending on numerous assumptions, such as, amongst others, the estimated sales prices per square meter, the estimated construction costs and the expected timing of sales of the units.

The Management Board of the Parent Company assessed potential write-offs of the inventory and land designed for development separately for each project.

Considering the inherent risk of uncertainty related to significant judgments and estimates made by the Management Board and the materiality of the amounts of inventories and land allocated for development for the consolidated financial statements, we concluded that this is a key issue for our audit.

Accounting policy and disclosures relating to inventory and land designed for development are presented in Notes to consolidated financial statements point 3(g) and Note 16 to the consolidated financial statements.

development, including calculation of net realizable value;

- c) identification of controls in this area;
- d) inquiry with Management Board of the Parent Company regarding key estimates and judgments in the area of valuation of inventory and land designed for development, benchmarking of key assumptions to similar projects on the market or actual selling prices received on completed projects by the Group;
- e) using PwC valuation experts for assessment the assumptions adopted by the Group to determine the net realizable value;
- f) evaluating the correctness and completeness of disclosures in respect of inventory and land designed for development in the consolidated financial statements.

Responsibility of the Management and Supervisory Board for the consolidated financial statements

The Management Board of the Parent Company is responsible for the preparation of the annual consolidated financial statements that give a true and fair view of the Group's financial position and results of operations, in accordance with International Financial Reporting Standards as adopted by the European Union, the adopted accounting policies, the applicable laws and the Parent Company's Articles of Association, and for such internal control as the Management Board determines is

necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent Company's Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Parent Company's Management Board and members of the Supervisory Board are obliged to ensure that the consolidated financial statements comply with the requirements specified in the Accounting Act of 29 September 1994 ("the Accounting Law"). Members of the Supervisory Board are responsible for overseeing the financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated financial statements.

The scope of the audit does not include an assurance on the Group's future profitability nor the efficiency and effectiveness of the Parent Company's Management Board conducting its affairs, now or in future.

As part of an audit in accordance with NSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent Company's Management Board.
- Conclude on the appropriateness of the Parent Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated to the Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the report on the operations

Other information

Other information comprises:

- a combined Report on the Parent Company's and the Group's operations for the financial year ended 31 December 2022 ("the combined Report on the operations");
- other documents comprising the Annual Report for the financial year ended 31 December 2022 ("Annual Report")

(together "Other information"). Other information does not include the consolidated financial statements and our auditor's report thereon.

Responsibility of the Management and Supervisory Board

The Management Board of the Parent Company is responsible for the preparation of the Other Information in accordance with the law.

The Parent Company's Management Board and the members of the Supervisory Board are obliged to ensure that the combined Report on the operations of the Parent Company and Group complies with the requirements of the Accounting Law.

Registered auditor's responsibility

Our opinion on the consolidated financial statements does not cover the Other Information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the information in the consolidated financial statements, our knowledge obtained in our audit, or otherwise appears to be materially misstated. If, based on the work performed, we identified a material misstatement in the Other Information, we are obliged to inform about it in our audit report.



In accordance with the requirements of the Law on the Registered Auditors, we are also obliged to issue an opinion on whether the combined Report on the operations has been prepared in accordance with the law and is consistent with information included in annual consolidated financial statements.

Statement on the Other information

We declare, based on the knowledge of the Parent Company and the Group and its environment obtained during our audit, that we have not identified any material misstatements in the combined Report on the operations and the remaining Other information which we obtained before the date of this audit report.

Opinion on the combined Report on the operations

Based on the work we carried out during our audit, in our opinion, the combined Report on the operations of the Parent Company and the Group:

- has been prepared in accordance with the requirements of Article 49 of the Accounting Act;
- is consistent with the information in the consolidated financial statements and financial statements of the Parent Company.

Moreover, based on the knowledge of the Parent Company and the Group and its environment obtained during our audit, we have not identified any material misstatements in the combined Report on the Parent Company's and the Group's operations.

The Key Registered Auditor responsible for the audit on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of Registered Audit Companies with the number 144, is Piotr Wyszogrodzki.

Piotr Wyszogrodzki
Key Registered Auditor
No. 90091
Warsaw, 15 March 2023