

Ronson Development SE

Company Financial Statements
for the year ended
31 December 2020

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Company Financial Statements for the year ended 31 December 2020
Company Statement of Comprehensive Income

For the year ended 31 December		2020	2019
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>		
Revenues from consulting services	4	9,005	6,456
General and administrative expense	5	(5,420)	(4,444)
Other revenues/(expenses)		17	(151)
Operating profit		3,602	1,861
Result from subsidiaries after taxation	9	40,775	18,944
Operating profit after result from subsidiaries		44,378	20,805
Finance income	7	6,594	7,352
Finance expense	7	(9,753)	(11,278)
Net finance income/(expense)		(3,159)	(3,926)
Profit/(loss) before taxation		41,219	16,879
Income tax benefit/(expense)	8	(1,076)	535
Profit for the period		40,143	17,414
Other comprehensive income			-
Total comprehensive income/(expense) for the period, net of tax		40,143	17,414
Weighted average number of ordinary shares (basic and diluted)		163,103,163	163,689,616
<i>In Polish Zlotys (PLN)</i>			
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)		0.246	0.106

The notes included on pages 5 to 29 are an integral part of these company financial statements

Company Financial Statements for the year ended 31 December 2020

Company Statement of Financial Position

As at 31 December		2020	2019
<i>In thousands of Polish Zlotys (PLN)</i>			
	<i>Note</i>		
Assets			
Intangible assets		39	-
Investment in subsidiaries	9	435,874	419,835
Loan granted to subsidiaries	10	160,040	89,606
Deferred tax assets		-	1,015
Total non-current assets		595,953	510,456
Trade and other receivables and prepayments		88	107
Receivable from subsidiaries		3,699	1,244
Loan granted to subsidiaries	10	307	24,223
Cash and cash equivalents		27,152	7,173
Total current assets		31,246	32,747
Total assets		627,199	543,203
Equity			
Shareholders' equity	11		
Share capital		12,503	12,503
Share premium reserve		157,905	150,278
Treasury shares		(1,613)	(580)
Retained earnings		211,022	188,293
Total shareholders' equity		379,817	350,494
Liabilities			
Long-term liabilities			
Bond loans	12	175,382	151,078
Loans from subsidiaries		12,270	-
Deferred tax liabilities		61	-
Total long-term liabilities		187,712	151,078
Current liabilities			
Bond loans	12	52,625	34,924
Other payables - accrued interests on bonds	12	2,065	1,967
Loans from subsidiaries	12	3,309	3,309
Trade and other payables and accrued expenses	13	1,670	1,431
Total current liabilities		59,670	41,631
Total liabilities		247,382	192,709
Total shareholders' equity and liabilities		627,199	543,203

The notes included on pages 5 to 29 are an integral part of these company financial statements

Company Financial Statements for the year ended 31 December 2020

Company Statement of Changes in Equity

<i>In thousands of Polish Zlotys (PLN)</i>	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 January 2020	12,503	150,278	(580)	188,293	350,494
Net profit for the period ended 31 December 2020	-	-	-	40,143	40,143
Allocated to share premium	-	7,627	-	(7,627)	-
Repurchase of own shares	-	-	(1,033)	-	(1,033)
Payment of dividends	-	-	-	(9,787)	(9,787)
Balance at 31 December 2020	12,503	157,905	(1,613)	211,022	379,817

<i>In thousands of Polish Zlotys (PLN)</i>	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Retained earnings⁽¹⁾</u>	<u>Total equity</u>
Balance at 1 January 2019	12,503	150,278	-	180,699	343,480
Net profit for the year ended 31 December 2019	-	-	-	17,414	17,414
Dividend paid	-	-	-	(9,820)	(9,820)
Repurchase of own shares	-	-	(580)	-	(580)
Balance at 31 December 2019	12,503	150,278	(580)	188,293	350,494

(1) 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 2,000 thousand. The capital reserve is subsequently reduced by the amount of the consideration paid for the shares bought back. The capital reserve as at 31 December 2019 amounted to PLN 1,420 thousand and is presented as a part of the retained earnings. As at 25 January 2020 the capital reserve was liquidated (more information in the note 11).

The notes included on pages 5 to 29 are an integral part of these company financial statements

Company Financial Statements for the year ended 31 December 2020

Company Statement of Cash Flows

For the 12 months period ended 31 December	2020	2019
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	
Cash flows from operating activities		
Profit for the year	40,143	17,414
<i>Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:</i>		
Finance income	7 (6,594)	(7,352)
Finance expense	7 9,915	11,278
Income tax expense	8 1,076	(535)
Net results subsidiaries during the year	9 (40,775)	(18,944)
Subtotal	3,765	1,861
Decrease/(increase) in trade and other receivables and prepayments	19	80
Decrease/(increase) in receivable from subsidiaries	(2,455)	(604)
Increase/(decrease) in trade and other payable and accrued expense	239	(12,832)
Subtotal	1,567	(11,495)
Interest paid	(8,467)	(10,408)
Interest received	2,273	8,013
Net cash used in operating activities	(4,627)	(13,890)
Cash flows from investing activities		
Loans granted to subsidiaries, net of issue cost	10 (79,354)	(46,916)
Repayment of loans granted to subsidiaries	10 27,956	88,254
Dividend from subsidiary	9 34,737	6,418
Investment in subsidiaries	(1,000)	-
Net cash used in investing activities	(17,661)	47,756
Cash flows from financing activities		
Purchase of Treasury shares	11 (1,033)	(580)
Dividends paid	11 (9,787)	(9,820)
Loans received from subsidiaries	12 11,864	-
Proceeds from bond loans, net of issue costs	12 96,223	31,560
Repayment of bond loans	(55,000)	(50,000)
Net cash from financing activities	42,267	(28,840)
Net change in cash and cash equivalents	19,979	5,026
Cash and cash equivalents at 1 January	7,173	2,147
Cash and cash equivalents at 31 December	27,152	7,173

The notes included on pages 5 to 29 are an integral part of these company financial statements

Company Financial Statements for the year ended 31 December 2020

Notes to the Company 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. The Company prepared Consolidated Financial Statements for the year ended 31 December 2020, which was authorized for issue on 10 March 2021.

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 2020 and as at 31 December 2019, are presented below and on the following page.

Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
		31 December 2020	31 December 2019
Share of ownership & voting rights at the end of			
a. held directly by the Company:			
1 Ronson Development Management Sp. z o.o.	1999	100%	100%
2 Ronson Development 2000 Sp. z o.o. ⁽²⁾	2000	-	100%
3 Ronson Development Warsaw Sp. z o.o.	2000	100%	100%
4 Ronson Development Investment Sp. z o.o.	2011	100%	100%
5 Ronson Development Metropol Sp. z o.o.	2011	100%	100%
6 Ronson Development Properties Sp. z o.o. ⁽²⁾	2002	-	100%
7 Apartments Projekt Sp. z o.o. ⁽²⁾	2003	-	100%
8 Ronson Development Enterprise Sp. z o.o. ⁽²⁾	2004	-	100%
9 Ronson Development Company Sp. z o.o. ⁽²⁾	2005	-	100%
10 Ronson Development Creations Sp. z o.o.	2005	100%	100%
11 Ronson Development Buildings Sp. z o.o. ⁽²⁾	2005	-	100%
12 Ronson Development Structure Sp. z o.o. ⁽²⁾	2005	-	100%
13 Ronson Development Poznań Sp. z o.o. ⁽²⁾	2005	-	100%
14 E.E.E. Development Sp. z o.o. ⁽²⁾	2005	-	100%
15 Ronson Development Innovation Sp. z o.o. ⁽²⁾	2006	-	100%
16 Ronson Development Wrocław Sp. z o.o. ⁽²⁾	2006	-	100%
17 Ronson Development Capital Sp. z o.o. ⁽²⁾	2006	-	100%
18 Ronson Development Sp. z o.o.	2006	100%	100%
19 Ronson Development Construction Sp. z o.o.	2006	100%	100%
20 City 2015 Sp. z o.o.	2006	100%	100%
21 Ronson Development Village Sp. z o.o. ⁽¹⁾	2007	100%	100%
22 Ronson Development Conception Sp. z o.o. ⁽²⁾	2007	-	100%
23 Ronson Development Architecture Sp. z o.o. ⁽²⁾	2007	-	100%
24 Ronson Development Skyline Sp. z o.o.	2007	100%	100%
25 Continental Development Sp. z o.o. ⁽²⁾	2007	-	100%
26 Ronson Development Universal Sp. z o.o. ⁽¹⁾	2007	100%	100%
27 Ronson Development Retreat Sp. z o.o. ⁽²⁾	2007	-	100%
28 Ronson Development South Sp. z o.o.	2007	100%	100%
29 Ronson Development Partner 5 Sp. z o.o.	2007	100%	100%
30 Ronson Development Partner 4 Sp. z o.o.	2007	100%	100%
31 Ronson Development North Sp. z o.o.	2007	100%	100%
32 Ronson Development Providence Sp. z o.o.	2007	100%	100%
33 Ronson Development Finco Sp. z o.o.	2009	100%	100%
34 Ronson Development Partner 2 Sp. z o.o.	2009	100%	100%
35 Ronson Development Skyline 2010 Sp. z o.o. w likwidacji ⁽²⁾	2010	-	100%
36 Ronson Development Partner 3 Sp. z o.o.	2012	100%	100%
37 ACG 23 Sp. z o.o. / Ronson Development Studzienna Sp. z o.o. ⁽⁹⁾	2019	100%	-

Company Financial Statements for the year ended 31 December 2020

Notes to the Company Financial Statements

1. General

Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
		31 December 2020	31 December 2019
Share of ownership & voting rights at the end of			
b. held indirectly by the Company :			
38 Nova Królikarnia B.V. <i>(Company with the registered office in the Netherlands)</i>	2016	100%	100%
39 AGRT Sp. z o.o.	2007	100%	100%
40 Ronson Development Partner 4 Sp. z o.o. – Panoramika Sp.k.	2007	100%	100%
41 Ronson Development Sp z o.o. - Estate Sp.k.	2007	100%	100%
42 Ronson Development Sp. z o.o. - Home Sp.k.	2007	100%	100%
43 Ronson Development Sp z o.o. - Horizon Sp.k.	2007	100%	100%
44 Ronson Development Partner 3 Sp. z o.o. - Sakura Sp.k.	2007	100%	100%
45 Destiny Sp. z o.o. ⁽⁶⁾	2007	-	100%
46 Ronson Development Millenium Sp. z o.o. ⁽⁶⁾	2007	-	100%
47 Ronson Development Partner 3 sp. z o.o. – Viva Jagodno sp. k.	2009	100%	100%
48 Ronson Development Sp. z o.o. - Apartments 2011 Sp.k.	2009	100%	100%
49 Ronson Development Sp. z o.o. - Idea Sp.k.	2009	100%	100%
50 Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 Sp.k.	2009	100%	100%
51 Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k.	2009	100%	100%
52 Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k.	2009	100%	100%
53 Ronson Development Partner 5 Sp. z o.o - Vitalia Sp.k.	2009	100%	100%
54 Ronson Development Sp. z o.o. - 2011 Sp.k.	2009	100%	100%
55 Ronson Development Sp. z o.o. - Gemini 2 Sp.k.	2009	100%	100%
56 Ronson Development Sp. z o.o. - Verdis Sp.k.	2009	100%	100%
57 Ronson Espresso Sp. z o.o.	2006	100%	100%
58 Ronson Development Apartments 2010 Sp. z o.o. ⁽⁶⁾	2010	-	100%
59 RD 2010 Sp. z o.o. ⁽⁶⁾	2010	-	100%
60 Retreat Sp. z o.o.	2010	100%	100%
61 Enterprise 2010 Sp. z o.o. ⁽⁶⁾	2010	-	100%
62 Wrocław 2010 Sp. z o.o. ⁽⁶⁾	2010	-	100%
63 E.E.E. Development 2010 Sp. z o.o. ⁽⁶⁾	2010	-	100%
64 Ronson Development Nautica 2010 Sp. z o.o.	2010	100%	100%
65 Gemini 2010 Sp. z o.o. ⁽⁶⁾	2010	-	100%
66 Ronson Development Sp. z o.o. - Naturalis Sp.k.	2011	100%	100%
67 Ronson Development Sp. z o.o. - Impressio Sp.k.	2011	100%	100%
68 Ronson Development Partner 3 Sp. z o.o.- Nowe Warzymice Sp. k	2011	100%	100%
69 Ronson Development Sp. z o.o. - Providence 2011 Sp.k.	2011	100%	100%
70 Ronson Development Partner 2 Sp. z o.o. - Capital 2011 Sp. k.	2011	100%	100%
71 Ronson Development Partner 5 Sp. z o.o. - Miasto Marina Sp.k.	2011	100%	100%
72 Ronson Development Partner 5 Sp. z o.o. - City 1 Sp.k.	2012	100%	100%
73 Ronson Development Partner 2 Sp. z o.o. - Miasto Moje Sp. k.	2012	100%	100%
74 Ronson Development sp. z o.o. – Ursus Centralny Sp. k.	2012	100%	100%
75 Ronson Development Sp. z o.o. - City 4 Sp.k.	2016	100%	100%
76 Ronson Development Partner 2 Sp. z o.o. – Grunwald Sp.k.	2016	100%	100%
77 Ronson Development Sp. z o.o. Grunwaldzka** Sp.k. <i>(previously: as Ronson Development Sp. z o.o. - Projekt 2 Sp.k.)</i>	2016	100%	100%
78 Ronson Development Sp. z o.o. - Projekt 3 Sp.k.	2016	100%	100%
79 Ronson Development Sp. z o.o. - Projekt 4 Sp.k.	2017	100%	100%
80 Ronson Development Sp. z o.o. - Projekt 5 Sp.k.	2017	100%	100%
81 Ronson Development Sp. z o.o. - Projekt 6 Sp.k.	2017	100%	100%
82 Ronson Development Sp. z o.o. - Projekt 7 Sp.k.	2017	100%	100%
83 Ronson Development Sp. z o.o. - Projekt 8 Sp.k.	2017	100%	100%
84 Ursus 2017 Sp. z o.o. ⁽⁴⁾	2017	-	100%
85 Projekt City Sp. z o.o. ⁽⁵⁾	2017	-	100%
86 Bolzanus Limited <i>(Company with the registered office in Cyprus)</i>	2013	100%	100%
87 Park Development Properties Sp. z o.o. - Town Sp.k.	2007	100%	100%
88 Tras Sp. z o.o. ⁽⁷⁾	2015	-	100%
89 Pod Skocznią Projekt Sp. z o.o. ⁽⁷⁾	2015	-	100%
90 District 20 Sp. z o.o. ⁽⁷⁾	2015	-	100%
91 Arkadia Development Sp. z o.o. ⁽⁷⁾	2015	-	100%
92 Królikarnia 2015 Sp. z o.o. ⁽⁷⁾	2015	-	100%
93 Tras 2016 Sp. z o.o.	2011	100%	100%
94 Pod Skocznią Projekt 2016 Sp. z o.o. ⁽³⁾	2011	-	100%

Notes to the Company Financial Statements

1. General

Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
		31 December 2020	31 December 2019
Share of ownership & voting rights at the end of			
b. held indirectly by the Company :			
95 District 20 – 2016 Sp. z o.o. ⁽³⁾	2011	-	100%
96 Arkadia Development 2016 Sp. z o.o. ⁽³⁾	2011	-	100%
97 Królikarnia 2016 Sp. z o.o. ⁽³⁾	2011	-	100%
98 Kroli Development Sp. z o.o. ⁽³⁾	2012	-	100%
99 Park Development Properties Sp. z o.o.	2011	100%	100%
100 Jasminova 2016 Sp. z o.o.	2016	100%	100%
101 Town 2016 Sp. z o.o.	2016	100%	100%
102 E.E.E. Development 2016 Sp. z o.o. ⁽⁷⁾	2016	-	100%
103 Enterprise 2016 Sp. z o.o.	2016	100%	100%
104 Wrocław 2016 Sp. z o.o.	2016	100%	100%
105 Darwen Sp. z o.o.	2017	100%	100%
106 Truro Sp. z o.o.	2017	100%	100%
107 Tregaron Sp. z o.o.	2017	100%	100%
108 Totton Sp. z o.o.	2017	100%	100%
109 Tring Sp. z o.o.	2017	100%	100%
110 Thame Sp. z o.o.	2017	100%	100%
111 Troon Sp. z o.o.	2017	100%	100%
112 Tywyn Sp. z o.o. ⁽⁸⁾	2018	100%	-
c. other not subject to full consolidation:			
113 Coralchief sp. z o.o.	2018	50%	50%
114 Coralchief sp. z o.o. - Projekt 1 sp. k.	2016	n/a	n/a
115 Ronson IS sp. z o.o.	2009	50%	50%
116 Ronson IS sp. z o.o. sp. k.	2012	n/a	n/a

- (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) In connection with the merger, registered in the National Court Register on 4 May 2020, the company was taken over by the Ronson Development South sp. z o.o. and by law from 4 May 2020 Ronson Development South sp. z o.o. took over all the rights and obligations of the company
- (3) In connection with the merger, registered in the National Court Register on 7 May 2020, the company was taken over by the Tras 2016 sp. z o.o. and by law from 7 May 2020 Tras 2016 sp. z o.o. took over all the rights and obligations of the company
- (4) In connection with the merger, registered in the National Court Register on 1 April 2020, the company was taken over by the Destiny sp. z o.o. and by law from 1 April 2020 Destiny sp. z o.o. took over all the rights and obligations of the company
- (5) In connection with the merger, registered in the National Court Register on 1 April 2020, the company was taken over by the RD 2010 sp. z o.o. and by law from 1 April 2020 RD 2010 sp. z o.o. took over all the rights and obligations of the company
- (6) In connection with the merger, registered in the National Court Register on 1 July 2020, the company was taken over by the Ronson Development South sp. z o.o. and by law from 1 July 2020 Ronson Development South sp. z o.o. took over all the rights and obligations of the company
- (7) In connection with the merger, registered in the National Court Register on 1 July 2020, the company was taken over by the Tras 2016 sp. z o.o. and by law from 1 July 2020 Tras 2016 sp. z o.o. took over all the rights and obligations of the company.
- (8) Acquired during execution of third call option agreement on 9 April 2020.
- (9) Entity acquired on 18 December 2020. Change of the name into Ronson Development Studzienna Sp. z o.o. was registered in KRS on 8 March 2021.

Notes to the Company Financial Statements

1. General

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. According to publicly available information, as at 31 December 2020, 66.06% of the outstanding shares are controlled indirectly by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group') and 0.91% of the shares are held by the Company. The remaining 33.03% of the outstanding shares are held by other investors including Nationale Nederlanden OFE and Metlife OFE. The number of shares held by the investors is equal to the number of votes, as there are no privileged shares issued by the Company. It shall be noted that as at 31 December 2020, the Company held 1,489,235 own shares (0.91%) and, in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares.

As at 9 March 2021, the Company held 1,567,954 own shares representing 0.96% of total shares issued by the Company.

<i>Shares</i>	As of 09.mar.21		As of 31.gru.20		As of 31.gru.19	
	Number of shares / % of shares	Change in number of shares	Number of shares / % of shares	Change in number of shares	Number of shares / % of shares	
Shares issued:	164,010,813	-	164,010,813	-	164,010,813	
	108,349,187	-	108,349,187	-	108,349,187	
I.T.R. Dori B.V. ⁽¹⁾	66.06%		66.06%	N/A	66.06%	
Nationale Nederlanden Otwarty Fundusz Emerytalny	23,884,091	4,091	23,880,000	(4,091)	23,884,091	
	14.56%		14.56%	0%	14.56%	
Metlife Otworthy Fundusz Emerytalny	N/A	N/A	N/A	N/A	N/A	
	Between 5%-10%		Between 5%-10%	N/A	Between 5%-10%	

<i>Votes</i>	As of 09.mar.21		As of 31.gru.20		As of 31.gru.19	
	Number of shares / % of shares	Change in number of shares ⁽²⁾	Number of shares / % of shares	Change in number of shares ⁽²⁾	Number of shares / % of shares	
Shares issued⁽²⁾:	162,442,859	(78,719)	162,521,578	(814,335)	163,335,913	
	108,349,187	-	108,349,187	-	108,349,187	
I.T.R. Dori B.V. ⁽¹⁾	66.70%	0.03%	66.67%	0.00%	66.34%	
Nationale Nederlanden Otwarty Fundusz Emerytalny	23,884,091	4,091	23,880,000	(4,091)	23,884,091	
	14.70%	0.01%	14.69%	0.00%	14.62%	
Metlife Otworthy Fundusz Emerytalny	N/A	N/A	N/A	N/A	N/A	
	Between 5%-10%	N/A	Between 5%-10%	N/A	Between 5%-10%	

(1) The subsidiary of A. Luzon Group.

(2) The overall number of votes decreased by the amount of votes resulting from own shares held by the Company, as in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares.

Notes to the Company Financial Statements

2. Accounting principles

a) Basis of preparation and statement of compliance

The Company 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 Company’s Financial Statements of Ronson Development SE were approved by the Management Board for publication on 10 March 2021 in both English and Polish languages, while the Polish version is binding.

The Company’s 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. 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.

New and amended standards adopted by the Group

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The Company also elected to adopt the following amendments early:

- Annual Improvements to IFRS Standards 2018-2020 Cycle.

The above standards, amendments and improvements do not have any material impact on the financial statements of the Company.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity 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 Company Financial Statements are presented in thousands of Polish Zloty (“PLN”), which is the Company’s functional and presentation currency.

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

Notes to the Company 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 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.

Uncertain tax treatment

Regulations regarding VAT, corporate profits tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies.

Tax and other settlements may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

On 15 July 2016, amendments were made to the Tax Ordinance to introduce the provisions of General Anti-Avoidance Rules (GAAR). GAAR are targeted to prevent origination and use of fictitious legal structures set up to avoid payment of tax in Poland. GAAR define tax evasion as an activity performed mainly with a view to realising tax gains, which is contrary, under given circumstances, to the subject and objective of the tax law. In accordance with GAAR, an activity does not bring about tax gains, if its modus operandi was false. Any instances of (i) unreasonable division of an operation (ii) involvement of agents despite lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, as well as (iv) other activities similar to those referred to earlier may be treated as a hint of artificial activities subject to GAAR. New regulations will require considerably greater judgment in assessing tax effects of individual transactions. The GAAR clause should be applied to the transactions performed after clause effective date and to the transactions which were performed prior to GAAR clause effective date, but for which after the clause effective date tax gains were realised or continue to be realised. The implementation of the above provisions will enable Polish tax authority challenge such arrangements realised by tax remitters as restructuring or reorganization.

The Company accounts for current and deferred tax assets and liabilities based on the requirements of IAS 12 Income taxes, based on taxable profit (tax loss), taxable base, carry-forward of unused tax losses and carry-forward of unused tax credits, and tax rates, while considering the assessment of uncertainty related to tax settlements. If uncertainty exists as to whether and to what extent tax authority will accept individual tax treatments of made transactions, the Company discloses these settlements while accounting for uncertainty assessment.

Notes to the Company Financial Statements

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 2019 and have been applied consistently in all periods presented in the Company's 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.

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. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the related parties.

(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.

Notes to the Company Financial Statements

3. Significant accounting policies

(c) Financial instruments

For the Company the first category is most relevant. Financial assets at Amortized cost are subsequently measured using the effective interest (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).

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 recognises 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

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

Loans and borrowings is the category most relevant to the Company. 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.

Notes to the Company Financial Statements

3. Significant accounting policies

(c) Financial instruments

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
	Loans from subsidiaries	Amortized cost method
	Trade and other payables and accrued expenses	Amortized cost method

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 (apart from Nova Krolikarnia B.V.) 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.

Notes to the Company Financial Statements

3. Significant accounting policies

(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.

(g) Share options granted

Equity-settled transactions

The fair value of share options granted to management and other employees as at the grant date is recognized as an employee expense, with a corresponding increase in equity recognized in retained earnings, over the period during which the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognized in employee benefits expense.

(h) 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.

(i) Employee benefits

Obligations for contributions to defined contribution pension plans are recognized as an expense in the statement of comprehensive income as incurred.

Notes to the Company Financial Statements

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.

The increase of revenues for the year ended 31 December 2020 as compared to the year ended 31 December 2019 results from increase of the revenues recognized on:

- Nova Królikarnia project from PLN 1,800 thousand at the year ended 31 December 2019 to PLN 2,600 thousand during the year ended 31 December 2020;
- Management of investment process from PLN 4.600 thousand at year ended 31 December 2019 to PLN 6,300 thousand during the year ended 31 December 2020.

5. General and administrative expense

For the year ended 31 December	2020	2019
<i>In thousands of Polish Zlotys (PLN)</i>		
External services	980	806
Remuneration fees	4,109	3,349
Other	331	289
Total	5,420	4,444

Notes to the Company Financial Statements

6. Directors' 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	2020	2019
<i>In thousands of Polish Zlotys (PLN)</i>		
Salary and other short time benefit	-	851
Termination fee	-	155
Other	-	209
<i>Subtotal - Mr Nir Netzer</i>	-	1,215
Salary and other short time benefit	222	-
Management bonus	83	-
Other ⁽²⁾	149	-
<i>Subtotal - Mr Yaron Shama</i>	453	-
Salary and other short time benefit ⁽²⁾	39	414
Management bonus	-	55
Termination fee ⁽²⁾	203	104
<i>Subtotal - Mr Rami Geris</i>	242	573
Salary and other short time benefit	120	-
Incentive plan linked to financial results	445	331
<i>Subtotal - Mr Andrzej Gutowski</i>	565	331
Salary and other short time benefit	1,069	85
Management bonus	736	57
Signing bonus	-	173
Other ⁽¹⁾	658	491
<i>Subtotal - Mr Boaz Haim</i>	2,463	806
Total	3,723	2,925

(1) Mainly related to car expenses, flights and accommodation and an American school.

(2) Transactions with related parties.

Company Financial Statements for the year ended 31 December 2020**Notes to the Company Financial Statements****6. Directors' remuneration***Alon Haver*

As Mr Alon Haver is also a Management Board member of the indirect major shareholder of the Company (A. Luzon Group), he is not receiving any remuneration from Ronson Development SE nor from any of the Company's subsidiaries. The Company is 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	2020	2019
<i>In thousands of Polish Zlotys (PLN)</i>		
Mr Ofer Kadouri (<i>appointed 1 March 2017</i>)	73	69
Mr Alon Kadouri (<i>appointed 1 March 2017</i>)	57	64
Mr Shmuel Rofe (<i>appointed 20 November 2017</i>)	73	82
Mr Piotr Palenik (<i>appointed 30 June 2017</i>)	57	69
Mr Przemyslaw Kowalczyk (<i>re-appointed 24 June 2015</i>)	73	73
Total	333	357

The supervisory directors are entitled to an annual fee of EUR 8,900 plus an amount of EUR 1,500 per board meeting (EUR 750 if attendance is by telephone). The total amount due in respect of Supervisory Board fees during 2020 and 2019 amounted to PLN 333 thousand (EUR 75 thousand) and PLN 357 thousand (EUR 83 thousand), respectively. In addition the Company paid social security contributions at the amount of PLN 52 thousand in the year ended 31 December 2020.

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

7. Net finance income and expense

For the year ended 31 December	2020	2019
<i>In thousands of Polish Zlotys (PLN)</i>		
Interests and fees on granted loans to subsidiaries	6,298	7,274
Interest income on bank deposits	7	70
Other	289	8
Finance income	6,594	7,352
Interest expense on bonds measured at amortized cost	(8,428)	(10,351)
Interests and fees on received loans from subsidiaries	(405)	-
Commissions and fees	(912)	(894)
Other	(8)	(33)
Finance expense	(9,753)	(11,278)
Net finance income	(3,159)	(3,926)

Company Financial Statements for the year ended 31 December 2020**Notes to the Company Financial Statements****8. Income tax**

For the year ended 31 December	2020	2019
<i>In thousands of Polish Zlotys (PLN)</i>		
Current tax expense/(benefit)		
Current period	-	-
Reversal of withholding tax in the Netherlands	-	-
Total current tax expense	-	-
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	1,391	207
Expense/(benefit) of tax losses recognized	(315)	(742)
Total deferred tax expense/(benefit)	1,076	(535)
Total income tax expense/(benefit)	1,076	(535)

9. Investment in subsidiaries

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

For the year ended 31 December	2020	2019
<i>In thousands of Polish Zlotys (PLN)</i>		
Balance at beginning of the period	419,835	407,309
Investments in subsidiaries	1,000	-
Net result subsidiaries during the period	40,775	18,944
Change of presentation	9,000	-
Dividend from subsidiary	(34,736)	(6,418)
Balance at end of the period	435,874	419,835

On 18 December 2020 the Group concluded acquisition of 100% shares in ACG 23 Sp. z o.o. (currently: Ronson Development Studzienna Sp. z o.o) for the amount of PLN 1.0 million.

In the year 2020 the Company received the dividend and advance towards the expected dividend from a subsidiary Ronson Development Construction Sp. z o.o. – more information about the transaction is included in the Note 19 of this Financial Statements.

The Company holds and owns (directly and indirectly) 78 companies. 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. 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.

Company Financial Statements for the year ended 31 December 2020

Notes to the Company Financial Statements

10. Loan granted to subsidiaries

Movements in loans granted to subsidiaries

For the year ended 31 December	2020	2019
<i>In thousands of Polish Zlotys (PLN)</i>		
Opening balance	113,829	155,836
Loans granted	79,354	46,916
Loans repayment during the year	(27,956)	(88,254)
Change of presentation	(9,000)	-
Amortization of charges and fees	88	215
Accrued interest	6,297	7,059
Repayment of interest	(2,265)	(7,943)
Total closing balance	160,347	113,829
Closing balance includes:		
Current assets	307	24,223
Non-current assets	160,040	89,606
Total closing balance	160,347	113,829

Loans as at 31 December 2020:

<i>In thousands of Polish Zlotys (PLN)</i>	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Impairment	Carrying value
Ronson Development Finco	PLN	6.00%	2021	10	297	-	307
Ronson Development Skyline	PLN	6.00%	2022	4,350	4,650	(9,000)	-
Ronson Development Finco	PLN	Wibor 6M + 4.0%	2023	87	2	-	89
Nova Królikarnia B.V.	PLN	Wibor 6M + 4.0%	2022	49,212	4,187	-	53,399
Nova Królikarnia B.V.	PLN	Wibor 6M + 4.0%	2024	5,000	373	-	5,373
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 4.0%	2023	22,000	997	-	22,997
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 4.0%	2024	29,000	1,012	-	30,012
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 4.0%	2023	11,916	760	-	12,676
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	13,899	91	-	13,990
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	5,000	18	-	5,018
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	6,000	17	-	6,017
Ronson Development Finco	PLN	Wibor 6M + 3.2%	2025	10,455	13	-	10,468
Total loans granted to Subsidiaries				156,929	12,417	(9,000)	160,347

Notes to the Company Financial Statements

10. Loan granted to subsidiaries

Loans as at 31 December 2019:

<i>In thousands of Polish Zlotys (PLN)</i>	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Charges and fees	Carrying value
Ronson Development Finco	PLN	Wibor 6M + 4.15%	2020	10,000	199	(8)	10,191
Ronson Development Finco	PLN	5.75%	2020	1,043	68	(33)	1,078
Ronson Development Finco	PLN	6.00%	2020	10	296	-	306
Ronson Development Skyline	PLN	6.00%	2020	7,350	5,298	-	12,648
Ronson Development Finco	PLN	Wibor 6M + 3.90%	2021	6,000	114	(45)	6,069
Ronson Development Finco	PLN	Wibor 6M + 4.0%	2023	5,000	105	-	5,105
Ronson Development Finco	PLN	Wibor 6M + 4.0%	2023	3,000	20	-	3,020
Nova Królikamia B.V.	PLN	Wibor 6M + 4.0%	2022	49,212	1,704	-	50,916
Nova Królikamia B.V.	PLN	Wibor 6M + 4.0%	2024	5,000	121	-	5,121
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 4.0%	2023	7,000	300	-	7,300
Tras 2016 Sp. z o.o.	PLN	Wibor 6M + 4.0%	2023	11,916	159	-	12,075
Total loans granted to subsidiaries				105,531	8,384	(86)	113,829

The loans are not secured as at 31 December 2020 and 31 December 2019.

Notes to the Company Financial Statements

11. Shareholders' equity

The authorized share capital of the Company consists of 800,000,000 shares of EUR 0.02 par value each. The number of issued and outstanding ordinary shares as at 31 December 2020 amounted to 164,010,813 (as at 31 December 2019: 164,010,813 shares issued and outstanding). The number of outstanding shares equals the number of votes, as there are no privileged shares issued by the Company. As at 31 December 2020, the Company held 1,489,235 own shares (0.91%) 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.

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 is subsequently reduced by the amount of the consideration paid for the shares bought back. From 1 January 2020 until 24 January 2020, the Company acquired 59,622 own shares for a total price of PLN 50.2 thousand. The amount of capital reserve as at 24 January 2020 amounted to PLN 1,573 thousand and was presented as a part of the retained earnings. As at 25 January 2020 the capital reserve was liquidated.

In connection with the implementation of the treasury shares repurchase program that was approved under resolution No. 21 of the Ordinary General Meeting dated 30 June 2020 regarding the approval of a buy-back program (the "Authorisation Resolution"), the Management Board of the Company on 1 July 2020 resolved to determine the detailed terms of the repurchase of the shares in the Company ("Buy-back"), which were also approved by the Supervisory Board of the Company. The treasury shares will be acquired under the Buy-back until three years starting from the adoption of the Authorisation Resolution, by way of transactions concluded on the regulated market and on terms similar to those provided in the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regards to regulatory technical standards for the conditions applicable to buy-back programs and stabilisation measures, in particular in terms of determining the price and the number of the shares, which may be acquired pursuant to the Buy-back. The maximum amount allocated for the purchase of all of the shares pursuant to the Buy-back shall not be higher than PLN 1,369,761.99 (one million, three hundred and sixty-nine thousand, seven hundred and sixty-one zloty and 99/100).

During the year ended 31 December 2020, the Company acquired 814,335 own shares for a total price of PLN 1,030 thousand (on average PLN 1.265 per share).

As at 9 March 2021, the Company held 1,567,954 own shares representing 0.96% of total shares issued by the Company.

Notes to the Company Financial Statements

11. Shareholders' equity

Dividend

On 30 June 2020, the General Meeting of the Company resolved to distribute the net profit of the Company for year 2019 in the amount of PLN 17,414 thousands in a following way:

- to allocate for the dividend payment to the shareholders of the Company the amount of PLN 0.06 (six groszy) per share, with the total amount depending on the number of own shares (where there is no right to dividend) held by the Company on the dividend record date and such total amount not exceeding, in any case, PLN 9,787 thousands,
- to allocate the remaining portion of the net profit of the Company for year 2019 in amount of PLN 7,627 thousand to retained earnings of the Company.

The dividend in the total amount of PLN 9,787 thousand was paid on 24 August 2020.

There are no restrictions regarding dividend payments, future dividends may be proposed and paid

During the year ended 31 December 2019, a dividend out of retained earnings reserve (i.e. dividend) in the amount of PLN 9,820 thousand which represents PLN 0.06 per ordinary share, was distributed (paid on 25 June 2019).

12. Bond loans, loans from subsidiaries

Bonds

For the year ended 31 December	2020	2019
<i>In thousands of Polish Zloty (PLN)</i>		
Opening balance	187,969	205,547
Repayment of bond loans	(57,142)	(50,000)
Proceeds from bond loans	100,000	32,317
Issue cost	(1,636)	(757)
Issue cost amortization	783	854
Accrued interest	8,429	10,351
Interest repayment	(8,331)	(10,343)
Total closing balance	230,072	187,969
Closing balance includes:		
Current liabilities	54,690	36,891
Non-current liabilities	175,382	151,078
Total Closing balance	230,072	187,969

On 25 February 2020, the Company repaid all outstanding 10,000 series M bonds with total nominal value of PLN 10,000 thousand. After this repayment, the total number of outstanding bonds series M amounted to nil.

On 29 July 2020, the Company repaid all outstanding 15,000 series Q bonds with total nominal value of PLN 15,000 thousand. After this repayment, the total number of outstanding bonds series Q amounted to nil.

On 18 August 2020, the Company repaid all outstanding 10,000 series P bonds with total nominal value of PLN 10,000 thousand. After this repayment, the total number of outstanding bonds series P amounted to nil.

In October 2020, the Company signed the final agreement for the purchase for early redemption of all outstanding 20,000 series S bonds with total nominal value of PLN 20 million. After this repayment, the total number of outstanding bonds series S amounted to nil.

On 2 October 2020 the Company issued 100,000 series V non-secured bonds with a nominal value and issue price of PLN 1 thousand per Bond and an aggregate nominal value and issue price of PLN 100.0 million.

Company Financial Statements for the year ended 31 December 2020**Notes to the Company Financial Statements****12. Bond loans, loans from subsidiaries****Bonds**

Together with issuance of series V bonds the Company purchased for redemption series R bonds with a value of PLN 2,141 thousand from the bondholder who purchased the Bonds for the same amount. After this repayment the total amount of outstanding series R bonds amounted to 47,859 thousand. As at 31 December 2020 and as at 31 December 2019 all covenants on bond loans are met. More details on bonds are presented in the Consolidated Financial Statements in the Note 26.

Loans from subsidiaries**Loans as at 31 December 2020:**

<i>In thousands of Polish Zlotys (PLN)</i>	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Carrying value
Ronson Development Finco	PLN	6.00%	2021	-	3,309	3,309
Construction	PLN	5.79%	2024	2,065	190	2,255
Ronson Development Finco	PLN	6.00%	2024	9,800	214	10,014
Total loans granted to Subsidiaries				11,865	3,714	15,579

As at 31 December 2019 the Company had only loan from Finco in amount of PLN 3,309 thousand.

For the year ended 31 December	2020	2019
<i>In thousands of Polish Zlotys (PLN)</i>		
Opening balance	3,309	3,309
Loans received	24,600	-
Loans repayment during the year	(12,735)	-
Accrued interest	405	-
Total closing balance	15,579	3,309
Closing balance includes:		
Current liabilities	3,309	3,309
Non-current liabilities	12,269	-
Total closing balance	15,579	3,309

13. Trade and other payables and accrued expenses

As at 31 December	2020	2019
<i>In thousands of Polish Zlotys (PLN)</i>		
Trade payables and accrued expenses	1,670	1,431
Total trade and other payables and accrued expenses	1,670	1,431

Notes to the Company Financial Statements

14. Commitments and contingencies

Nova Królikarnia transaction

As part of the Nova Królikarnia acquisition, the Company (through its subsidiary) and Global City Holdings B.V. (“GCH”) have concluded call option agreements for a total value of PLN 78.9 million, under which the Company has been granted three call options with respect to the shares in the eight other project companies holding the remaining stages of the Nova Królikarnia project. The last option was executed in April 2020. The exercise of the three call options will allow the Company to develop 161 units with an aggregate floor space of approximately 21,500 m².

Certain fees in the maximum amount of PLN 11.9 million were due by the Company if the Company does not exercise all three call options within certain deadlines. However, the fees were reduced proportionally to the extent options have been exercised. As at the 31 December 2020, as the result of all call options having been exercised, the amount of the fee contingency decreased to nil.

Guarantees provided by the Company

As at 31 December 2020 there were no sureties with respect to the construction loans contracts granted by the Company. The table below present sureties that were provided by the Company as at 31 December 2019 to banks with respect to the construction loan contacts signed by the Company’s subsidiaries:

Entity name <i>In thousands of Polish Zlotys (PLN)</i>	Sureties up to the amount of	Amount as at 31 December 2019
Santander Bank Polska S.A.	29,857	4,881
Powszechna Kasa Oszczędności Bank Polski S.A.	1,965	1,965
Total	31,822	6,846

15. Related party transactions

During the financial years ended 31 December 2020 and 31 December 2019, 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.

For further information on related party transactions reference is made to Note 35 of the Consolidated Financial Statements.

Notes to the Company Financial Statements

16. 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. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Management Board reviews and agrees policies for managing each of these risks on the consolidated level. For a description of the Group's financial risk management, objectives and policies reference is made to Note 36 of the Consolidated Financial Statements. Details regarding the financial risk factors in relation to the Company are described below.

The Company's principal financial instruments comprise cash balances, bond loans, loans granted, trade receivables and trade payables. 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 2020 and 2019, 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 does not expect any counterparty to 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.

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, 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 2020 and 2019, trade receivables and payables denominated in foreign currencies were insignificant.

(ii) Price risk

The Company's exposure to marketable and non-marketable securities price risk does not exist because the Company has not invested in securities as at 31 December 2020 and 2019.

Notes to the Company Financial Statements

16. Financial risk management, objectives and policies

Market risk

(iii) Interest rate risk

Except for bonds series P amounting to PLN 10.0 million, the Company did not enter into any fixed-rate borrowings transaction. All bonds series P were repaid during 2020. 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. Short-term receivables and payables are not exposed to interest rate risk.

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.

Effective interest rates and liquidity risk analysis

As at 31 December 2020								
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	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%	27,152	27,152	-	-	-	-
Loans from subsidiaries	12	5.79-6.00%	(15,579)	(3,309)	-	-	(12,269)	-
Loans granted to subsidiaries	10	6.00%	307	-	-	307	-	-
Variable rate instruments								
Floating rate bonds	12	Wibor 6M + 2.85% - 4.30%	(230,072)	(54,640)	-	(116,345)	(59,087)	-
Loans granted to subsidiaries	10	Wibor 6M + 4.00%	160,039	-	-	53,399	106,641	-
As at 31 December 2019								
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	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%	7,173	7,173	-	-	-	-
Bonds	12	5.25%	(10,032)	(62)	(9,970)	-	-	-
Loans from subsidiaries	12	6.00%	(3,309)	-	(3,309)	-	-	-
Loans granted to subsidiaries	10	5.75-6.00%	14,032	-	14,032	-	-	-
Variable rate instruments								
Floating rate bonds	12	Wibor 6M + 2.85% - 4.00%	(177,937)	(11,897)	(14,962)	(74,434)	(76,644)	-
Loans granted to subsidiaries	10	Wibor 6M + 3.90% - 4.15%	99,797	10,191	-	6,069	83,537	-

Company Financial Statements for the year ended 31 December 2020**Notes to the Company Financial Statements****16. Financial risk management, objectives and policies****Liquidity risk***Effective interest rates and liquidity risk analysis*

	31 December 2020		31 December 2019	
<i>In thousands of Polish Zlotys (PLN)</i>	Increase by 1%	decrease by 1%	Increase by 1%	decrease by 1%
Income statement				
Variable interest rate assets	-	-	-	-
Variable interest rate liabilities	(767)	767	(593)	593
Total	(767)	767	(593)	593
Net assets				
Variable interest rate assets	-	-	-	-
Variable interest rate liabilities	(767)	767	(593)	593
Total	(767)	767	(593)	593

17. 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	2020	2019
<i>In thousands of Polish Zlotys (PLN)</i>		
Audit and review remuneration	460	461
Other services	46	-
Audit remuneration for prior periods	-	56
Reimbursed audit review costs ⁽¹⁾	(127)	(73)
Total remuneration for the expense of the Company	379	444

(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. For an explanation reference is made to Note 35 to the Consolidated Financial Statements (under 'Other').

18. Proposed profit appropriation

The Management Board, in line with the prevailing dividend policy, will evaluate the possibility to recommend to the Ordinary General Meeting of the Company to be held in 2020 to distribute the dividend for year 2020, after the examination of the current and expected balance sheet of the Company, expected operating, financial and cash-flow position of the Company and taking into consideration: (i) the close observance of all balance-sheet linked debt covenants, (ii) ability of future repayment of debts, (iii) financial needs of the Company aiming to be ranked amongst leading residential developers and (iv) changing market environment.

19. Other events during the financial year**Share buyback program**

As at 31 December 2020, the Company held 1,489,235 own shares (0.91%). For more information please refer to Note 11.

Changes in the Management and Supervisory Board

On 20 December 2019, Mr Rami Geris submitted his resignation as Finance Vice President and as member of the Management Board of the Company with effective date as of 31 January 2020.

On 16 January 2020, the Supervisory Board of the Company appointed Mr Yaron Shama to the position of member of the Management Board of the Company and Finance Vice President as of 1 February 2020 for a five-year joint term of office of the Management Board, which commenced on 1 April 2019.

Notes to the Company Financial Statements

19. Other events during the financial year

Other events

On 2 April 2020, the Annual Shareholders Meeting of Ronson Development Construction Sp. z o.o. decided that the profit for the financial year 2019 in the net amount of PLN 12.7 million shall be allocated to dividend payment. The Company had an obligation against Ronson Development Construction Sp. z o.o. for intercompany loan in amount of PLN 14.9 million. The parties agreed that the Company repay PLN 12.7 million of intercompany loan received. The parties made a deduction of mentioned amounts and as a result of which these obligations were cancelled mutually. As a result the Company still has loan in the amount of PLN 2.2 million left to repay.

On 7 April 2020, the Management Board of Ronson Development Construction Sp. z o. o. decided to pay to the Company the advance towards the expected dividend from the profit for 2020 in the amount of PLN 22.0 million. The advance was already paid on 7 April 2020.

COVID - 19

During the period of 12 months ended on 31 December 2020, like the rest of Poland and the world, the Company was facing a challenging period in which the COVID-19 pandemic outbreak was a risk in terms of operations of the Company as well as its effect on the business environment in which the Company is operating.

The Company identifies few areas of business risks which could significantly influence the Company's short- and long-term operational activity. The following aspects have been recognised and have been the focus of the Management Board efforts to minimise their effect on the Company's operations:

- potential decrease in Company's sales due to lower demand, as a result of tightening the accessibility to mortgages from banks or increase of unemployment;
- potential risk of delay in completing the Company's projects (on time or on budget), which could be caused by shortage of construction personal, shortage of raw materials or prolongation of administrative procedures and delays with obtaining building permits and occupancy permits;
- potential problems with obtaining bank financing for the Company or issuance of bonds for further development of the Company projects and land bank;
- all of the above could potentially affect the company cash standing and liquidity;
- potential effect on the covenants requirements to our bond's holders.

The above points were monitored on a daily basis by the Management Board of the Company, together with the hard work of the Company's employees. During this period the Management Board adopted and implemented counter measuring precautions in order to address each of the above potential risk.

As a result, the current cash position of the company and its financial standing was stable and unaffected by the impact of Covid-19 pandemic. The Company maintain very good net debts to equity ratios which are very important factors to our investors and bond's holders.

The sale results of the Company during the pandemic period reached to 918 units (which is a new record in the company history), outperform the Company expectations and projections for this year and significantly better than the results in year 2019. The Company delivered a record high number of units during 2020 reaching to 966 units comparing to 658 units in 2019.

The Company managed also to issue bond in the amount of PLN 100 million which was exceeding the Company initial requirements and show the trust of our investors and bond holders in the Company and in its activity.

The Company did not have any problem with obtaining bank financing to its on-going projects if such would be needed.

Notes to the Company Financial Statements

19. Other events during the financial year

COVID - 19

During 2020, the Company signed number of final purchase agreements and entered into numbers of preliminary purchase agreements securing a purchase of plots in order to secure its midterm and long term operations.

The Company managed to obtain on time, in most of its project, all the administrative permits including building permits and occupancy permits which are vital for its daily operations.

The Management Board is aware of the fact that although the good results presented by the Company in the year 2020, there is still uncertainty prevailing in Poland due to the COVID-19 pandemic. The Management Board will continue monitoring the situation on an on-going basis, and adopt further actions, if necessary, in order to reduce as much as it is possible the effect of the COVID-19 on the company operations and strategy.

20. Subsequent events

Buy-back of own shares

From 31 December 2020 until 9 March 2021, the Company acquired 78,719 own shares for a total price of PLN 118.3 thousand. As at 9 March 2021, the Company held 1,567,954 own shares representing 0.96% of total shares issued by the Company.

Bond loans and loans from subsidiaries

On 1 February 2021, the Company repaid 15% of outstanding series U bonds with value of PLN 4,848 thousand. After this repayment, the nominal value was set as PLN 850 per bond and the total amount of outstanding series U bonds amounted to PLN 27,469 thousand.

The Management Board

Boaz Haim

President of the Management Board

Yaron Shama

Vicepresident of the Management Board, CFO

Andrzej Gutowski

Vicepresident of the Management Board,
Sales and Marketing Director

Alon Haver

Member of the Management Board

Anna Rzeczowska

person responsible for
preparation of financial statements

Warsaw, 10 March 2021