

Ronson Development SE

Interim Financial Report
for the nine months
ended
30 September 2021

Including the Interim Condensed Consolidated Financial Statements of Ronson Development SE
for the nine months ended 30 September 2021
and the Interim Condensed Company Financial Statements of Ronson Development SE
for the nine months ended 30 September 2021

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Management Board Report

Introduction

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

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. According to publicly available information, as at 30 September 2021, 94.77% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group'), whereas 27.75% of the shares are controlled directly by A. Luzon Group, 66.06% of the shares are controlled via I.T.R. Dori B.V., a fully owned subsidiary of A. Luzon Group and 0.96% of the shares are held by the Company. The remaining 5.23% of the outstanding shares are held by other investors. 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 30 September 2021, the Company held 1,567,954 own shares (0.96%) and, in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares. For an overview of shares, voting rights and major shareholders of the Company reference is made to page 17.

On 8 November 2021, the market price was PLN 2.46 per share giving the Company a market capitalization of PLN 403.5 million.

Overview of the Activity of the Company and the Group

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

During the nine months ended 30 September 2021, the Group realized sales of 766 units with the total value of PLN 375.37 million, which compares to sales of 661 units with the total value PLN 325.1 million during the nine months ended 30 September 2020.

During the nine months ended 30 September 2021, the Group completed eight projects/ stages with total number of units 620 and a total area 41,137 m² of which 594 units are already sold.

Until 30 September 2021 the Group delivered 625 units in 100% owned projects which represent a total revenue of PLN 349.4 million.

As at 30 September 2021, the Group has 604 units available for sale in 13 locations, of which 566 units are in ongoing projects and the remaining 38 units are in completed projects. The ongoing projects comprise a total of 1,555 units, with an aggregate floor space of 82,900 m². The construction of 502 units with a total area of 26,000 m² is expected to be completed during remaining period of 2021.

The Group has a pipeline of 14 projects in different stages of preparation, representing approximately 3,772 units with an aggregate floor space of approximately 238,040 m² for future development in Warsaw, Poznań, Wrocław and Szczecin.

During the remaining period of 2021, the Group is considering commencement of 2 stages of the currently running projects and 1 new projects comprising 361 units with a total area of 21,000 m².

In addition to the above as at 30 September 2021 the Group is in process of finalizing the purchase of 5 plots located in Warsaw and Poznań with a total projected PUM of 121,875 sq.m with an estimated 2,216 units for construction.

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Business highlights during the nine months ended 30 September 2021

A. Results breakdown by project

The following table specifies revenue, cost of sales, gross profit and gross margin during the nine months ended 30 September 2021 on a project by project basis:

| Project | Information on the delivered units | | Revenue ⁽¹⁾ | | Cost of sales ⁽²⁾ | | Gross profit | Gross margin |
|--|------------------------------------|--------------------|------------------------|-------------|------------------------------|-------------|---------------|--------------|
| | Number of units | Area of units (m2) | PLN thousands | % | PLN thousands | % | PLN thousands | % |
| Ursus Centralny Ia | 134 | 7,278 | 55,359 | 15.8% | 45,378 | 15.9% | 9,981 | 18.0% |
| Vitalia III | 81 | 6,790 | 45,771 | 13.1% | 37,493 | 13.1% | 8,277 | 18.1% |
| Viva Jagodno I | 113 | 5,753 | 40,838 | 11.7% | 30,582 | 10.7% | 10,255 | 25.1% |
| Miasto Moje III | 97 | 5,163 | 34,875 | 10.0% | 29,013 | 10.1% | 5,862 | 16.8% |
| Nova Królikamia 3a | 26 | 2,651 | 32,106 | 9.2% | 27,327 | 9.5% | 4,778 | 14.9% |
| Nova Królikamia 2c | 11 | 2,329 | 27,095 | 7.8% | 23,995 | 8.4% | 3,100 | 11.4% |
| Nova Królikamia 3b | 22 | 2,139 | 24,859 | 7.1% | 22,059 | 7.7% | 2,801 | 11.3% |
| Nova Królikamia 3c | 20 | 1,991 | 24,302 | 7.0% | 20,687 | 7.2% | 3,615 | 14.9% |
| Nowe Warzymice I | 45 | 2,495 | 15,435 | 4.4% | 12,617 | 4.4% | 2,818 | 18.3% |
| Grunwald2 | 30 | 2,293 | 15,414 | 4.4% | 11,683 | 4.1% | 3,731 | 24.2% |
| City Link III | 10 | 1,006 | 11,499 | 3.3% | 6,848 | 2.4% | 4,651 | 40.4% |
| Panoramika V | 17 | 1,166 | 7,488 | 2.1% | 6,808 | 2.4% | 679 | 9.1% |
| other | 19 | 2,006 | 14,359 | 4.1% | 11,799 | 4.1% | 2,559 | n.a. |
| Total / Average | 625 | 43,058 | 349,399 | 100% | 286,290 | 100% | 63,109 | 18.1% |
| Impairment recognized | n.a. | n.a. | n.a. | | 284 | | (284) | n.a. |
| Results after write-down adjustment | 625 | 43,058 | 349,399 | | 286,574 | | 62,826 | 18.0% |
| Wilanów Tulip ⁽³⁾ | 7 | - | 3,820 | | 2,961 | | 860 | 22.5% |
| Economic results | 632 | 43,058 | 353,219 | | 289,535 | | 63,686 | 18.0% |

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

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

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

Revenue from the sale of residential units is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key to the buyer of the residential unit and total payment obtained. Revenue from sales and services of residential projects recognized during the nine months ended 30 September 2021 amounted to PLN 349.4 million, whereas cost of sales before write-down adjustment amounted to PLN 286.3 million, that resulted in a gross profit before write-down adjustment amounting to PLN 63.1 million representing a gross margin of 18.1%. Total economic revenue from sales and services of residential projects, when results from joint ventures are presented on a fully consolidated basis, amounted to PLN 353.2 million, whereas cost of sales amounting to PLN 289.5 million, that resulted in a gross profit amounting to PLN 63.7 million, representing a gross margin of 18.0%.

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Business highlights during the nine months ended 30 September 2021

A. Results breakdown by project

Projects completed during the nine months ended on 30 September 2021

The table below presents information on the projects that were completed (i.e. completing all construction works and receiving occupancy permit) during the nine months ended 30 September 2021:

| Project name | Location | Number of units | Area of units (m ²) | Total units sold until 30 September 2021 | Units delivered in 2021 | Units sold not delivered as at 30 September 2021 |
|------------------------------|----------|-----------------|---------------------------------|--|-------------------------|--|
| Vitalia III | Wrocław | 81 | 6,790 | 81 | 81 | - |
| Ursus Centralny Ia | Warsaw | 138 | 7,542 | 138 | 134 | 4 |
| Nova Królikarnia 3a | Warsaw | 31 | 3,188 | 31 | 26 | 5 |
| Nova Królikarnia 3b | Warsaw | 23 | 2,270 | 23 | 22 | 1 |
| Nova Królikarnia 3c | Warsaw | 23 | 2,298 | 23 | 20 | 3 |
| Nowe Warzymice I | Szczecin | 54 | 3,234 | 48 | 45 | 3 |
| Viva Jagodno I | Wrocław | 121 | 6,241 | 119 | 113 | 6 |
| Total excluding JV | | 471 | 31,563 | 463 | 441 | 22 |
| Wilanów Tulip ⁽¹⁾ | Warsaw | 149 | 9,574 | 131 | 7 | 124 |
| Total including JV | | 620 | 41,137 | 594 | 448 | 146 |

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

Vitalia III

The construction of Vitalia III project was completed in March 2021. The project was developed on a land strip located in Wrocław at Kabaczkowa Street. The Vitalia III project comprises 81 apartments with an aggregate floor space 6,790 m². Until 30 September 2021 the Company sold all units. During the nine months ended 30 September 2021, the Company delivered all units and recognized sale revenue of PLN 45.8 million.

Ursus Centralny Ia

The Ursus Centralny Ia project was completed in March 2021. The project was developed on a land strip located in Warsaw, Ursus district, at Gierdziejewskiego street. The project comprises 129 apartments and 9 commercial units with an aggregate floor space of 7,542 m². Until 30 September 2021 the Company sold all units. During the nine months ended 30 September 2021, the Company delivered 134 units and recognized sale revenue of PLN 55.4 million.

Nova Królikarnia 3a

The construction of the Nova Królikarnia 3a was completed in April 2021, respectively. The project was developed on a land strip located in the Mokotów district in Warsaw near Jaśminowa Street. The Nova Królikarnia 3a project comprises 31 apartments and an aggregate floor space of 3,188 m². Until 30 September 2021 the Company sold all units. During the nine months ended 30 September 2021 the Company delivered 26 units and recognized sale revenue of PLN 32.1 million.

Nova Królikarnia 3b

The construction of the Nova Królikarnia 3b was completed in February 2021, respectively. The project was developed on a land strip located in the Mokotów district in Warsaw near Jaśminowa Street. The Nova Królikarnia 3b project comprises 23 apartments and an aggregate floor space of 2,270 m². Until 30 September 2021 the Company sold all units. During the nine months ended 30 September 2021 the Company delivered 22 units and recognized sale revenue of PLN 24.9 million.

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Business highlights during the nine months ended 30 September 2021

A. Results breakdown by project

Nova Królikarnia 3c

The construction of the Nova Królikarnia 3c was completed in May 2021, respectively. The project was developed on a land strip located in the Mokotów district in Warsaw near Jaśminowa Street. The Nova Królikarnia 3c project comprises 23 apartments and an aggregate floor space of 2,298 m². Until 30 September 2021 the Company sold all units. During the nine months ended 30 September 2021 the Company delivered 20 units and recognized sale revenue of PLN 24.3 million.

Nowe Warzymice I

The construction of Nowe Warzymice I project was completed in May 2021. The project was developed on a land strip located in Szczecin, at Rajkowa Street. The project comprises 54 apartments with an aggregate floor space 3,234 m². Until 30 September 2021 the Company sold 48 units. During the nine months ended 30 September 2021, the Company delivered 45 units and recognized sale revenue of PLN 15.4 million.

Viva Jagodno I

The construction of Viva Jagodno I project was completed in July 2021. The project was developed on a land strip located in Wrocław, at Buforowa Street. The project comprises 121 locals with an aggregate floor space 6,241 m². Until 30 September 2021 the Company sold 119 units. During the nine months ended 30 September 2021, the Company delivered 113 units and recognized sale revenue of PLN 40.8 million.

Wilanów Tulip

The construction of Wilanów Tulip project was completed in September 2021. The project was developed on a land strip located in Warsaw, at Syta Street. The project comprises 149 locals with an aggregate floor space 9,574 m². The project is presented in the Interim Condensed Consolidated Financial Statements under investment in joint ventures. The Company's share in the project is 50%. Until 30 September 2021 the Company sold 131 units. During the nine months ended 30 September 2021, the Company delivered 7 units and recognized sale revenue of PLN 3.8 million.

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

The table below presents information on the projects that were completed in previous years and the income that was recognised based on units delivered during the nine months ended 30 September 2021:

| Project name | Location | Completion date | Total Project Units | Total Area of units (m ²) | Total units sold until 30 September 2021 | Total units delivered until 31 December 2020 | Units delivered during 2021 | Recognised income during the 9 month ended 30 September 2021 (PLN'000) | Units sold not delivered as at 30 September 2021 | Units for sale as at 30 September 2021 | Left to sale/deliver after 30 September 2021 |
|---------------------|----------|-----------------|---------------------|---------------------------------------|--|--|-----------------------------|--|--|--|--|
| Miasto Marina | Wrocław | 06/2019 | 151 | 6,196 | 151 | 146 | 5 | 2,127 | - | - | - |
| City Link III | Warsaw | 11/2019 | 368 | 18,763 | 368 | 354 | 10 | 11,499 | 4 | - | 4 |
| Grunwald2 | Poznań | 05/2020 | 268 | 14,456 | 268 | 236 | 30 | 15,414 | 2 | - | 2 |
| Panoramika V | Szczecin | 07/2020 | 115 | 5,992 | 115 | 95 | 17 | 7,488 | 3 | - | 3 |
| Nova Królikarnia 2c | Warsaw | 08/2020 | 18 | 3,743 | 18 | 7 | 11 | 27,095 | - | - | - |
| Miasto Moje III | Warsaw | 11/2020 | 196 | 10,176 | 195 | 98 | 97 | 34,875 | - | 1 | 1 |
| Others | | | 36 | 1,771 | 25 | - | 14 | 10,786 | 11 | 11 | 22 |
| Total | | | 1,152 | 61,096 | 1,140 | 936 | 184 | 109,284 | 20 | 12 | 32 |

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Business highlights during the nine months ended 30 September 2021

B. Units sold during the period

The table below presents information on the total number of units sold (i.e. total number of units for which the Company signed the preliminary sale agreements with the clients), including net saleable area (in m²) of the units sold and net value (exclusive of VAT) of the preliminary sales agreements (including also parking places and storages) executed by the Company during the nine months ended 30 September 2021:

| Project name | Location | Total Project Saleable area (m ²) | Total project units | Units sold until 31 December 2020 | Units sold during 9 months ended 30 September 2021 | Net Sold area (m ²) | Value of the preliminary sales agreements (in PLN thousands) | Units for sale as at 30 September 2021 |
|-------------------------------------|----------|---|---------------------|-----------------------------------|--|---------------------------------|--|--|
| Ursus Centralny IIb ⁽²⁾ | Warsaw | 11,758 | 206 | - | 114 | 6,281 | 58,735 | 92 |
| Miasto Moje V ⁽²⁾ | Warsaw | 8,559 | 170 | 51 | 103 | 5,264 | 42,414 | 16 |
| Ursus Centralny IIa ⁽²⁾ | Warsaw | 13,509 | 251 | 194 | 57 | 3,307 | 26,830 | - |
| Ursus Centralny Ib ⁽²⁾ | Warsaw | 5,740 | 97 | 34 | 53 | 3,258 | 26,957 | 10 |
| Miasto Moje IV ⁽²⁾ | Warsaw | 8,938 | 176 | 118 | 48 | 3,074 | 23,308 | 10 |
| Viva Jagodno I ⁽¹⁾ | Wrocław | 6,241 | 121 | 64 | 55 | 2,888 | 20,676 | 2 |
| Nowe Warzymice II ⁽²⁾ | Szczecin | 3,492 | 66 | - | 59 | 2,921 | 18,751 | 7 |
| Nova Królikarnia 3a ⁽¹⁾ | Warsaw | 3,188 | 31 | 22 | 9 | 1,009 | 12,873 | - |
| Nowe Warzymice III ⁽²⁾ | Szczecin | 3,535 | 63 | - | 28 | 1,404 | 10,541 | 35 |
| Panoramika VI ⁽²⁾ | Szczecin | 3,591 | 75 | 46 | 29 | 1,562 | 9,859 | - |
| Grunwaldzka ⁽²⁾ | Poznań | 3,351 | 70 | - | 25 | 993 | 9,111 | 45 |
| Grunwald2 ⁽¹⁾ | Poznań | 14,456 | 268 | 253 | 15 | 1,195 | 8,323 | - |
| Vitalia III ⁽¹⁾ | Wrocław | 6,790 | 81 | 69 | 12 | 1,247 | 8,201 | - |
| Nova Królikarnia 2c ⁽¹⁾ | Warsaw | 3,743 | 18 | 15 | 3 | 647 | 8,095 | - |
| Nova Królikarnia 3c ⁽¹⁾ | Warsaw | 2,298 | 23 | 17 | 6 | 654 | 8,092 | - |
| Nowe Warzymice I ⁽¹⁾ | Szczecin | 3,234 | 54 | 29 | 19 | 1,295 | 8,063 | 6 |
| Miasto Moje VI ⁽²⁾ | Warsaw | 11,722 | 227 | - | 18 | 828 | 7,713 | 209 |
| Panoramika V ⁽¹⁾ | Szczecin | 5,992 | 115 | 99 | 16 | 1,172 | 7,657 | - |
| City Link III ⁽¹⁾ | Warsaw | 18,763 | 368 | 363 | 5 | 541 | 5,942 | - |
| Miasto Moje III ⁽¹⁾ | Warsaw | 10,176 | 196 | 182 | 13 | 869 | 5,628 | 1 |
| Viva Jagodno IIa ⁽²⁾ | Wrocław | 8,653 | 154 | - | 12 | 606 | 4,703 | 142 |
| Młody Grunwald I-III ⁽¹⁾ | Poznań | 23,855 | 393 | 383 | 6 | 581 | 4,484 | 4 |
| Nova Królikarnia 3b ⁽¹⁾ | Warsaw | 2,270 | 23 | 21 | 2 | 264 | 3,205 | - |
| Verdis I-IV ⁽¹⁾ | Warsaw | 26,858 | 441 | 435 | 4 | 306 | 1,757 | 2 |
| Miasto Moje I ⁽¹⁾ | Warsaw | 10,917 | 205 | 202 | 2 | 227 | 1,446 | 1 |
| Ursus Centralny Ia ⁽¹⁾ | Warsaw | 7,542 | 138 | 136 | 2 | 141 | 1,287 | - |
| Marina Miasto ⁽¹⁾ | Wrocław | 6,196 | 151 | 148 | 3 | 138 | 1,260 | - |
| Other ⁽¹⁾ | other | n/a | n/a | n/a | 5 | 370 | 4,498 | 4 |
| Total excluding JV | | 235,366 | 4,181 | 2,881 | 723 | 43,043 | 350,408 | 586 |
| Wilanów Tulip ⁽¹⁾⁽³⁾ | Warsaw | 9,574 | 149 | 88 | 43 | 2,798 | 24,959 | 18 |
| Total including JV | | 244,939 | 4,330 | 2,969 | 766 | 45,841 | 375,367 | 604 |

(1) For information on the completed projects see "Business highlights during the nine months ended 30 September 2021 – A. Results breakdown by project".

(2) For information on current projects under construction, see "Outlook for the remaining period of 2021 – B. Current projects under construction and/or on sale".

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

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Business highlights during the nine months ended 30 September 2021

B. Units sold during the period

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

| Location | Value of the preliminary sales agreements sold during the year ended | | Increase/(decrease) | |
|--|--|-------------------|---------------------|--------------|
| | 30 September 2021 | 30 September 2020 | In PLN | % |
| <i>In thousands of Polish Zlotys (PLN)</i> | | | | |
| Warsaw | 259,242 | 234,940 | 24,302 | 10.3% |
| Wrocław | 34,840 | 39,008 | (4,168) | -10.7% |
| Szczecin | 54,870 | 30,841 | 24,029 | 77.9% |
| Poznań | 21,917 | 18,603 | 3,314 | 17.8% |
| other | 4,498 | 1,693 | 2,805 | 165.7% |
| Total | 375,367 | 325,085 | 50,282 | 15.5% |

C. Commencements of new projects

The table below presents information on the projects for which the construction and/or sales process commenced during the nine months ended 30 September 2021:

| Project name | Location | Number of units | Area of units (m ²) |
|---------------------|----------|-----------------|---------------------------------|
| Ursus Centralny IIb | Warsaw | 206 | 11,758 |
| Viva Jagodno IIa | Wrocław | 154 | 8,653 |
| Grunwaldzka | Poznań | 70 | 3,351 |
| Miasto Moje VI | Warsaw | 227 | 11,722 |
| Nowe Warzymice III | Szczecin | 63 | 3,535 |
| Total | | 720 | 39,019 |

For additional information see section “Outlook for the remaining period of 2021 – B. Current projects under construction and/or on sale”.

D. Agreements significant for the business activity of the Group

The table below presents the summary of the signed preliminary and final purchase agreements of land during the period ended 30 September 2021:

| Location | Type of agreement | Signed date | Agreement net value (PLN million) | Paid net till 30 September 2021 (PLN million) | Number of units | Potential PUM |
|------------------------------------|-------------------|--------------|-----------------------------------|---|-----------------|----------------|
| Poznań, Smardzewska | final | 11 Feb 2021 | 26.0 | 26.0 | 343 | 19,790 |
| Warsaw, Epopei | preliminary | 23 Nov 2020 | 20.0 | 13.4 | 432 | 20,700 |
| Warsaw, KEN | preliminary | 3 Mar 2021 | 16.0 | 9.0 | 94 | 5,700 |
| Warsaw, Ursus | preliminary | 17 Jan 2021 | 150.0 | 10.0 | 1,860 | 100,000 |
| Warsaw, Studzienna | final | 29 June 2021 | 13.5 | 13.5 | 82 | 4,800 |
| Warsaw, Stojowskiego | final | 11 Aug 2021 | 13.0 | 13.0 | 191 | 11,000 |
| Warsaw, Wysockiego | preliminary | 2 June 2021 | 14.0 | 4.0 | 125 | 6,875 |
| Warsaw, Dobosza | preliminary | 10 Aug 2021 | 10.0 | 2.5 | 67 | 3,700 |
| Poznań, Przemysłowa ^(*) | preliminary | 27 July 2021 | 13.0 | 2.0 | 137 | 5,600 |
| Total | | | 275.5 | 93.4 | 3,331 | 178,165 |

^{*} The agreement was cancelled due to negative due diligence

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Selected financial data

| PLN/EUR | Exchange rate of Polish Zloty versus Euro | | | |
|------------------|---|-----------------------|-----------------------|--------------------------|
| | Average exchange rate | Minimum exchange rate | Maximum exchange rate | Period end exchange rate |
| 2021 (9 months) | 4.549 | 4.454 | 4.660 | 4.633 |
| 2020 (9 months) | 4.424 | 4.228 | 4.604 | 4.527 |
| 2020 (12 months) | 4.445 | 4.228 | 4.633 | 4.615 |

Source: National Bank of Poland ("NBP")

Selected financial data

| | EUR | | PLN | |
|---|---|-------------|-------------|-------------|
| | <i>(thousands, except per share data)</i> | | | |
| | For the nine months ended 30 September | | | |
| | 2021 | 2020 | 2021 | 2020 |
| Revenues | 76,808 | 72,768 | 349,399 | 321,934 |
| Gross profit | 13,811 | 17,026 | 62,826 | 75,326 |
| Profit/(loss) before taxation | 8,544 | 10,962 | 38,866 | 48,499 |
| Net profit/(loss) for the period attributable to the equity holders of the parent | 6,324 | 8,477 | 28,767 | 37,504 |
| Cash flows from/(used in) operating activities | 12,615 | 4,491 | 57,384 | 19,870 |
| Cash flows from/(used in) investing activities | (38) | (262) | (173) | (1,160) |
| Cash flows from/(used in) financing activities | 2,444 | (14,072) | 11,116 | (62,254) |
| Increase/(decrease) in cash and cash equivalents | 15,020 | (9,842) | 68,327 | (43,545) |
| Average number of equivalent shares (basic) | 162,445,822 | 162,937,256 | 162,445,822 | 162,937,256 |
| Net earnings/(loss) per share (basic and diluted) | 0.039 | 0.052 | 0.177 | 0.230 |

Selected financial data

| | EUR | | PLN | |
|--|--------------------|------------------|-------------------|------------------|
| | <i>(thousands)</i> | | | |
| | As at | | | |
| | 30 September 2021 | 31 December 2020 | 30 September 2021 | 31 December 2020 |
| Inventory and Land designated for development, Land for sale | 133,191 | 153,906 | 617,073 | 710,247 |
| Total assets | 207,424 | 203,209 | 960,997 | 937,767 |
| Advances received | 46,413 | 48,597 | 215,030 | 224,267 |
| Long term liabilities | 45,195 | 40,204 | 209,388 | 185,534 |
| Short term liabilities (including advances received) | 74,065 | 80,700 | 343,144 | 372,416 |
| Equity attributable to the equity holders of the parent | 88,164 | 82,304 | 408,465 | 379,817 |

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Overview of results

The net profit attributable to the equity holders of the parent company for the nine months ended 30 September 2021 was PLN 28,767 thousand and can be summarized as follows:

| | 30 September | | change | |
|---|------------------------------------|------------------|-----------------|---------------|
| | 2021 | 2020 | | |
| | PLN | | nominal | % |
| | (thousands, except per share data) | | | |
| Revenue from sales of residential units | 349,399 | 321,934 | 27,465 | 8.5% |
| Revenues | 349,399 | 321,934 | 27,465 | 8.5% |
| Cost of sales of residential units | (286,574) | (246,608) | (39,966) | 16.2% |
| Cost of sales | (286,574) | (246,608) | (39,966) | 16.2% |
| Gross profit | 62,826 | 75,326 | (12,500) | -16.6% |
| Selling and marketing expenses | (3,593) | (5,017) | 1,424 | -28.4% |
| Administrative expenses | (16,877) | (16,671) | (206) | 1.2% |
| Share of profit/(loss) from joint venture | 50 | (510) | 560 | -109.8% |
| Other expense | (745) | (1,305) | 560 | -42.9% |
| Result from operating activities | 41,661 | 51,823 | (10,162) | -19.6% |
| Finance income | 559 | 457 | 102 | 22.3% |
| Finance expense | (3,354) | (3,781) | 427 | -11.3% |
| Net finance income/(expense) | (2,795) | (3,324) | 529 | -15.9% |
| Profit/(loss) before taxation | 38,866 | 48,499 | (9,633) | -19.9% |
| Income tax benefit/(expenses) | (10,099) | (10,995) | 896 | -8.1% |
| Net profit/(loss) for the period before non-controlling interests | 28,767 | 37,504 | (8,737) | -23.3% |
| Net profit/(loss) for the period attributable to the equity holders of the parent | 28,767 | 37,504 | (8,737) | -23.3% |
| Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted) | 0.177 | 0.230 | (0.053) | -23.0% |

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Overview of results

Revenue from sales and services of residential projects

The revenue from sales and services of residential units increased by PLN 27.5 million (8.5%) from PLN 321.9 million during the nine months ended 30 September 2020 to PLN 349.4 million during the nine months ended 30 September 2021, is primarily explained by the delivery of 625 units to the customers characterized by a higher units average selling price during the nine months ended 30 September 2021, comparing to the 797 units delivered during the nine months ended 30 September 2020 (in terms of fully owned projects).

Cost of sales of residential units

Cost of sales of residential units increased by PLN 40.0 million (16.2%) from PLN 246.6 million during the nine months ended 30 September 2020 to PLN 286.6 million during the nine months ended 30 September 2021. The increase relates to a different mix of projects delivered to the customers characterized by a different profitability during the nine months ended 30 September 2021 compared to the mix of projects delivered to customers during the nine months ended 30 September 2020.

Gross margin

The gross margin from sales and services of residential units during the nine months ended 30 September 2021 was 18.0% which decreased comparing to 23.4% during the nine months ended 30 September 2020. The change in gross margin relates to a different mix of projects delivered to the customers characterized by a different profitability during the nine months ended 30 September 2021 compared to the mix of projects delivered to customers during the nine months ended 30 September 2020.

During nine months ended 30 September 2021 the projects that significantly impacted revenues and profitability of the Group were Viva Jagodno I, Ursus Centralny Ia and Vitalia III (contributed respectively PLN 10.3 million, PLN 10.0 million and PLN 8.3 million to the gross profit representing a gross profit margin of 25.1%, 18.0% and 18.1%). Comparing to the period ended 30 September 2020 the project that significantly impacted revenues and profitability of the Group was City Link III in Warsaw (contributed PLN 56.9 million to the gross profit representing a gross profit margin of 38.5%).

Selling and marketing expenses

Selling and marketing expenses decreased by PLN 1.4 million (28.4%) from PLN 5.0 million during the nine months ended 30 September 2020 to PLN 3.6 million during the nine months ended 30 September 2021, which is primarily explained by more effective management of selling and marketing costs as well as shortened sale period due to very high demand for apartment purchase. During the reporting period the Company continued its new marketing strategy adjusting to the market situation being a result of Covid 19 pandemic.

Net finance income/(expenses)

Finance income/(expenses) is accrued and capitalized as part of the cost price of inventory to the extent that is directly attributable to the construction of residential units. Unallocated finance income/(expenses) not capitalized is recognized in the statement of comprehensive income. Net finance expenses decreased by PLN 0.5 million (15.9%) from PLN 3.3 million during the nine months ended 30 September 2020 to PLN 2.8 million during the nine months ended 30 September 2021. It is mainly explained by lower interest rates and higher proportion of capitalised interest due to higher balance of projects under constructions during the period ended on 30 September 2021 comparing to the period ended on 30 September 2020.

Management Board Report**Overview of selected details from the Interim Condensed Consolidated****Statement of Financial Position**

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

| | As at 30 September 2021 | As at 31 December 2020 |
|--|------------------------------------|-----------------------------------|
| | PLN (thousands) | |
| Inventory, Land designated for development and Land for sale | <u>639,573</u> | <u>710,247</u> |
| Advances received | <u>215,030</u> | <u>224,267</u> |
| Loans and borrowings | <u>253,859</u> | <u>230,072</u> |
| Trade and other payables and accrued expenses | <u>58,300</u> | <u>58,347</u> |

Inventory, Land designated for development and Land for sale

The balance of Inventory and Residential landbank is PLN 639.6 million as at 30 September 2021 compared to PLN 710.2 million as at 31 December 2020. The change is primarily explained by purchases of land during the nine months ended 30 September 2021 in the amount of PLN 49.0 million and investments in direct construction costs and capitalized finance costs for a total amount of PLN 163.0 million, which is partly offset by the recognized costs of sales in the total amount of PLN 284.6 million.

Advances received

The balance of advances received is PLN 215.0 million as at 30 September 2021 compared to PLN 224.3 million as at 31 December 2020. The decrease is explained by advances received from clients regarding sales of units during the period ended 30 September 2021 for a total amount PLN 339.6 million, which was offsetted by the revenues recognized from the sale of residential units for a total amount of PLN 348.7 million during the nine months ended 30 September 2021.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 253.9 million as at 30 September 2021 compared to PLN 230.1 million as at 31 December 2020. The increase in loans and borrowings is primarily explained by the effect of proceeds from issuing series W bonds in amount of PLN 100.0 million, offsetted by repayments of bonds series U and R in the total amount of PLN 78.0 million. Of the mentioned PLN 253.9 million, an amount of PLN 54.9 million comprises facilities maturing no later than 30 September 2022. The balance of bond loans comprises of: principal amount of PLN 250.0 million plus accrued interest of PLN 5.0 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 2.5 million). The balance of bank loans comprises of principal amount of PLN 1.4 million. For additional information see Note 14 of the Interim Condensed Consolidated Financial Statements.

Trade and other payables and accrued expenses

The balance of trade and other payables and accrued expenses is PLN 58.3 million as at 30 September 2021 and as at 31 December 2020. The position includes mainly trade accounts payables and accrued expenses related to constructions work and securities from general contractors.

Management Board Report

Overview of cash flow results

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

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

| | For the year ended 30 September | For the year ended 30 September |
|--|--|--|
| | 2021 | 2020 |
| | PLN (thousands) | PLN (thousands) |
| Cash flows from/(used in) operating activities | 57,384 | 19,869 |
| Cash flow from/(used in) investing activities | (173) | (1,160) |
| Cash flow (used in)/from financing activities | 11,116 | (62,254) |

Cash flow from/(used in) operating activities

The Company's net cash inflow from operating activities increased for the nine months ended 30 September 2021 amounted to PLN 57.4 million comparing to a net cash inflow from operating activities during the nine months ended 30 September 2020 amounted to PLN 19.9 million. The increase of 37.5 million is primarily explained by:

- increase in advances paid by Clients by PLN 85.2 million from PLN 254.4 million in the period ended 30 September 2020 to PLN 339.6 Million in the period ended 30 September 2021.

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

- net cash outflow of PLN 23.7 million due to purchase of landbank, paid advances and prepayments for land purchase (held as notary deposits) in the total amount of PLN 66.3 million in the period ended 30 September 2021 in comparison to the period ended 30 September 2020 whereas the Company purchased the lands (including advances for land) and payments for Nova Królikarnia project in total amount of PLN 42.6 million;
- net cash outflow of PLN 9.4 million, repayment of taxes in the amount of PLN 17.4 million in the period ended 30 September 2021 comparing to PLN 8.0 million 30 September 2020;
- net cash outflow due to trade accounts payable in the amount PLN 14.8 million from PLN 73.2 million in the period ended 30 September 2020 to PLN 58.3 million in the period ended 30 September 2021.

Cash flow from/(used in) investing activities

The Company's net cash outflow used in investing activities amounted to PLN 0.2 million during the nine months ended 30 September 2021 compared to a net cash outflow from investing activities amounted to PLN 1.2 million during the nine months ended 30 September 2020. The decrease is primarily explained by no significant net cash outflow related to the investment in joint ventures during the nine months ended 30 September 2021 compared to a net cash outflow used in the investment in joint ventures amounting to PLN 1.1 million during the nine months ended 30 September 2020.

Cash flow from/(used in) financing activities

The Company's net cash inflow used in financing activities amounted to PLN 11.1 million during the nine months ended 30 September 2021 compared to a net cash outflow from financing activities amounted to PLN 62.3 million during the nine months ended 30 September 2020. The change is primarily explained by:

- net inflow of cash related to bond issuing of PLN 53.2 Million;
- non payment of dividend comparing to last year dividend payment of PLN 9.8 million.

The above mentioned positive effect on the financing cash flow was partly offsetted by:

- a net repayment of loans from others amounting to PLN 6.6 million during the nine months ended 30 September 2021 compared to repayment in amount of PLN 2.5 million during the nine months ended 30 September 2020.

Management Board Report

Outlook for the remaining period of 2021

A. Completed projects

The table below presents information on the total residential units in the completed projects/stages that the Group expects to sell and deliver during the remaining period of 2021:

| Project name | Location | Number of residential units delivered ⁽¹⁾ | | | Number of residential units expected to be delivered ⁽¹⁾ | | | Total project |
|------------------------------|----------|--|---|-----------------------|---|--|--------------------------------------|---------------|
| | | Until 31 December 2020 | During the period ended 30 September 2021 | Total units delivered | Units sold not delivered as at 30 September 2021 | Units for sale as at 30 September 2021 | Total units expected to be delivered | |
| Ursus Centralny Ia | Warsaw | - | 134 | 134 | 4 | - | 4 | 138 |
| Viva Jagodno I | Wrocław | - | 113 | 113 | 6 | 2 | 8 | 121 |
| Miasto Moje III | Warsaw | 98 | 97 | 195 | - | 1 | 1 | 196 |
| Vitalia III | Wrocław | - | 81 | 81 | - | - | - | 81 |
| Nowe Warzymice I | Szczecin | - | 45 | 45 | 3 | 6 | 9 | 54 |
| Grunwald2 | Poznań | 236 | 30 | 266 | 2 | - | 2 | 268 |
| Nova Królikarnia 3a | Warsaw | - | 26 | 26 | 5 | - | 5 | 31 |
| Nova Królikarnia 3b | Warsaw | - | 22 | 22 | 1 | - | 1 | 23 |
| Nova Królikarnia 3c | Warsaw | - | 20 | 20 | 3 | - | 3 | 23 |
| Panoramika V | Szczecin | 95 | 17 | 112 | 3 | - | 3 | 115 |
| Nova Królikarnia 2c | Warsaw | 7 | 11 | 18 | - | - | - | 18 |
| City Link III | Warsaw | 354 | 10 | 364 | 4 | - | 4 | 368 |
| Marina Miasto | Wrocław | 146 | 5 | 151 | - | - | - | 151 |
| Verdis I-IV | Warsaw | 430 | 4 | 434 | 5 | 2 | 7 | 441 |
| Młody Grunwald I-III | Poznań | 383 | 4 | 387 | 2 | 4 | 6 | 393 |
| Panoramika IV | Szczecin | 109 | 2 | 111 | - | - | - | 111 |
| Nova Królikarnia 2b | Warsaw | 26 | 2 | 28 | - | - | - | 28 |
| Sakura I-IV | Warsaw | 513 | 1 | 514 | - | 1 | 1 | 515 |
| Other (old) projects | | - | 1 | - | 4 | 4 | 8 | 8 |
| Total excluding JV | | 2,397 | 625 | 3,021 | 42 | 20 | 62 | 3,083 |
| Wilanów Tulip ⁽²⁾ | Warsaw | - | 7 | 7 | 124 | 18 | 142 | 149 |
| Total including JV | | 2,397 | 632 | 3,028 | 166 | 38 | 204 | 3,232 |

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

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

For information on the completed projects see "Business highlights during the nine months ended 30 September 2021-A. Results breakdown by project".

Management Board Report

Outlook for the remaining period of 2021

B. Current projects under construction and/or on sale

The table below presents information on projects for which completion is scheduled in the remaining period of 2021, 2022 and in 2023. The Company has obtained valid building permits for all projects/stages and has commenced construction and /or sales.

| Project name | Location | Start date of construction | Units sold until 30 September 2021 | Units for sale as at 30 September 2021 | Total units | Total area of units (m ²) | Expected completion of construction |
|---------------------|--------------------------------------|----------------------------|------------------------------------|--|--------------|---------------------------------------|-------------------------------------|
| Miasto Moje IV | Warsaw, Bialoleka, Marwilaska st. | Q1 2020 | 166 | 10 | 176 | 8,938 | Q4 2021 |
| Ursus Centralny IIa | Warsaw, Ursus, Gierdziejewskiego st. | Q2 2020 | 251 | - | 251 | 13,509 | Q4 2021 |
| Panoramika VI | Szczecin, Panoramiczna st. | Q2 2020 | 75 | - | 75 | 3,591 | Q4 2021 |
| Miasto Moje V | Warsaw, Bialoleka , Marwilaska st. | Q4 2020 | 154 | 16 | 170 | 8,559 | Q4 2022 |
| Nowe Warzymice II | Szczecin, Do Rajkowa st. | Q4 2020 | 59 | 7 | 66 | 3,492 | Q2 2022 |
| Ursus Centralny Ib | Warsaw, Ursus, Gierdziejewskiego st. | Q4 2020 | 87 | 10 | 97 | 5,740 | Q3 2022 |
| Ursus Centralny IIb | Warsaw, Ursus, Gierdziejewskiego st. | Q1 2021 | 114 | 92 | 206 | 11,758 | Q4 2022 |
| Viva Jagodno IIa | Wroclaw, Jagodno, Buforowa st. | Q2 2021 | 12 | 142 | 154 | 8,653 | Q4 2022 |
| Grunwaldzka | Poznan, Grunwaldzka st. | Q2 2021 | 25 | 45 | 70 | 3,351 | Q1 2023 |
| Nowe Warzymice III | Szczecin, Do Rajkowa st. | Q3 2021 | 28 | 35 | 63 | 3,535 | Q4 2022 |
| Miasto Moje VI | Warsaw, Bialoleka , Marwilaska st. | Q3 2021 | 18 | 209 | 227 | 11,722 | Q2 2023 |
| Subtotal | | | 989 | 566 | 1,555 | 82,847 | |

C. Projects for which construction work is planned to commence during the remaining period of 2021

During the remaining period of 2021, the Company is considering the commencement of 2 stages for ongoing projects and 1 new projects (comprising in total 361 units with a total area of 21,000 m²), which the management believes are well-suited to current customer requirements, including smaller apartments at more economical prices.

The table below presents information on projects for which the commencement of construction works is scheduled in the remaining period of 2021:

| Project name | Location | Total units | Total area of units (m ²) |
|-------------------------|----------|-------------|---------------------------------------|
| Viva Jagodno IIb | Wroclaw | 74 | 4,500 |
| Renaissance (Siekierki) | Warsaw | 92 | 5,400 |
| Ursus Centralny IIc | Warsaw | 195 | 11,100 |
| Total | | 361 | 21,000 |

Management Board Report

Outlook for the remaining period of 2021

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

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

| Project name | Location | Number of the sold but not delivered units signed with Clients | Value of the preliminary sales agreements signed with clients | Completed / expected completion of construction |
|---|----------|--|---|---|
| Nova Królikarnia 3a ⁽¹⁾ | Warsaw | 5 | 6,774 | Completed |
| City Link III ⁽¹⁾ | Warsaw | 4 | 4,312 | Completed |
| Nova Królikarnia 3c ⁽¹⁾ | Warsaw | 3 | 3,809 | Completed |
| Verdis I-IV ⁽¹⁾ | Warsaw | 5 | 2,606 | Completed |
| Viva Jagodno I ⁽¹⁾ | Wrocław | 6 | 2,569 | Completed |
| Ursus Centralny Ia ⁽¹⁾ | Warsaw | 4 | 2,185 | Completed |
| Nowe Warzymice I ⁽¹⁾ | Szczecin | 3 | 1,746 | Completed |
| Panoramika V ⁽¹⁾ | Szczecin | 3 | 1,634 | Completed |
| Nova Królikarnia 3b ⁽¹⁾ | Warsaw | 1 | 1,576 | Completed |
| Miasto Moje I ⁽¹⁾ | Warsaw | 2 | 1,466 | Completed |
| Młody Grunwald I-III ⁽¹⁾ | Poznań | 2 | 1,154 | Completed |
| Grunwald2 ⁽¹⁾ | Poznań | 2 | 1,133 | Completed |
| Other (old) projects | | 2 | 1,246 | Completed |
| Subtotal completed projects excluding JV | | 42 | 32,210 | |
| Wilanów Tulip ⁽¹⁾⁽³⁾ | Warsaw | 124 | 69,004 | Completed |
| Subtotal completed projects including JV | | 166 | 101,214 | |
| Ursus Centralny IIa ⁽²⁾ | Warsaw | 251 | 105,556 | 2021 |
| Miasto Moje IV ⁽²⁾ | Warsaw | 166 | 61,336 | 2021 |
| Panoramika VI ⁽²⁾ | Szczecin | 75 | 23,139 | 2021 |
| Miasto Moje V ⁽²⁾ | Warsaw | 154 | 57,945 | 2022 |
| Ursus Centralny IIb ⁽²⁾ | Warsaw | 114 | 58,735 | 2022 |
| Ursus Centralny Ib ⁽²⁾ | Warsaw | 87 | 41,720 | 2022 |
| Viva Jagodno IIa ⁽²⁾ | Wrocław | 12 | 4,703 | 2022 |
| Nowe Warzymice II ⁽²⁾ | Szczecin | 59 | 18,751 | 2022 |
| Nowe Warzymice III ⁽²⁾ | Szczecin | 28 | 10,541 | 2022 |
| Grunwaldzka ⁽²⁾ | Poznań | 25 | 9,111 | 2023 |
| Miasto Moje VI ⁽²⁾ | Warsaw | 18 | 7,713 | 2023 |
| Subtotal ongoing projects | | 989 | 399,249 | |
| Total | | 1,155 | 500,463 | |

(1) For information on the completed projects see "Business highlights during the nine months ended 30 September 2021–A. Results breakdown by project".

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

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

Management Board Report

Additional information to the report

Major shareholders

To the best of the Company's knowledge, as at 8 November 2021, the following shareholders are entitled to exercise over 5% of the voting rights at the General Meeting of Shareholders in the Company:

| <i>Shares</i> | As of | Change in number of shares | As of | Change in number of shares | As of |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| | 8 November 2021 | | 30 September 2021 | | 31 December 2020 |
| | Number of shares / % of shares | | Number of shares / % of shares | | Number of shares / % of shares |
| <i>Shares issued:</i> | 164,010,813 | - | 164,010,813 | - | 164,010,813 |
| I.T.R. Dori B.V. ⁽¹⁾ | 108,349,187 66.06% | - | 108,349,187 66.06% | - | 108,349,187 66.06% |
| A. Luzon Group | 45,581,183 27.79% | 71,935 0.04% | 45,509,248 27.75% | 45,509,248 27.75% | - - |
| Nationale Nederlanden Otworthy Fundusz Emerytalny | - - - | - - - | - - - | (23,880,000) (14.56%) | 23,880,000 14.56% |
| Metlife Otworthy Fundusz Emerytalny | - - | - - | - - | N/A N/A | N/A Between 5%-10% |

| <i>Votes</i> | As of | Change in number of shares ⁽²⁾ | As of | Change in number of shares ⁽²⁾ | As of |
|---|-----------------------------------|---|-----------------------------------|---|-----------------------------------|
| | 8 November 2021 | | 30 September 2021 | | 31 December 2020 |
| | Number of shares / % of shares | | Number of shares / % of shares | | Number of shares / % of shares |
| <i>Shares issued⁽²⁾:</i> | 162,442,859 | - | 162,442,859 | (78,719) | 162,521,578 |
| I.T.R. Dori B.V. ⁽¹⁾ | 108,349,187 66.70% | - | 108,349,187 66.70% | - | 108,349,187 66.67% |
| A. Luzon Group | 45,581,183 28.06% | 71,935 0.04% | 45,509,248 28.02% | 45,509,248 28.02% | - - |
| Nationale Nederlanden Otworthy Fundusz Emerytalny | - - - | - - - | - - - | (23,880,000) (14.69%) | 23,880,000 14.69% |
| Metlife Otworthy Fundusz Emerytalny | - - | - - | - - | N/A N/A | N/A Between 5%-10% |

(1) The subsidiaries 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.

The total number of own shares held by the Company as at 30 September 2021 was equal to 1,567,954 shares, which constitute 0.96% of the share capital of the Company and votes at the General Meeting. There were no changes in own shares until the publication date.

Management Board Report

Additional information to the report

Changes in ownership of shares and rights to shares by Management and Supervisory Board members during the nine months ended 30 September 2021 and until the date of publication of this report

Mr Amos Luzon, member of the Supervisory Board, as at 31 December 2020 held 83.83%, while as at 30 September 2021 72.38% and as at the day preceding the publication of this report held 72.39% of the shares and voting rights in A. Luzon Group (to the best of the Company's knowledge, inter alia through A. Luzon Properties and Investments Ltd., a private company owned by Mr Amos Luzon "99%"), and as a result, thus indirectly held a 54.83% of shares in the Company as at 31 December 2020, 67.22% as at 30 September 2021 and 67.26% at the day preceding the publication of this report. Taking into account own shares held by the Company as at 31 December 2020, 30 September 2021 and as at the day preceding the publication of this report, Mr. Amos Luzon indirectly controlled following percentage of votes at those dates: 55.33%, 67.87% and 67.91%, respectively.

Changes in the Management and Supervisory Board during the nine months ended 30 September 2021 and until the date of publication of this report

On 27 May 2021 the Supervisory Board, acting pursuant to Article 8.1 of the articles of association of the Company, appointed, effective as of 1 June 2021, Ms. Karolina Bronszewska to the position of Marketing and Innovation Member of the Management Board of the Company for a five-year joint term of office of the Management Board, which commenced on 1 April 2019.

At the same time, the Management Board informs that in connection with the appointment of Ms. Karolina Bronszewska to the position of the Marketing and Innovation Management Board Member, the name of Mr. Andrzej Gutowski's position has changed from "Sales and Marketing Vicepresident" to "Sales Vicepresident".

Changes in the Company's group structure

During the nine months ended 30 September 2021 there were the following changes in the Company's group structure:

- 1) Creation of new Companies:
 - Ronson Development SPV1 Sp. z o.o.
 - Ronson Development SPV2 Sp. z o.o.
 - Ronson Development SPV3 Sp. z o.o.
 - Ronson Development SPV4 Sp. z o.o.
 - Ronson Development SPV5 Sp. z o.o.
 - Ronson Development SPV6 Sp. z o.o.
 - Ronson Development SPV7 Sp. z o.o.
 - Ronson Development SPV8 Sp. z o.o.
 - Ronson Development SPV9 Sp. z o.o.

All the above companies are 100% owned by Ronson Development SE.

On the 28 September 2021 the following companies were merged into Ronson Development South Sp. z o.o.:

- Retreat Sp. z o.o
- Ronson Development Nautica 2010 Sp. z o.o

The Company's group structure as at 30 September 2021 and 31 December 2020 is presented in the Note 7 to the Interim Condensed Consolidated Financial Statements.

Management Board Report

Additional information to the report

Seasonality

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

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

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

Related parties transactions

There were no transactions and balances with related parties during the nine months ended 30 September 2021 other than described below, the remuneration of the Management Board, loans granted to related parties within the Group, the reimbursement of audit review costs and the consulting services agreement with A. Luzon Group, the major (indirect) shareholder, for a total monthly amount of PLN 70 thousand and covering travel and out of pocket expenses. All transactions with related parties were performed based on market conditions.

During the nine months ended 30 September 2021, the Group sold one Apartment to Mr Boaz Haim for a total net amount (excluding VAT) of PLN 369.1 thousand and one Apartment to the company 100% owned by Alon Haver for a total net amount (excluding VAT) of PLN 378.3 thousand. Those transactions were executed at arm's length and was in adherence to the Group's policy in respect of related-party transactions.

Quarterly reporting by the Company

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

The Company prepared this Interim Financial Report for the nine months ended 30 September 2021 in both English and Polish languages, while the Polish version is binding.

Disclosure obligations of controlling shareholder

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

Material court cases

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

Guarantees provided by the Company

During the nine months ended 30 September 2021, the Company did not grant any guarantees.

Employees

The average number of personnel employed by the Group – on a fulltime equivalent basis – during the nine months ended 30 September 2021 was 74 compared to 76 during the nine months ended 30 September 2020. There were no personnel employed in the Company.

Management Board Report

Additional data for the Company

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

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

| PLN/EUR | Exchange rate of Polish Zloty versus Euro | | | |
|------------------|---|-----------------------|-----------------------|--------------------------|
| | Average exchange rate | Minimum exchange rate | Maximum exchange rate | Period end exchange rate |
| 2021 (9 months) | 4.549 | 4.454 | 4.660 | 4.633 |
| 2020 (9 months) | 4.424 | 4.228 | 4.604 | 4.527 |
| 2020 (12 months) | 4.445 | 4.228 | 4.633 | 4.615 |

Source: National Bank of Poland ("NBP")

Selected financial data

| | EUR | | PLN | |
|---|-------------------------------------|-------------|-------------|-------------|
| | (thousands, except per share data) | | | |
| | For the 9 months ended 30 September | | | |
| | 2021 | 2020 | 2021 | 2020 |
| Revenues from management services | 947 | 1,272 | 4,310 | 5,653 |
| Financial income (Wise majority from loans granted to subsidiaries) | 1,024 | 1,181 | 4,660 | 5,248 |
| Financial expenses (Wise majority from Interest on bonds) | (2,093) | (1,624) | (9,522) | (7,213) |
| Profit including results from subsidiaries | 6,324 | 9,092 | 28,767 | 42,022 |
| Cash flows from/(used in) operating activities | (443) | (469) | (2,015) | (2,082) |
| Cash flows from/(used in) investing activities | (1,037) | 6,458 | (4,716) | 28,690 |
| Cash flows from/(used in) financing activities | 2,097 | (7,526) | 9,538 | (33,434) |
| Increase/(decrease) in cash and cash equivalents | 617 | (1,537) | 2,807 | (6,826) |
| Average number of equivalent shares (basic) | 162,445,822 | 162,937,256 | 162,445,822 | 162,937,256 |
| Net earnings/(loss) per share (basic and diluted) | 0.039 | 0.052 | 0.177 | 0.230 |

Selected financial data

| | EUR | | PLN | |
|------------------------------|-------------------|------------------|-------------------|------------------|
| | (thousands) | | | |
| | As at | | | |
| | 30 September 2021 | 31 December 2020 | 30 September 2021 | 31 December 2020 |
| Investment in subsidiaries | 98,383 | 94,451 | 455,798 | 435,874 |
| Loan granted to subsidiaries | 38,353 | 34,746 | 177,686 | 160,347 |
| Total assets | 143,317 | 135,910 | 663,976 | 627,199 |
| Long term liabilities | 43,220 | 40,676 | 200,236 | 187,712 |
| Short term liabilities | 11,931 | 12,930 | 55,275 | 59,670 |
| Equity | 88,166 | 82,304 | 408,465 | 379,817 |

Management Board Report

Responsibility statement

The Management Board of Ronson Development SE hereby declares that:

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

This Management Board Report of activities of the Company and the Group during the nine months period ended 30 September 2021 was prepared and approved by the Management Board of the Company on 9 November 2021.

The Management Board

Boaz Haim

President of the Management Board

Yaron Shama

Vicepresident of the Management Board, CFO

Andrzej Gutowski

Vicepresident of the Management Board,
Sales Director

Alon Haver

Member of the Management Board

Karolina Bronszewska

Member of the Management Board
Marketing and Innovation Director

Warsaw, 9 November 2021

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Interim Condensed Consolidated Statement of Financial Position**

| As at | | 30 September 2021 | 31 December 2020 |
|--|-------------|-----------------------------|-------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | <i>(Unaudited/Reviewed)</i> | <i>(Audited)</i> |
| Assets | | | |
| Property and equipment | | 7,932 | 8,797 |
| Investment property | | 8,950 | 8,956 |
| Intangible fixed assets | | 1,003 | 39 |
| Non-current loans granted to joint ventures | 24 | 8,918 | 8,902 |
| Deferred tax assets | 17 | 6,684 | 9,037 |
| Land designated for development | 9 | 14,178 | 45,486 |
| Total non-current assets | | 47,665 | 81,217 |
| Inventory | 9 | 602,895 | 664,761 |
| Trade and other receivables and prepayments | 10 | 43,902 | 37,374 |
| Advances for Land | 11 | 30,500 | 3,700 |
| Income tax receivable | | 471 | 338 |
| Current loans granted to joint ventures | 24 | 1,407 | 1,039 |
| Other current financial assets | | 8,231 | 14,239 |
| Cash and cash equivalents | | 203,426 | 135,099 |
| | | 890,832 | 856,550 |
| Land for sale | 9 | 22,500 | - |
| Total current assets | | 913,332 | 856,550 |
| Total assets | | 960,997 | 937,767 |
| Equity | | | |
| Share capital | | 12,503 | 12,503 |
| Share premium | | 150,278 | 157,905 |
| Treasury shares | 25 | (1,732) | (1,613) |
| Retained earnings | | 247,416 | 211,022 |
| Total equity/Equity attributable to equity holders of the parent | | 408,465 | 379,817 |
| Liabilities | | | |
| Bond loans | 14 | 197,616 | 175,382 |
| Deferred tax liability | 17 | 11,154 | 9,562 |
| Lease liabilities related to perpetual usufruct of investment properties | 12 | 618 | 590 |
| Total non-current liabilities | | 209,388 | 185,534 |
| Trade and other payables and accrued expenses | 15 | 58,300 | 58,347 |
| Bond loans | 14 | 49,896 | 52,625 |
| Other payables - interests accrued on bonds | 14 | 4,960 | 2,065 |
| Secured bank loans | 14 | 1,387 | - |
| Interest bearing deferred trade payables | | - | 8,482 |
| Advances received | 18 | 215,030 | 224,267 |
| Income tax payable | | 571 | 11,734 |
| Provisions | | 1,347 | 994 |
| Lease liabilities related to perpetual usufruct of land | 12 | 11,653 | 13,902 |
| Total current liabilities | | 343,144 | 372,416 |
| Total liabilities | | 552,532 | 557,950 |
| Total equity and liabilities | | 960,997 | 937,767 |

The notes included on pages 26 to 52 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Interim Condensed Consolidated Statement of Comprehensive Income**

| <i>PLN (thousands, except per share data and number of shares)</i> | <i>Note</i> | For the 9 months | For the 3 months | For the 9 months | For the 3 months |
|---|----------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | ended 30 September 2021 | ended 30 September 2021 | ended 30 September 2020 | ended 30 September 2020 |
| | | (Reviewed) / (unaudited) | (Reviewed) / (unaudited) | (Reviewed) / (unaudited) | (Reviewed) / (unaudited) |
| Revenue from residential projects | | 348,679 | 102,254 | 321,198 | 68,593 |
| Revenue from sale of services | | 720 | 240 | 736 | 242 |
| Revenue | <i>19</i> | 349,399 | 102,494 | 321,934 | 68,835 |
| Cost of sales | <i>20,19,9</i> | (286,574) | (83,259) | (246,608) | (60,356) |
| Gross profit | | 62,826 | 19,236 | 75,326 | 8,479 |
| Selling and marketing expenses | | (3,593) | (1,045) | (5,017) | (2,072) |
| Administrative expenses | | (16,877) | (5,660) | (16,671) | (4,033) |
| Share of profit/(loss) in joint ventures | <i>24</i> | 50 | 222 | (510) | 35 |
| Other expenses | | (2,611) | (1,373) | (2,902) | (1,886) |
| Other income | | 1,867 | 604 | 1,597 | 573 |
| Result from operating activities | | 41,661 | 11,983 | 51,823 | 1,096 |
| Finance income | | 559 | 211 | 457 | 90 |
| Finance expense | | (3,354) | (1,084) | (3,781) | (1,216) |
| Net finance income/(expense) | | (2,795) | (873) | (3,324) | (1,126) |
| Profit/(loss) before taxation | | 38,866 | 11,110 | 48,499 | (30) |
| Income tax benefit/(expense) | <i>16,17</i> | (10,099) | (4,292) | (10,995) | (3,107) |
| Profit for the period | | 28,767 | 6,818 | 37,504 | (3,137) |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income/(expense) for the period, net of tax | | 28,767 | 6,818 | 37,504 | (3,137) |
| Total profit/(loss) for the period attributable to: | | | | | |
| equity holders of the parent | | 28,767 | 6,818 | 37,504 | (3,137) |
| Non-controlling interests | | - | - | - | - |
| Total profit/(loss) for the period, net of tax | | 28,767 | 6,818 | 37,504 | (3,137) |
| Total profit/(loss) for the period attributable to: | | | | | |
| equity holders of the parent | | 28,767 | 6,818 | 37,504 | (3,137) |
| Non-controlling interests | | - | - | - | - |
| Total comprehensive income/(expense) for the period, net of tax | | 28,767 | 6,818 | 37,504 | (3,137) |
| Weighted average number of ordinary shares (basic and diluted) | | 162,445,822 | 162,442,859 | 162,937,256 | 163,006,990 |
| <i>In Polish Zlotys (PLN)</i> | | | | | |
| Net earnings/(loss) per share attributable to the equity holders of the parent basic | | 0.177 | 0.042 | 0.230 | (0.019) |
| Net earnings/(loss) per share attributable to the equity holders of the parent diluted | | 0.177 | 0.042 | 0.230 | (0.019) |

The notes included on pages 26 to 52 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Interim Condensed Consolidated Statement of Changes in Equity**

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

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

| | Attributable to the Equity holders of parent | | | | Total Equity/ Equity attributable to the Equity holders of the parent |
|---|--|------------------|--------------------|----------------------|--|
| | Share capital | Share premium | Treasury shares | Retained earnings | |
| <i>In thousands of Polish Zlotys (PLN)</i> | | | | | |
| Balance at 1 January 2020 | 12,503 | 150,278 | (580) | 188,293 | 350,494 |
| Comprehensive income: | | | | | |
| Profit for the period ended 30 September 2020 | - | - | - | 37,504 | 37,504 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income/(expense) | - | - | - | 37,504 | 37,504 |
| Own shares acquired | - | - | (458) | - | (458) |
| Dividend | - | - | - | (9,786) | (9,786) |
| Alocation of 2019 result - share premium increase | - | 7,627 | - | (7,627) | - |
| Balance at 30 September 2020 (Reviewed/ Unaudited) | 12,503 | 157,905 | (1,038) | 208,329 | 377,754 |

The notes included on pages 26 to 52 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Interim Condensed Consolidated Statement of Cash Flows**

| For the nine months ended 30 September | | 2021 | 2020 |
|--|-------------|----------------|-----------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | | |
| Cash flows from/(used in) operating activities | | | |
| Profit/(loss) for the period | | 28,767 | 37,504 |
| <i>Adjustments to reconcile profit for the period to net cash used in operating activities</i> | | | |
| Depreciation | | 588 | 735 |
| Write-down of inventory | 20 | 227 | (251) |
| Finance expense | | 3,354 | 3,779 |
| Finance income | | (559) | (457) |
| Purchases of land | 9,25 | (46,968) | (3,000) |
| Loss/(profit) on sale of property and equipment | | - | (14) |
| Share of loss /(profit) from joint ventures | | (40) | 510 |
| Income tax expense/(benefit) | 16 | 10,098 | 10,995 |
| Subtotal | | (4,532) | 49,800 |
| Decrease/(increase) in inventory and land designated for development | 9 | 165,049 | 63,609 |
| Acquisition of Nova Królikarnia project | 13 | - | (36,924) |
| Decrease/(increase) in land designated for sale | 9 | (22,500) | - |
| Decrease/(increase) in advances for land | 11 | (19,300) | (2,700) |
| Decrease/(increase) in trade and other receivables and prepayments | 10 | (34,733) | 3,248 |
| Decrease/(increase) in other current financial assets | | 6,008 | (5,518) |
| Increase/(decrease) in trade and other payables and accrued expenses | 15 | (1,087) | 25,506 |
| Increase/(decrease) in provisions | | 353 | 3,642 |
| Increase/(decrease) in advances received | 18 | (9,237) | (66,796) |
| Subtotal | | 80,021 | 33,868 |
| Interest paid | 14 | (5,173) | (6,175) |
| Interest received | | - | 230 |
| Income tax received/(paid) | | (17,464) | (8,053) |
| Net cash from/(used in) operating activities | | 57,384 | 19,870 |
| Cash flows from/(used in) investing activities | | | |
| Acquisition of property and equipment | | (173) | - |
| Loans granted to joint ventures | | - | (1,126) |
| Proceeds from sale of property and equipment | | - | (34) |
| Net cash from/(used in) investing activities | | (173) | (1,160) |
| Cash flows (used in)/from financing activities | | | |
| Proceeds from bank loans, net of bank charges | 14 | 5,970 | 26,029 |
| Repayment of bank loans | 14 | (5,394) | (39,217) |
| Proceeds from bond loans, net of issue costs | 14 | 96,181 | - |
| Repayment of bond loans | 14 | (77,929) | (35,000) |
| Repayment of loans from other | | (6,674) | (2,500) |
| Payment of dividend | | - | (9,840) |
| Payment of perpetual usufruct rights | 12 | (919) | (1,268) |
| Buy-back of shares | 25 | (119) | (458) |
| Net cash from/(used in) financing activities | | 11,116 | (62,254) |
| Net change in cash and cash equivalents | | 68,327 | (43,545) |
| Cash and cash equivalents at beginning of period | | 135,099 | 95,591 |
| Cash and cash equivalents at end of period | | 203,426 | 52,047 |

The notes included on pages 26 to 52 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 1 – General and principal activities**

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

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. According to publicly available information, as at 30 September 2021:

- 66.06% of the shares are indirectly controlled by A. Luzon Group (via I.T.R. Dori B.V.) and 27.75% of the shares are directly controlled by of A. Luzon Group. The Ultimate Parent is Mr Amos Luzon, member of the Supervisory Board;
- 0.96% of the shares are held by the Company and therefore also indirectly controlled by A. Luzon Group;
- 5.23% of the outstanding shares are held by other investors.

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 30 September 2021, the Company held 1,567,954 own shares (0.96%) and, in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares.

The Interim Condensed Consolidated Financial Statements of the Company have been prepared for the nine months ended 30 September 2021 and contain comparative data for the nine months ended 30 September 2020 and as at 31 December 2020. The Interim Condensed Consolidated Financial Statements of the Company for the nine months ended 30 September 2021 with all its comparative data have been reviewed by the Company's external auditors.

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

The Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021 were authorized for issuance by the Management Board on 9 November 2021 in both English and Polish languages, while the Polish version is binding.

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

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

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020 prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union. At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the nature of the Group's activities, the IFRSs issued by IASB are not different from the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). The Consolidated Financial Statements of the Group for the year ended 31 December 2020 are available upon request from the Company's registered office at Al. Komisji Edukacji Narodowej 57, Warsaw, Poland or at the Company's website: www.ronson.pl.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 2 – Basis of preparation of Interim Condensed Consolidated Financial Statements**

These Interim Condensed Consolidated Financial Statements have been prepared on the assumption that the Group is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations. Further explanation and analyzes on significant changes in financial position and performance of the Company during the nine months ended 30 September 2021 are included in the Management Board Report on pages 3 through 21.

Note 3 – Summary of significant accounting policies

Except as described below, the accounting policies applied by the Company and the Group in these Interim Condensed Consolidated Financial Statements are the same as those applied by the Company in its consolidated financial statements for the year ended 31 December 2020.

The following standards and amendments became effective as of 1 January 2021.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS4 and IFRS 16 due to IBOR reform - the changes refer to the accounting issues that will arise when the financial instruments based on IBOR switch to the new interest rates. The amendments introduce a number of guidelines and exemptions, in particular, a practical simplification in case of changes in contracts that are required by the reform, which will be recognized by updating interest rates, exemption from the obligation to terminate hedge accounting, temporary exemption from the need to identify the risk component, and the obligation to include additional disclosures.
- Amendments to IFRS4: Implementation of IFRS 9 “Financial instruments”. The amendment has no apply to the Group’s operations.

The impact of the above amendments and improvements to IFRSs has been analysed by the Management. Based on the assessment the amendments do not impact the Annual Consolidated Financial Statements of the Group nor the Interim Condensed Consolidated Financial Statements of the Groups.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity or the Group in the current or future reporting periods and on foreseeable future transactions.

Note 4 – The use of estimates and judgments

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

In preparing these Interim Condensed Consolidated Financial Statements, the significant judgments made by the Management Board in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

Note 5 – Functional and reporting currency

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

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.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 6 – Seasonality**

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

Note 7 – Composition of the Group

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

| Entity name | Year of incorporation | Share of ownership & voting rights at the end of | |
|--|-----------------------|--|------------------|
| | | 30 September 2021 | 31 December 2020 |
| a. held directly by the Company: | | | |
| 1 Ronson Development Management Sp. z o.o. | 1999 | 100% | 100% |
| 2 Ronson Development Warsaw Sp. z o.o. | 2000 | 100% | 100% |
| 3 Ronson Development Investment Sp. z o.o. | 2011 | 100% | 100% |
| 4 Ronson Development Metropol Sp. z o.o. | 2011 | 100% | 100% |
| 5 Ronson Development Creations Sp. z o.o. | 2005 | 100% | 100% |
| 6 Ronson Development Sp. z o.o. | 2006 | 100% | 100% |
| 7 Ronson Development Construction Sp. z o.o. | 2006 | 100% | 100% |
| 8 City 2015 Sp. z o.o. | 2006 | 100% | 100% |
| 9 Ronson Development Village Sp. z o.o. ⁽¹⁾ | 2007 | 100% | 100% |
| 10 Ronson Development Skyline Sp. z o.o. | 2007 | 100% | 100% |
| 11 Ronson Development Universal Sp. z o.o. ⁽¹⁾ | 2007 | 100% | 100% |
| 12 Ronson Development South Sp. z o.o. | 2007 | 100% | 100% |
| 13 Ronson Development Partner 5 Sp. z o.o. | 2007 | 100% | 100% |
| 14 Ronson Development Partner 4 Sp. z o.o. | 2007 | 100% | 100% |
| 15 Ronson Development North Sp. z o.o. | 2007 | 100% | 100% |
| 16 Ronson Development Providence Sp. z o.o. | 2007 | 100% | 100% |
| 17 Ronson Development Finco Sp. z o.o. | 2009 | 100% | 100% |
| 18 Ronson Development Partner 2 Sp. z o.o. | 2009 | 100% | 100% |
| 19 Ronson Development Partner 3 Sp. z o.o. | 2012 | 100% | 100% |
| 20 Ronson Development Studzienna Sp. z o.o. (previously: ACG 23 Sp. z o.o.) | 2019 | 100% | 100% |
| 21 Ronson Development SPV1 Sp. z o.o. ⁽²⁾ | 2021 | 100% | n/a |
| 22 Ronson Development SPV2 Sp. z o.o. ⁽²⁾ | 2021 | 100% | n/a |
| 23 Ronson Development SPV3 Sp. z o.o. ⁽²⁾ | 2021 | 100% | n/a |
| 24 Ronson Development SPV4 Sp. z o.o. ⁽²⁾ | 2021 | 100% | n/a |
| 25 Ronson Development SPV5 Sp. z o.o. ⁽³⁾ | 2021 | 100% | n/a |
| 26 Ronson Development SPV6 Sp. z o.o. ⁽³⁾ | 2021 | 100% | n/a |
| 27 Ronson Development SPV7 Sp. z o.o. ⁽⁴⁾ | 2021 | 100% | n/a |
| 28 Ronson Development SPV8 Sp. z o.o. ⁽⁴⁾ | 2021 | 100% | n/a |
| 29 Ronson Development SPV9 Sp. z o.o. ⁽⁴⁾ | 2021 | 100% | n/a |
| b. held indirectly by the Company : | | | |
| 30 Nova Królikarnia B.V. (Company with the registered office in the Netherlands) | 2016 | 100% | 100% |
| 31 AGRT Sp. z o.o. | 2007 | 100% | 100% |
| 32 Ronson Development Partner 4 Sp. z o.o. – Panoramika Sp.k. | 2007 | 100% | 100% |
| 33 Ronson Development Sp. z o.o. - Estate Sp.k. | 2007 | 100% | 100% |
| 34 Ronson Development Sp. z o.o. - Home Sp.k. | 2007 | 100% | 100% |
| 35 Ronson Development Sp. z o.o. - Horizon Sp.k. | 2007 | 100% | 100% |
| 36 Ronson Development Partner 3 Sp. z o.o. - Sakura Sp.k. | 2007 | 100% | 100% |
| 37 Ronson Development Partner 3 sp. z o.o. – Viva Jagodno sp. k. | 2009 | 100% | 100% |
| 38 Ronson Development Sp. z o.o. - Apartments 2011 Sp.k. | 2009 | 100% | 100% |

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021

Notes to the Interim Condensed Consolidated Financial Statements**Note 7 – Composition of the Group**

| Entity name | Year of incorporation | Share of ownership & voting rights at the end of | |
|---|-----------------------|--|------------------|
| | | 30 September 2021 | 31 December 2020 |
| b. held indirectly by the Company : | | | |
| 39 Ronson Development Sp. z o.o. - Idea Sp.k. | 2009 | 100% | 100% |
| 40 Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 Sp.k. | 2009 | 100% | 100% |
| 41 Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k. | 2009 | 100% | 100% |
| 42 Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k. | 2009 | 100% | 100% |
| 43 Ronson Development Partner 5 Sp. z o.o - Vitalia Sp.k. | 2009 | 100% | 100% |
| 44 Ronson Development Sp. z o.o. - 2011 Sp.k. | 2009 | 100% | 100% |
| 45 Ronson Development Sp. z o.o. - Gemini 2 Sp.k. | 2009 | 100% | 100% |
| 46 Ronson Development Sp. z o.o. - Verdis Sp.k. | 2009 | 100% | 100% |
| 47 Ronson Espresso Sp. z o.o. | 2006 | 100% | 100% |
| 48 Retreat Sp. z o.o. ⁽⁵⁾ | 2010 | - | 100% |
| 49 Ronson Development Nautica 2010 Sp. z o.o. ⁽⁵⁾ | 2010 | - | 100% |
| 50 Ronson Development Sp. z o.o. - Naturalis Sp.k. | 2011 | 100% | 100% |
| 51 Ronson Development Sp. z o.o. - Impressio Sp.k. | 2011 | 100% | 100% |
| 52 Ronson Development Partner 3 Sp. z o.o.- Nowe Warzymice Sp. k | 2011 | 100% | 100% |
| 53 Ronson Development Sp. z o.o. - Providence 2011 Sp.k. | 2011 | 100% | 100% |
| 54 Ronson Development Partner 2 Sp. z o.o. - Capital 2011 Sp. k. | 2011 | 100% | 100% |
| 55 Ronson Development Partner 5 Sp. z o.o. - Miasto Marina Sp.k. | 2011 | 100% | 100% |
| 56 Ronson Development Partner 5 Sp. z o.o. - City 1 Sp.k. | 2012 | 100% | 100% |
| 57 Ronson Development Partner 2 Sp. z o.o. - Miasto Moje Sp. k. | 2012 | 100% | 100% |
| 58 Ronson Development sp. z o.o. – Ursus Centralny Sp. k. | 2012 | 100% | 100% |
| 59 Ronson Development Sp. z o.o. - City 4 Sp.k. | 2016 | 100% | 100% |
| 60 Ronson Development Partner 2 Sp. z o.o. – Grunwald Sp.k. | 2016 | 100% | 100% |
| 61 Ronson Development Sp. z o.o. Grunwaldzka” Sp.k. | 2016 | 100% | 100% |
| 62 Ronson Development Sp. z o.o. - Projekt 3 Sp.k. | 2016 | 100% | 100% |
| 63 Ronson Development Sp. z o.o. - Projekt 4 Sp.k. | 2017 | 100% | 100% |
| 64 Ronson Development Sp. z o.o. - Projekt 5 Sp.k. | 2017 | 100% | 100% |
| 65 Ronson Development Sp. z o.o. - Projekt 6 Sp.k. | 2017 | 100% | 100% |
| 66 Ronson Development Sp. z o.o. - Projekt 7 Sp.k. | 2017 | 100% | 100% |
| 67 Ronson Development Sp. z o.o. - Projekt 8 Sp.k. | 2017 | 100% | 100% |
| 68 Bolzanus Limited (<i>Company with the registered office in Cyprus</i>) | 2013 | 100% | 100% |
| 69 Park Development Properties Sp. z o.o. - Town Sp.k. | 2007 | 100% | 100% |
| 70 Tras 2016 Sp. z o.o. | 2011 | 100% | 100% |
| 71 Park Development Properties Sp. z o.o. | 2011 | 100% | 100% |
| 72 Jasminova 2016 Sp. z o.o. | 2016 | 100% | 100% |
| 73 Town 2016 Sp. z o.o. | 2016 | 100% | 100% |
| 74 Enterprise 2016 Sp. z o.o. | 2016 | 100% | 100% |
| 75 Wrocław 2016 Sp. z o.o. | 2016 | 100% | 100% |
| 76 Darwen Sp. z o.o. | 2017 | 100% | 100% |
| 77 Truro Sp. z o.o. | 2017 | 100% | 100% |
| 78 Tregaron Sp. z o.o. | 2017 | 100% | 100% |
| 79 Totton Sp. z o.o. | 2017 | 100% | 100% |
| 80 Tring Sp. z o.o. | 2017 | 100% | 100% |
| 81 Thame Sp. z o.o. | 2017 | 100% | 100% |
| 82 Troon Sp. z o.o. | 2017 | 100% | 100% |
| 83 Tywyn Sp. z o.o. | 2018 | 100% | 100% |

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 7 – Composition of the Group**

| Entity name | Year of incorporation | Share of ownership & voting rights at the end of | |
|---|-----------------------|--|------------------|
| | | 30 September 2021 | 31 December 2020 |
| c. other which are not subject to consolidation: | | | |
| 84 Coralchief sp. z o.o. | 2018 | 50% | 50% |
| 85 Coralchief sp. z o.o. - Projekt 1 sp. k. | 2016 | 50% | 50% |
| 86 Ronson IS sp. z o.o. | 2009 | 50% | 50% |
| 87 Ronson IS sp. z o.o. sp. k. | 2012 | 50% | 50% |

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

(2) *Companies created and registered in KRS in first quarter of 2021*

(3) *Companies created and registered in KRS in second quarter of 2021*

(4) *Companies created and registered in KRS in third quarter of 2021*

(5) *Companies merged with Ronson Development South Sp. z o.o. on 28 September 2021*

Note 8 – Segment reporting

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

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

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

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021
Notes to the Interim Condensed Consolidated Financial Statements

Note 8 – Segment reporting

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

In thousands of Polish Zlotys (PLN)

| As at 30 September 2021 | | | | | | | | | | | | | |
|----------------------------|----------------|---------------|---------------|---------------|---------------|----------|---------------|----------|---------------|----------|----------------|------------------|----------------|
| | Warsaw | | | | Poznań | | Wroclaw | | Szczecin | | Unallocated | IFRS adjustments | Total |
| | Apartments | Houses | Joint venture | Rental | Apartments | Houses | Apartments | Houses | Apartments | Houses | | | |
| Segment assets | 606,262 | 87,515 | 83,112 | 14,368 | 63,258 | - | 45,654 | - | 88,772 | - | - | (72,787) | 916,155 |
| Unallocated assets | - | - | - | - | - | - | - | - | - | - | 44,842 | - | 44,842 |
| Total assets | 606,262 | 87,515 | 83,112 | 14,368 | 63,258 | - | 45,654 | - | 88,772 | - | 44,842 | (72,787) | 960,997 |
| Segment liabilities | 243,591 | 3,468 | 75,163 | 2,059 | 4,716 | - | 11,042 | - | 33,341 | - | - | (75,163) | 298,216 |
| Unallocated liabilities | - | - | - | - | - | - | - | - | - | - | 254,316 | - | 254,316 |
| Total liabilities | 243,591 | 3,468 | 75,163 | 2,059 | 4,716 | - | 11,042 | - | 33,341 | - | 254,316 | (75,163) | 552,532 |

In thousands of Polish Zlotys (PLN)

| As at 31 December 2020 | | | | | | | | | | | | | |
|----------------------------|----------------|----------------|---------------|--------------|---------------|----------|---------------|----------|---------------|----------|----------------|------------------|----------------|
| | Warsaw | | | | Poznań | | Wroclaw | | Szczecin | | Unallocated | IFRS adjustments | Total |
| | Apartments | Houses | Joint venture | Rental | Apartments | Houses | Apartments | Houses | Apartments | Houses | | | |
| Segment assets | 417,474 | 224,241 | 57,143 | 9,797 | 39,602 | - | 86,106 | - | 72,486 | - | - | (47,202) | 859,648 |
| Unallocated assets | - | - | - | - | - | - | - | - | - | - | 78,119 | - | 78,119 |
| Total assets | 417,474 | 224,241 | 57,143 | 9,797 | 39,602 | - | 86,106 | - | 72,486 | - | 78,119 | (47,202) | 937,767 |
| Segment liabilities | 187,191 | 64,058 | 48,937 | 1,552 | 5,601 | - | 45,123 | - | 11,047 | - | - | (48,937) | 314,572 |
| Unallocated liabilities | - | - | - | - | - | - | - | - | - | - | 243,378 | - | 243,378 |
| Total liabilities | 187,191 | 64,058 | 48,937 | 1,552 | 5,601 | - | 45,123 | - | 11,047 | - | 243,378 | (48,937) | 557,950 |

In thousands of Polish Zlotys (PLN)

| For the nine months ended 30 September 2021 | | | | | | | | | | | | | |
|---|---------------|--------------|---------------|------------|--------------|----------|---------------|----------|--------------|----------|-----------------|------------------|---------------|
| | Warsaw | | | | Poznań | | Wroclaw | | Szczecin | | Unallocated | IFRS adjustments | Total |
| | Apartments | Houses | Joint venture | Rental | Apartments | Houses | Apartments | Houses | Apartments | Houses | | | |
| Revenue/Revenue from external services⁽¹⁾ | 188,043 | 29,166 | 3,820 | 582 | 18,813 | - | 89,094 | - | 23,702 | - | - | (3,820) | 349,399 |
| Segment result | 26,176 | 5,684 | 117 | 176 | 4,204 | - | 18,054 | - | 3,924 | - | - | (117) | 58,218 |
| Unallocated result | - | - | - | - | - | - | - | - | - | - | (16,557) | - | (16,557) |
| Result from operating activities | 26,176 | 5,684 | 117 | 176 | 4,204 | - | 18,054 | - | 3,924 | - | (16,557) | (117) | 41,661 |
| Net finance income/(expenses) | (217) | (70) | (69) | 144 | (22) | - | (49) | - | (120) | - | (2,462) | 69 | (2,795) |
| Profit/(loss) before tax | 25,958 | 5,614 | 48 | 320 | 4,182 | - | 18,005 | - | 3,804 | - | (19,019) | (48) | 38,866 |
| Income tax expenses | - | - | - | - | - | - | - | - | - | - | - | - | (10,099) |
| Profit/(loss) for the period | | | | | | | | | | | | | 28,767 |

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

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting

In thousands of Polish Zlotys (PLN)

For the nine months ended 30 September 2020

| | Warsaw | | | | Poznań | | Wroclaw | | Szczecin | | Unallocated | IFRS adjustments | Total |
|---|---------------|--------|-------|--------|------------|--------|------------|--------|------------|--------|-------------|------------------|----------|
| | Joint venture | | | Rental | Apartments | Houses | Apartments | Houses | Apartments | Houses | | | |
| | Apartments | Houses | | | | | | | | | | | |
| Revenue/Revenue from external services ⁽¹⁾ | 153,523 | 4,074 | 2,009 | 619 | 75,031 | - | 43,711 | - | 44,976 | - | - | (2,009) | 321,934 |
| Segment result | 55,694 | 52 | (620) | 306 | 15,672 | - | (2,596) | - | 39 | - | - | 110 | 68,657 |
| Unallocated result | - | - | - | - | - | - | - | - | - | - | (16,834) | - | (16,834) |
| Result from operating activities | 55,694 | 52 | (620) | 306 | 15,672 | - | (2,596) | - | 39 | - | (16,834) | 110 | 51,823 |
| Net finance income/(expenses) | (389) | (13) | (296) | (9) | (25) | - | (963) | - | (114) | (1) | (1,810) | 296 | (3,324) |
| Profit/(loss) before tax | 55,305 | 39 | (916) | 297 | 15,647 | - | (3,559) | - | (75) | (1) | (18,644) | 406 | 48,499 |
| Income tax expenses | | | | | | | | | | | | | (10,995) |
| Profit/(loss) for the period | | | | | | | | | | | | | 37,504 |

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

In thousands of Polish Zlotys (PLN)

For the three months ended 30 September 2021

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

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

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting

In thousands of Polish Zlotys (PLN)

For the three months ended 30 September 2020

| | Warsaw | | | | Poznań | | Wroclaw | | Szczecin | | Unallocated | IFRS adjustments | Total |
|--|------------|--------------|---------------|------------|--------------|----------|----------------|----------|------------|------------|----------------|------------------|--------------|
| | Apartments | Houses | Joint venture | Rental | Apartments | Houses | Apartments | Houses | Apartments | Houses | | | |
| Revenue from external customers⁽¹⁾ | 2 047 | 2,674 | 112 | 201 | 36,893 | - | 7,073 | - | 19,947 | - | - | (112) | 68,835 |
| Segment result | 354 | (164) | (429) | 110 | 6,590 | - | (878) | - | 410 | - | - | 464 | 6,457 |
| Unallocated result | - | - | - | - | - | - | - | - | - | - | (5,361) | - | (5,361) |
| Result from operating activities | 354 | (164) | (429) | 110 | 6,590 | - | (878) | - | 410 | - | (5,361) | 464 | 1,096 |
| Net finance income/ (expenses) | (103) | (2) | 636 | - | (10) | - | (597) | - | (105) | (1) | (308) | (636) | (1,126) |
| Profit/(loss) before tax | 251 | (166) | 207 | 110 | 6,580 | - | (1,475) | - | 305 | (1) | (5,669) | (172) | (30) |
| Income tax expenses | | | | | | | | | | | | | 3,107 |
| Profit/(loss) for the period | | | | | | | | | | | | | 3,137 |

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

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory, Residential landbank and Land for sale

Inventory

Movements in Inventory during the nine months ended 30 September 2021 were as follows:

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 December 2020 | Transferred from/to land designated for development | Transferred to finished units | Additions | As at 30 September 2021 |
|---|------------------------------|--|----------------------------------|----------------|-------------------------------|
| Land and related expense | 294,430 | 7,240 | (43,144) | 51,822 | 310,349 |
| Construction costs | 194,539 | - | (159,137) | 147,087 | 182,490 |
| Planning and permits | 16,760 | 0 | (3,833) | 5,050 | 17,977 |
| Borrowing costs ⁽¹⁾ | 34,844 | 496 | (4,762) | 7,468 | 38,046 |
| Borrowing costs on lease and depreciation perpetual usufruct right | 2,758 | - | (344) | 756 | 3,170 |
| Other | 3,839 | 30 | (2,146) | 3,444 | 5,167 |
| Work in progress | 547,170 | 7,766 | (213,366) | 215,627 | 557,198 |

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 December 2020 | Transferred from work in progress | Recognized in the statement of comprehensive income | As at 30 September 2021 |
|--|------------------------------|--------------------------------------|--|-------------------------------|
| Finished goods | 109,419 | - | (284,698) | 38,087 |

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 December 2020 | Revaluation write-down recognized in statement of comprehensive income | | As at 30 September 2021 |
|--|------------------------------|---|--------------|-------------------------------|
| | | Increase | Utilization | |
| Write-down | (5,503) | - | 1,384 | (4,119) |

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 December 2020 | Recalculation adjustment | Depreciation | Transfer to Other receivables | As at 30 September 2021 |
|--|------------------------------|-----------------------------|--------------|----------------------------------|-------------------------------|
| Perpetual usufruct right | 13,675 | 32 | (118) | (1,860) | 11,729 |
| Inventory, valued at lower of - cost and net realisable value | 664,761 | - | | | 602,895 |

(1) Borrowing costs are capitalized to the value of inventory with 4.2678% average effective capitalization interest rate.

(2) For additional information see note 12.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 9 – Inventory, Residential landbank and Land for sale***Residential landbank*

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

| <i>In thousands of Polish Zloty (PLN)</i> | For the 9 months ended 30 September 2021 | For the year ended 31 December 2020 |
|---|---|--|
| Opening balance | 45,486 | 44,321 |
| Reclassified from inventory | - | 31,920 |
| Moved to inventory | (32,706) | (28,750) |
| Write-down adjustment | 1,398 | (2,005) |
| Total closing balance | 14,178 | 45,486 |
| Closing balance includes: | | |
| Book value | 17,348 | 50,043 |
| Write-down | (3,170) | (4,557) |
| Total Closing balance | 14,178 | 45,486 |

In the period ended 30 September 2021 the Company decided to move to Inventory project Vivaldi in the total amount of PLN 7,766 thousand.

Land for sale

In the period ended 30 September 2021 the Company transferred from Residential landbank to land for sale Naturalis project located in Łomianki. On 28 September 2021 Management Board decided to sale the real property. The reason for selling the plot was due to the analysis made on the profitability of project and based on the investigation made by the Company during execution of next stages of the project, additional costs and difficulties may appear that may result in executing this project with a loss. The selling price was set for PLN 22,500,000 based on the offer received from the Buyer and will be paid immediately upon signing of the final sale agreement, no later than 30 October 2021.

The below table presents the net result on the sale of the plot:

| | As at 30 September 2021 | As at 31 December 2020 |
|------------------------------------|--------------------------------|-------------------------------|
| Selling price of the plot | 22,500 | - |
| Carrying amount of net assets sold | 24,940 | - |
| Net result on the sale | (2,440) | - |

The impairment resulting from the reclassifications of the plot to land for sale has been presented in line Cost of sales.

Note 10 - Trade and other receivables and prepayments

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 30 September 2021 | As at 31 December 2020 |
|---|------------------------------------|-----------------------------------|
| Value added tax (VAT) receivables | 22,422 | 12,748 |
| Trade and other receivables | 8,200 | 8,649 |
| Trade and other receivables (operational leasing - IFRS 16) | 920 | 1,377 |
| Bid bond | 1,437 | 1,437 |
| Notary's deposit | 4,460 | 6,765 |
| Prepayments ⁽¹⁾ | 6,463 | 6,398 |
| Total trade and other receivables and prepayments | 43,902 | 37,374 |

(1) The capitalized costs relating to obtaining the contracts have been presented in this line and amounted to PLN 3.0 milion for the 9 months ended 30 September 2021 year and PLN 3.7 milion for the year ended 31 December 2020.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 11 – Advances for land**

The table below presents the lists of advances for land paid as at 30 September 2021 and 31 December 2020:

| Investment location | As at 30 September 2021 | As at 31 December 2021 |
|----------------------------|--------------------------------|-------------------------------|
| Warsaw, Epopei | 7,500 | 1,000 |
| Warsaw, KEN | 9,000 | - |
| Warsaw, Ursus | 10,000 | - |
| Warsaw, Wysockiego | 4,000 | - |
| Warsaw, Kasprzaka | - | 2,700 |
| Total | 30,500 | 3,700 |

For more information about purchase of plots during the period ended 30 September 2021 please refer to Note 25 to the Interim Condensed Consolidated Financial Statements.

Note 12 – IFRS 16

The movement on the right of use assets and lease liabilities during the period ended 30 September 2021 is presented below:

| <i>In thousands of Polish Zlotys (PLN)</i> | 1 January 2021 | New acquisitions | Depreciation charge | Fair value adjustment | Recalculation adjustment | Completion of projects | 30 September 2021 |
|--|-----------------------|-------------------------|----------------------------|------------------------------|---------------------------------|-------------------------------|--------------------------|
| Right of use assets related to inventory | 13,675 | - | (118) | - | 32 | (1,860) | 11,729 |
| Right of use assets related to investment property | 553 | - | (2) | - | - | n.a | 551 |

| <i>In thousands of Polish Zlotys (PLN)</i> | 1 January 2021 | New acquisitions | Finance expense | Payments | Recalculation adjustment | Completion of projects | 30 September 2021 |
|--|-----------------------|-------------------------|------------------------|-----------------|---------------------------------|-------------------------------|--------------------------|
| Lease liabilities related to inventory | 13,902 | - | 639 | (919) | (91) | (1,878) | 11,653 |
| Lease liabilities related to investment property | 590 | - | 28 | - | - | n.a | 618 |

The movement on the right of use assets and lease liabilities during the period ended 31 December 2020 is presented below:

| <i>In thousands of Polish Zlotys (PLN)</i> | 1 January 2020 | Depreciation charge | Fair value adjustment | Transfer to trade receivables | 31 December 2020 |
|--|-----------------------|----------------------------|------------------------------|--------------------------------------|-------------------------|
| Right of use assets related to inventory | 23,120 | (268) | - | (9,177) | 13,675 |
| Right of use assets related to investment property | 553 | n.a | - | n.a | 553 |

| <i>In thousands of Polish Zlotys (PLN)</i> | 1 January 2020 | Finance expense | Payments | Transfer to trade payables | 31 December 2020 |
|--|-----------------------|------------------------|-----------------|-----------------------------------|-------------------------|
| Lease liabilities related to inventory | 23,549 | 912 | (1,268) | (9,291) | 13,902 |
| Lease liabilities related to investment property | 552 | 37 | - | n.a | 590 |

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 13 – Acquisition of Nova Królikarnia**

During the year 2019, the Company (via its subsidiary) exercised first and second call option under the Call Option Agreements for the total price of PLN 33.9 million and PLN 35.1 million, respectively. Additionally, on 9 April 2020, the Company (via its subsidiary) exercised that last (third) call option under the Call Option Agreement in total amount of PLN 9.9 million. All payments concerning realization of all three call options were made according to the abovementioned schedule. As at 31 December 2020 all payables related to Acquisition of Nova Królikarnia Project were reduced to nil. For more information about the transaction and its details please refer to Note 5 in the Consolidated Annual Financial Statements ended 31 December 2020.

Note 14 – Borrowings*Bond loans*

The table below presents the movements in Bond loans during the nine months ended 30 September 2021 and during the year ended 31 December 2020 as well as the Current and Non-currents balances as at the end of respective periods:

| <i>In thousands of Polish Zloty (PLN)</i> | For the period ended 30 September 2021 (Reviewed/ Unaudited) | For the year ended 31 December 2020 (Audited) |
|---|---|--|
| Opening balance | 230,072 | 187,969 |
| Repayment of bond loans | (77,929) | (55,000) |
| Redemption of bonds (non-cash) | (2,247) | (2,141) |
| Proceeds from bond loans (nominal value) | 100,000 | 100,000 |
| Issue cost | (1,572) | (1,636) |
| Issue cost amortization | 1,252 | 783 |
| Accrued interest | 7,903 | 8,429 |
| Interest repayment | (5,008) | (8,331) |
| Total closing balance | 252,472 | 230,072 |
| Closing balance includes: | | |
| Current liabilities | 54,856 | 54,690 |
| Non-current liabilities | 197,616 | 175,382 |
| Total Closing balance | 252,472 | 230,072 |

Bonds as at 30 September 2021:

| <i>In thousands of Polish Zlotys (PLN)</i> | Currency | Nominal interest rate | Year of maturity | Capital | Accrued interest | Charges and fees | Carrying value |
|--|-----------------|----------------------------------|-----------------------------|----------------|-----------------------------|-----------------------------|---------------------------|
| Bonds loans series T | PLN | 6 month Wibor + 3.50% | 2022 | 50,000 | 748 | (104) | 50,644 |
| Bonds loans series V ⁽²⁾ | PLN | 6 month Wibor + 4.30% | 2024 | 100,000 | 2,256 | (1,175) | 101,081 |
| Bonds loans series W ⁽³⁾ | PLN | 6 month Wibor + 4.00% | 2025 | 100,000 | 1,956 | (1,209) | 100,747 |
| Total | | | | 250,000 | 4,960 | (2,488) | 252,472 |

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 14 – Borrowings****Bonds as at 31 December 2020:**

| <i>In thousands of Polish Zlotys (PLN)</i> | Currency | Nominal interest rate | Year of maturity | Capital | Accrued interest | Charges and fees | Carrying value |
|--|-----------------|------------------------------|-------------------------|----------------|-------------------------|-------------------------|-----------------------|
| Bonds loans series R | PLN | 6 month Wibor + 2.85% | 2021 | 47,859 | 151 | (81) | 47,929 |
| Bonds loans series T | PLN | 6 month Wibor + 3.50% | 2022 | 50,000 | 277 | (233) | 50,045 |
| Bonds loans series U ⁽¹⁾ | PLN | 6 month Wibor + 3.50% | 2023 | 32,317 | 512 | (334) | 32,495 |
| Bonds loans series V ⁽²⁾ | PLN | 6 month Wibor + 4.30% | 2024 | 100,000 | 1,124 | (1,521) | 99,604 |
| Total | | | | 230,176 | 2,065 | (2,168) | 230,072 |

- 1) The series U bonds are subject to mandatory depreciation at the end of the 4th and the 6th interest period (on 31 January 2021 and 31 January 2022, respectively) by reducing the nominal value of each Bond each time in the amount of PLN 150 for each bond.
- 2) The series V bonds are subject to repayment in 2 tranches 40% (PLN 40 million) of the amount together with accumulated interest to be repaid by October 2023 and the remaining amount of 60% (PLN 60 million) together with accumulated interest to be paid by April 2024.
- 3) The series W bonds are subject to repayment in 2 tranches 40% (PLN 40 million) of the amount together with accumulated interest to be repaid by October 2024 and the remaining amount of 60% (PLN 60 million) together with accumulated interest to be paid by April 2025.

Bond loans

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.

On 15 April 2021 the Company issued 100,000 series W non-secured bonds with a nominal value and issue price of PLN 1.0 thousand per bond and an aggregate nominal value and issue price of PLN 100.0 million. The bonds shall be redeemed through the payment in two installments: at the end of the 7th interest period, on 15 October 2024 (redeeming 40% of the nominal value) and the second on 15 April 2025 by redeeming the remaining part of the nominal value.

Together with issuance of series W bonds the Company:

- purchased for redemption series R bonds with a nominal value of PLN 10,000,000 from the bondholders who purchased the bonds for at least the same amount. In addition the Company paid interest accrued on those bonds until the date of the transaction,
- purchased for redemption series U bonds with a nominal value of PLN 2,247,400 from the bondholders who purchased the bonds for at least the same amount. These transactions were settled without cash (by set-off), except for accrued interest on those bonds until the date of the transaction, which were paid by the Company.

On 24 May 2021, the Company repaid all outstanding 37,859 series R bonds with total nominal value of PLN 37,859 thousand. After this repayment, the total number of outstanding bonds series R amounted to nil.

On 31 July 2021 the Company performed the early redemption of series U bonds through the payment of the redemption amount equal to the nominal value of the Bonds plus accrued interest and an additional cash benefit in the form of a premium. The early redemption refers to all series U bonds with total value of PLN 25.2 million.

The early redemption was carried out in connection with the Company's plans to carry out real estate development projects on certain plots, the mortgage of which secures the Bonds. After this repayment, the total number of outstanding bonds series U amounted to nil.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 14 – Borrowings***Bond loans**Financial ratio covenants:*

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

Until the publication date, as at 30 September 2021 and as at 31 December 2020 the Company did not breach any bonds loan covenants, which will expose the Company or the Group for risk of obligatory and immediate repayment of any loan.

The table presenting the Net Indebtedness Ratio as at 30 September 2021 and 31 December 2020:

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 30 September 2021 | As at 31 December 2020 |
|---|------------------------------------|-----------------------------------|
| Loans and borrowings | 252,472 | 230,072 |
| Secured bank loans | 1,387 | - |
| Interest bearing liabilities | - | 8,482 |
| Less: cash on individual escrow accounts (other current financial assets) | (8,231) | (14,239) |
| Less: Cash and cash equivalents | (203,426) | (135,099) |
| Net Debt | 42,202 | 89,216 |
| Equity | 408,465 | 379,817 |
| Ratio | 10.3% | 23.5% |
| Max Ratio | 80.0% | 80.0% |

Other covenants:

Based on the conditions of bonds T, V and W transactions with related-parties (shareholders holding more than 25% of the shares in the Company “within the meaning of IAS 24” or with related parties “including with entities controlling the Company whether jointly or individually, whether directly or indirectly or with their subsidiaries which are not members of the Group) shall not exceed the aggregate amount of PLN 1.0 million during any given calendar year. During the nine months ended 30 September 2021, the consulting fees related to A. Luzon Group amounted to PLN 630 thousand.

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

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

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

For additional information about IFRS 16 see Note 12.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 14 – Borrowings***Secured bank loans*

| <i>In thousands of Polish Zloty (PLN)</i> | For the period 9 months ended 30 September 2021 (Reviewed/ Unaudited) | For the year ended 31 December 2020 (Audited) |
|--|--|--|
| Opening balance | - | 12,875 |
| New bank loan drawdown | 6,779 | 26,096 |
| Bank loans repayments | (5,394) | (39,217) |
| Bank charges | (809) | (67) |
| Bank charges amortization | 115 | 323 |
| Bank charges presented as prepayments | 695 | - |
| Accrued interest/(interest repayment) on bank loans, net | - | (10) |
| Total closing balance | 1,387 | - |
| Closing balance includes: | | |
| Current liabilities | 1,387 | - |
| Non-current liabilities | - | - |
| Total closing balance | 1,387 | - |

Bank loans as at 30 September 2021:

| Investment | Currency | Nominal interest rate | Year of maturity | Credit line amount in (‘000 PLN) | Unpaid amount as at 30 September 2021 (‘000 PLN) | Accrued interest (‘000 PLN) | Balance as at 30 September 2021 (‘000 PLN) |
|-------------------|-----------------|----------------------------------|-----------------------------|---|---|--|---|
| Ursus IB | PLN | 3 month Wibor + 3.00% | 2023 | 26,700 | 311 | - | 311 |
| Miasto Moje V | PLN | 3 month Wibor + 3.00% | 2023 | 35,300 | - | - | - |
| Nowe Warzymice II | PLN | 3 month Wibor + 2.70% | 2022 | 15,000 | 1,076 | - | 1,076 |
| Total | | | | 77,000 | 1,387 | - | 1,387 |

As at 31 December 2020 there were no bank loans received by the Group.

On 30 March 2021 the Company signed agreements for bank loans for Miasto Moje V project in amount up to PLN 35.3 million and for Ursus Centralny Ib in amount up to PLN 26.7 million.

On 17 August 2021 the Company signed agreement for bank loans for Nowe Warzymice II projekt in amount up to PLN 15.0 million.

All bank credit lines are secured.

For additional information about unutilized credit loans see Note 21.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021
Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Trade and other payables and accrued expenses

| | As at 30 September 2021 | As at 31 December 2020 |
|--|--|-----------------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | | |
| Trade payables | 23,314 | 26,994 |
| Accrued expenses | 23,991 | 22,215 |
| Guarantees for construction work | 8,885 | 5,310 |
| Value added tax (VAT) and other tax payables | 968 | 1,087 |
| Non-trade payables | 213 | 1,343 |
| Other trade payables - IFRS 16 | 929 | 1,398 |
| Total trade and other payables and accrued expenses | 58,300 | 58,347 |

Note 16 – Income tax

| | For the 9 months ended 30 September | For the 3 months ended 30 September | For the 9 months ended 30 September | For the 3 months ended 30 September |
|---|--|--|--|--|
| For the period ended | 2021 | 2021 | 2020 | 2020 |
| | <small>(Unaudited) / (unreviewed)</small> | <small>(Reviewed) / (unaudited)</small> | <small>(Reviewed) / (unaudited)</small> | <small>(Reviewed) / (unaudited)</small> |
| <i>In thousands of Polish Zlotys (PLN)</i> | | | | |
| Current tax expense | | | | |
| Current period | 6,318 | 1,572 | 7,581 | 6,764 |
| Taxes in respect of previous periods | (163) | - | - | - |
| Total current tax expense | 6,155 | 1,572 | 7,581 | 6,764 |
| Deferred tax expense | | | | |
| Origination and reversal of temporary differences | 4,555 | 1,756 | 4,805 | (3,583) |
| Tax losses utilized/(recognized) | (611) | 963 | (1,391) | (74) |
| Total deferred tax (benefit)/expense | 3,944 | 2,721 | 3,414 | (3,657) |
| Total income tax expense | 10,099 | 4,293 | 10,995 | 3,107 |

The effective income tax rate in the period ended 30 September 2021 amounted to 26.0% (22.7% in comparative period). Higher effective tax rate in the period of nine month ended 30 September 2021 was due to higher non-tax deductible financial costs related to the bonds issuance costs and intangible services between the related parties, as well as write off of tax losses from previous years, which the subsidiaries in the Group could not utilised.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 17 – Deferred tax assets and liabilities**

Movements in Deferred tax assets and liabilities during the nine months ended 30 September 2021 were as follows:

| <i>In thousands of Polish Zlotys (PLN)</i> | Opening balance 1 January 2021 | Recognized in the statement of comprehensive income | Closing balance 30 September 2021 |
|--|---|--|--|
| Deferred tax assets | | | |
| Tax loss carry forward | 3,491 | 611 | 4,102 |
| Difference between tax and accounting basis of inventory | 16,454 | 12,430 | 28,884 |
| Accrued interest | 3,126 | (417) | 2,654 |
| Accrued expense | 719 | (341) | 378 |
| Write-down on work in progress | 2,041 | (217) | 1,824 |
| Other* | 4,663 | (216) | 4,447 |
| Total deferred tax assets | 30,494 | 11,795 | 42,289 |
| Deferred tax liabilities | | | |
| Difference between tax and accounting revenue recognition | 20,666 | 16,075 | 36,741 |
| Difference between tax base and carrying value of capitalized finance costs on inventory | 8,573 | (974) | 7,599 |
| Accrued interest | 166 | 645 | 811 |
| Fair value gain on investment property | 1,031 | (1) | 1,030 |
| Other | 582 | (6) | 576 |
| Total deferred tax liabilities | 31,018 | 15,740 | 46,758 |
| Total deferred tax benefit (see Note 16) | | 3,945 | |
| Deferred tax assets | 30,494 | | 42,289 |
| Deferred tax liabilities | 31,018 | | 46,758 |
| Offset of deferred tax assets and liabilities for individual companies | (21,457) | | (35,605) |
| Deferred tax assets reported in the statement of financial position | 9,037 | | 6,684 |
| Deferred tax liabilities reported in the statement of financial position | 9,562 | | 11,154 |

* Including deferred tax asset from contributions.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 18 – Advances received**

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

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 30 September 2021 | As at 31 December 2020 |
|---|--------------------------------|-------------------------------|
| Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the statement of comprehensive income | | |
| Opening balance | 219,645 | 254,970 |
| - increase (advances received) | 339,589 | 364,932 |
| - decrease (revenue recognized) | (348,635) | (400,256) |
| Total advances received | 210,599 | 219,645 |
| Other (deferred income)* | 4,431 | 4,622 |
| Total | 215,030 | 224,267 |

* deferred income due to issued invoices for delivered apartments but not fully paid as at 31 December 2020 and 30 September 2021.

Note 19 - Sales revenue and cost of sales

| | For the 9 months ended 30 September | For the 3 months ended 30 September | For the 9 months ended 30 September | For the 3 months ended 30 September |
|--|--|--|--|--|
| | 2021 | 2021 | 2020 | 2020 |
| <i>In thousands of Polish Zlotys (PLN)</i> | (Unaudited) / (unreviewed) | (Reviewed) / (unaudited) | (Reviewed) / (unaudited) | (Reviewed) / (unaudited) |
| Sales revenue | | | | |
| Revenue from residential projects | 348,679 | 102,254 | 321,198 | 68,593 |
| Revenue from sale of services | 720 | 240 | 736 | 242 |
| Total sales revenue | 349,399 | 102,494 | 321,934 | 68,835 |
| Cost of sales | | | | |
| Cost of finished goods sold | (286,290) | (80,763) | (245,871) | (59,619) |
| Inventory write down to the net realisable value | (284) | (2,496) | (737) | (767) |
| Total cost of sales | (286,574) | (83,259) | (246,608) | (60,356) |
| Gross profit on sales | 62,826 | 19,236 | 75,326 | 8,479 |
| Gross profit on sales % | 18% | 19% | 23% | 12% |

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 20 – Impairment losses and provisions**

During the nine months ended 30 September 2021, as a result of Net Realizable Value (NRV) analyses and reviews, a write-down adjustment for some of the Company's inventory was reversed in the amount of 2,835 thousand, while for some other Company's residential landbank the impairment was made in the amount of PLN 2,505 thousand. The reversal of the impairment was made due to sale realization of the projects with showed in the past negative margin, as well as increase in selling prices on the projects designated for development where the impairment was recognized in the past. On the other hand the creation of an impairment is a result of a sale of a project Naturalis in Łomianki with loss in the amount of PLN 2,440 thousand. During the nine months ended 30 September 2020, as a result of Net Realizable Value (NRV) analyses and reviews, a write-down adjustment for some of the Company's inventory was reversed in the amount of 3,757 thousand, while for some other Company's residential landbank the impairment was made in the amount of PLN 737 thousand.

Note 21 – Commitments and contingencies*(i) Investment commitments:*

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

| <i>In thousands of Polish Zlotys (PLN)</i> | Commitments | | | |
|--|--|--|---|---|
| | Contracted amount as at 30 September 2021 | As at 30 September 2021 (Reviewed/ Unaudited) | Contracted amount as at 31 December 2020 | As at 31 December 2020 (Audited) |
| Karmar S.A. | 225,534 | 150,192 | 116,351 | 48,297 |
| Hochtief polska S.A. | 51,400 | 43,178 | 105,857 | 37 |
| Mostostal Warszawa S.A. | 16,700 | 3,310 | 37,636 | 11,478 |
| Danya Cebus Poland Sp. z o.o. | 96,608 | 29,380 | 130,211 | 77,254 |
| Glif Sp. z o. o. | - | - | 11,515 | 1,643 |
| EBUD - Przemysłówka Sp. z o.o. | 25,155 | 16,310 | 13,008 | 1,945 |
| Erbud S.A. | - | - | 27,457 | 3,300 |
| Total | 415,398 | 242,370 | 442,035 | 143,954 |

(ii) Unutilized construction loans:

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

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 30 September 2021 | As at 31 December 2020 |
|--|------------------------------------|-----------------------------------|
| | Nova Królikarnia 2C | - |
| Miasto Moje V | 35,099 | - |
| Ursus Centralny 1b | 23,157 | - |
| Nowe Warzymice II | 11,911 | - |
| Total excluding JV | 70,167 | 20,725 |
| Wilanów Tulip | - | 28,324 |
| Total including JV | 70,167 | 49,049 |

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 21 – Commitments and contingencies***(iv) Contracted proceeds not yet received:*

The table below presents whole consideration to be received from the customers having bought apartments from the Group and which are based on the value of the sale and purchase agreements signed with the clients until 30 September 2021 (including the payments received and unsatisfied obligation for payments at 30 September 2021 and 31 December 2020) and not yet delivered to Clients:

| | As at 30 September 2021 (Reviewed/Unaudited) | | | As at 31 December 2020 (Audited) | | |
|--|---|--|--|---|---|---|
| | Total value of preliminary sales agreements signed with clients | Advances received from Clients until 30 September 2021 | Contracted payments not received yet as at 30 September 2021 | Total value of preliminary sales agreements signed with clients | Advances received from Clients until 31 December 2020 | Contracted payments not received yet as at 31 December 2020 |
| <i>In thousands of Polish Zlotys (PLN)</i> | | | | | | |
| Ursus IIa | 105,556 | 73,401 | 32,155 | 78,726 | 28,158 | 50,569 |
| Ursus Ia | 2,185 | 1,565 | 620 | 56,257 | 41,748 | 14,509 |
| Ursus IIb | 58,735 | 10,014 | 48,721 | - | - | - |
| Ursus Ib | 41,720 | 15,878 | 25,842 | 14,763 | 1,704 | 13,059 |
| Miasto Moje III | 0 | 0 | 0 | 29,301 | 26,071 | 3,230 |
| Miasto Moje IV | 61,336 | 49,776 | 11,560 | 38,027 | 15,333 | 22,694 |
| Miasto Moje V | 57,945 | 22,642 | 35,302 | 15,531 | 1,661 | 13,870 |
| Miasto Moje VI | 7,713 | 698 | 7,015 | | | |
| Vitalia III | 0 | 0 | 0 | 37,570 | 27,760 | 9,809 |
| Viva Jagodno I | 2,569 | 2,404 | 165 | 22,731 | 7,945 | 14,786 |
| Viva Jagodno IIa | 4,703 | 759 | 3,944 | 0 | 0 | 0 |
| Panoramika VI | 23,139 | 15,750 | 7,388 | 13,280 | 2,466 | 10,814 |
| Panoramika V | 1,634 | 1,004 | 629 | 1,465 | 590 | 874 |
| Nowe Warzymice | 1,746 | 143 | 1,603 | 9,119 | 2,332 | 6,787 |
| Nowe Warzymice II | 18,751 | 5,882 | 12,868 | - | - | - |
| Nowe Warzymice III | 10,541 | 915 | 9,626 | | | |
| Nova Królikarnia 3c | 3,809 | 2,962 | 847 | 20,018 | 9,592 | 10,426 |
| Nova Królikarnia 2c | 0 | 0 | 0 | 19,000 | 9,423 | 9,577 |
| Nova Królikarnia 3a | 6,774 | 2,659 | 4,115 | 26,010 | 17,912 | 8,097 |
| Nova Królikarnia 3b | 1,576 | 0 | 1,576 | 23,230 | 17,239 | 5,992 |
| City Link III | 4,312 | 530 | 3,782 | 9,868 | 3,497 | 6,371 |
| Grunwald2 | 1,133 | 569 | 564 | 7,260 | 1,281 | 5,979 |
| Grunwaldzka | 9,111 | 1,490 | 7,621 | - | - | - |
| Other (old) projects | 6,472 | 1,556 | 4,916 | 7,484 | 4,931 | 2,553 |
| Total (excluding JV) | 431,459 | 210,600 | 220,860 | 429,640 | 219,645 | 209,995 |
| Wilanów Tulip | 69,004 | 54,190 | 14,813 | 47,865 | 26,967 | 20,898 |
| Total (including JV) | 500,463 | 264,790 | 235,673 | 477,505 | 246,612 | 230,893 |

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 22 – Risk management**

The Company's and the Group's business activities are significantly affected by global developments, and in particular by their impact on the Polish economy in addition to COVID 19 effect on the Polish market. The most important macroeconomic factors are the level of development of the Polish economy, the level of interest rates in Poland, the inflation rate, the performance of banks and their ability to provide financing to developers and their customers as well as the ability of other financial institutions to invest in corporate bonds.

In terms of risks specific for the sector, in which the Group operates, there is a potential increase in construction costs, a significant increase in interest rates, the challenge of securing lands for reasonable prices which can lead to the significant negative impact on the margins of new phases and projects, a prolongation of administrative procedures as well as an increasing competition in the market are considered to be the most significant uncertainties for the financial period ending 30 September 2021.

Construction cost risk and nonperformance by General contractors

The Group's activities expose it to a variety of construction costs risks such as construction cost increase risk, raw material cost increase, shortage of qualified workforce, increase in labor costs and delay in obtaining the necessary permits to start construction. The Interim Condensed Consolidated Financial Statements do not include all risk management information and disclosures related to the above subject required in the annual financial statements, and should be read in conjunction with the Group's Annual Consolidated Financial Statements for the year ended 31 December 2020 (Note 37). There have been no changes in the risk management measurements and risk management performed by the Company's Management since year end.

(i) Financial risk factors

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

The Interim Condensed Consolidated Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Consolidated Financial Statements for the year ended 31 December 2020 (Note 37). There have been no changes in the risk management measurements performed by the Company since year end or in any risk management policies.

(ii) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities, except for the assumption of new loans and redemption of existing loans during the nine months ended 30 September 2021 as described in Notes 13.

(iii) Fair value estimation

The Investment property is valued at fair value determined by an independent appraiser.

During the nine months ended 30 September 2021 there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets, investment property and financial liabilities.

(iv) Interest rate risk

The Group did not enter into any fixed-rate borrowings transaction except the deferred trade payables. The Group's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Due to IBOR reform the Company and the Group is exposed to changes in the variable interest rates method of calculation (WIBOR) and therefore exposed to the risk of change in the future cash flow from bank loans and bond loans.

A significant increase in interest rates may have negative impact on the Company operations, financial condition and its results as well in negative impact on the company development prospects.

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

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 22 – Risk management***(v) Legislation and administrative risk*

The Company is exposed to variety of new administrative decisions and new legislations imposed by the government and local authorities which can effect in various ways on the Company operations, among those risk we can mention:

- local authorities delaying issuance of the necessary permits to start construction;
- local authorities new regulations regarding roads and infrastructure fees;
- new legislation concerning the developer act in which certain amount should be deducted from Clients payments and deposited into a national Developer Fund;
- new regulations regarding building permit and design standards which may increase the costs of construction.

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

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

COVID-19

The Company believes that the pandemic is still effecting the Polish market and will continue effecting it for quite some time. During the reporting period the Company had witnessed in some of its projects, delays related to administrative proceedings with obtaining permits, which were the direct result of COVID-19 restrictions, as well as in some cases delays by clients with obtaining Credit loans for purchasing of apartments.

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's operations and strategy. There have been no changes in the risk management measurements performed by the Company since year end for further understanding the risk factors identified by the Company related to COVID-19, please refer to the Group's Annual Consolidated Financial Statements for the year ended 31 December 2020 (Note 36 and Note 40).

Note 23 – Related party transactions

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

In the period nine months ended 30 September 2021 and 30 September 2020 the total amount of costs from A. Luzon Group amounted PLN 630 thousand.

In addition to the above, during the nine months ended 30 September 2021, the Group sold one Apartment to Mr Boaz Haim for a total net amount (excluding VAT) of PLN 369.1 thousand and one Apartment to the Company 100% owned by Alon Haver for a total net amount (excluding VAT) of PLN 378.3 thousand. Those transactions were executed at arm's length and was in adherence to the Group's policy in respect of related-party transactions.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 24 – Investment in joint ventures***Share of profit/(loss) of joint venture*

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 30 September 2021 | As at 31 December 2020 |
|---|----------------------------|---------------------------|
| Loans granted | 12,098 | 11,634 |
| Share in net equity value of joint ventures | (1,753) | (1,693) |
| The Company's carrying amount of the investment | 10,345 | 9,941 |
| Presented as Loans granted to joint ventures (current assets) | (1,407) | (1,039) |
| Investment in joint ventures | 8,918 | 8,902 |

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

Loans granted to joint venture

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 30 September 2021 | As at 31 December 2020 |
|--|-------------------------------|---------------------------|
| Opening balance | 11,634 | 13,166 |
| Loans granted | 125 | 1,126 |
| Loans repaid | - | (3,107) |
| Accrued interest | 339 | 595 |
| Interest paid | - | (146) |
| Total closing balance | 12,098 | 11,634 |

As at 30 September 2021, from the total amount of loans granted to joint ventures (amounting in total to PLN 12.1 thousand) loans in the aggregate amount of PLN 1.4 million are maturing no later than 30 September 2022. The loans granted to joint venture were bear a variable rate of WIBOR 3M plus 4% margin.

Note 25 – Other events during the period*Commencements of new projects in nine months ended 30 September 2021*

| Project name | Location | Number of units | Area of units (m²) |
|---------------------|-----------------|------------------------|--------------------------------------|
| Ursus Centralny IIb | Warsaw | 206 | 11,758 |
| Viva Jagodno IIa | Wrocław | 154 | 8,653 |
| Grunwaldzka | Poznań | 70 | 3,351 |
| Miasto Moje VI | Warsaw | 227 | 11,722 |
| Nowe Warzymice III | Szczecin | 63 | 3,535 |
| Total | | 720 | 39,019 |

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 25 – Other events during the period***Completions of projects in nine months ended 30 September 2021*

| Project name | Location | Occupancy permit date | Number of units | Area of units (m²) |
|-----------------------------|-----------------|------------------------------|------------------------|--------------------------------------|
| Nova Królikarnia 3b | Warsaw | 16 February 2021 | 23 | 2,270 |
| Vitalia III | Wrocław | 2 March 2021 | 81 | 6,790 |
| Ursus Centralny Ia | Warsaw | 23 March 2021 | 138 | 7,542 |
| Nova Królikarnia 3a | Warsaw | 27 April 2021 | 31 | 3,188 |
| Nova Królikarnia 3c | Warsaw | 14 May 2021 | 23 | 2,298 |
| Nowe Warzymice I | Szczecin | 21 May 2021 | 54 | 3,234 |
| Viva Jagodno I | Wrocław | 21 July 2021 | 121 | 6,241 |
| Total (excluding JV) | | | 471 | 31,563 |
| Wilanów Tulip | Warsaw | 21 September 2021 | 149 | 9,574 |
| Total (including JV) | | | 620 | 41,137 |

Purchase of land

| Location | Type of agreement | Signed date | Agreement net value (million PLN) | Paid net till 30 September 2021 (million PLN) | Number of units | Potential PUM |
|-------------------------|--------------------------|--------------------|--|--|----------------------------|--------------------------|
| Warsaw, Ursus | preliminary | 17 Jan 2021 | 150.0 | 10.0 | 1860 | 100,000 |
| Poznań, Smardzewska | final | 11 Feb 2021 | 26.0 | 26.0 | 343 | 19,790 |
| Warsaw, KEN | preliminary | 3 Mar 2021 | 16.0 | 9.0 | 94 | 5,700 |
| Warsaw, Epopei (*) | preliminary | 23 Nov 2020 | 20.0 | 13.4 | 432 | 20,700 |
| Warsaw, Wysockiego | preliminary | 2 June 2021 | 14.0 | 4.0 | 125 | 6,875 |
| Warsaw, Studzienna | final | 29 June 2021 | 13.5 | 13.5 | 82 | 4,800 |
| Warsaw, Dobosza | preliminary | 10 Aug 2021 | 10.0 | 2.5 | 67 | 3,700 |
| Warsaw, Stojowskiego | final | 11 Aug 2021 | 13.0 | 13.0 | 191 | 11,000 |
| Poznań, Przemysłowa(**) | preliminary | 27 July 2021 | 13.0 | 2.0 | 137 | 5,600 |
| Total | | | 275.5 | 93.4 | 3,331 | 178,165 |

* during the month of February 2021 the Company signed final agreement for 3 plots connected to Epopei project for the total amount of PLN 6.7 million which is part of the total purchase price for the project

** The agreement was cancelled due to negative due diligence

Distribution of the net profit for year 2020

Ordinary General Meeting of the Company decided to divide the net profit of the Company for the year 2020 in the amount of PLN 40,143 thousand in such a way that the entire profit is allocated to the supplementary capital (presented in the retained earnings). The decision to allocate the net profit to supplementary capital was due to the uncertain economic situation resulting from the still unknown economic effects of the COVID-19 pandemic and increasing prices of plots as well as the intention of the Management Board to continue the development of the Company.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 25 – Other events during the period***Share buyback program*

The table below presents the Treasury shares owned by the Company as at 30 September 2021 and 31 December 2020:

| <i>in PLN</i> | As at 30 September 2021 | As at 31 December 2020 |
|--------------------------|--------------------------------|-------------------------------|
| Number of shares | 164,010,813 | 164,010,813 |
| Share Capital | 12,503,000 | 12,503,000 |
| Treasury shares | 1,567,954 | 1,489,235.00 |
| Value of treasury shares | (1,731,716) | (1,613,110) |
| % of total shares | 0.96% | 0.91% |

For more information about the Share buyback program please refer to Note 23 in the Annual Consolidated Financial Statements ended 31 December 2020.

Notifications from Amos Luzon Development and Energy Group Ltd. of the a change of the ownership interest in the shares in Ronson Development SE

On 13 August 2021 the Company was notified by its indirect majority shareholder, Amos Luzon Development and Energy Group Ltd., with its registered office in Ra'anana, Israel (the "Majority Shareholder"), that the Majority Shareholder acquired as part of the block trades conducted on the regulated market maintained by the Warsaw Stock Exchange a total of 41,505,074 shares in the share capital of the Company. After this transaction A. Luzon Group owned directly and indirectly (via ITR Dori BV and via the Company who is holding own shares) 92.32% of the share capital of the Company (151,422,215 shares in total). From 13 August to 30 September 2021 the Company was notified many times by the Majority Shareholder (also in connection with a fact that he is a related party of Mr. A. Luzon – Chairmen of the Supervisory Board) about acquisition of additional 4,004,174 Company's shares, corresponding to 1.49% in the share capital of the Company. According to those notifications, as at 30 September 2021 the Majority Shareholder owned (directly and indirectly) 94.77% shares in the share capital of the Company (including own shares held be the Company – it shall be noted that in accordance with art. 364 § 2 of the Code of Commercial Companies, the Company does not exercise voting rights from own shares).

Conclusion of a material agreement for General contractors

| Project name | Location | Number of units | General contractor | Agreement signing date | Agreement net value (in millions PLN) | Additional provisions |
|---------------------|-----------------|------------------------|---------------------------|-------------------------------|--|--|
| Viva Jagodno II | Wrocław | 228 | Karmar S.A. | 11 February 2021 | 52.0 | <i>none</i> |
| Ursus IIB and IIC | Warsaw | 401 | Karmar S.A. | 28 May 2021 | 93.8 | <i>- additional works for the amount of PLN 2.4 million - remuneration may also be increased by an amount up to PLN 1.5 million net, if the conditions set out in the contract and beyond the control of the parties are met</i> |
| Grunwaldzka | Poznań | 70 | Karmar S.A. | 28 May 2021 | 18.0 | <i>none</i> |
| Nowe Warzymice III | Szczecin | 63 | Ebud S.A. | 23 June 2021 | 12.9 | <i>none</i> |
| Miasto Moje VI | Warsaw | 227 | Hochtief S.A. | 24 June 2021 | 51.4 | <i>- 400 thousand PLN relates to the costs of work to future stages of Miasto Moje investment</i> |
| Total | | | | | 275.5 | |

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 25 – Other events during the period***Building permits*

| Project name | Location | Occupancy permit date | Number of units | Area of units (m²) |
|--------------------------|-----------------|------------------------------|------------------------|--------------------------------------|
| Viva Jagodno IIA and IIB | Wrocław | 5 January 2021 | 228 | 13,200 |
| Viva Jagodno III | Wrocław | 5 February 2021 | 58 | 3,100 |
| Grunwaldzka | Poznań | 1 March 2021 | 70 | 3,300 |
| Ursus IIB | Warsaw | 2 March 2021 | 206 | 11,800 |
| Ursus IIC | Warsaw | 2 March 2021 | 195 | 11,100 |
| Miasto Moje VII | Warsaw | 21 June 2021 | 243 | 11,600 |
| Ursus IIE | Warsaw | 25 August 2021 | 280 | 16,000 |
| Ursus IID | Warsaw | 3 September 2021 | 335 | 19,100 |
| Total | | | 1,615 | 89,200 |

Note 26 – Subsequent events*Purchase of land*

The below table presents transactions related to purchase of plots subsequently to the reporting date:

| Location | Type of agreement | Signed date | Agreement net value (million PLN) | Number of units | Potential PUM |
|--------------------|--------------------------|--------------------|--|------------------------|----------------------|
| Warsaw, Zaborowska | preliminary | 16.10.2021 | 19.52 | 119 | 6,400 |
| Warsaw, Marynin | preliminary | 16.10.2021 | 25.9 | 148 | 8,100 |
| Szczecin, Sobola | final | 14.10.2021 | 21.0 | 500 | 26,200 |
| Warsaw, Poleczki | preliminary | 27.10.2021 | 8.4 | 86 | 3,500 |
| Warsaw, Dudka | preliminary | 28.10.2021 | 56.5 | 819 | 45,400 |
| Total | | | 131.3 | 1,172 | 89,600 |

Occupancy permits

On 29 October 2021, the Company has obtained occupancy permit for the project Miasto Moje IV property development in Marwilska street, Bialolenka district in Warsaw.

On 8 November 2021, the Company has obtained occupancy permit for the project Ursus Centralny IIa property development in Gierdziejewskiego street, Ursus district in Warsaw.

Sale of land

On 6 October 2021 the Company (via its subsidiary) concluded a sale agreement of an undeveloped real estate of remaining stages of an investment located in Łomianki with a total area of approx. 2 ha for PLN 22.5 million net.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 26 – Subsequent events***Resolutions of Bondholders Meetings regarding change of the Terms and conditions of issuance of Bonds*

On 5 November 2021 the Meetings of bondholders of series T, V and W were held, where resolutions regarding the change of the Terms and conditions of issuance of Bonds were taken. According to the adopted resolutions the following points from the catalogue of Relative Grounds for Early Redemption of Bonds were removed:

1. point regarding the *Excessive investment in land with an unclear legal status* (for series T, V and W). In connection with adoption of those resolutions, the Company is obligated to make additional payment for the account of bondholders in the amount of 0.4% of the nominal value of bonds. The abovementioned premium will be paid on 25 November 2021,
2. Point regarding *Delisting of shares in the Issuer from the WSE* (for series T only).

The Management Board**Boaz Haim**

President of the Management Board

Yaron Shama

Vicepresident of the Management Board, CFO

Andrzej Gutowski

Vicepresident of the Management Board,
Sales Director

Alon Haver

Member of the Management Board

Karolina Bronszewska

Member of the Management Board
Marketing and Innovation Director

Anna Rzczkowska

Person responsible for financial statements
preparation

Warsaw, 9 November 2021

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021
Interim Condensed Company Statement of Financial Positions

| <i>In thousands of Polish Zlotys (PLN)</i> | | As at 30 September 2021 | As at 31 December 2020 |
|---|-------------|-------------------------|------------------------|
| | <i>Note</i> | (Reviewed/Unaudited) | (Audited) |
| Assets | | | |
| Intangible fixed assets | | 24 | 39 |
| Investment in subsidiaries | 6 | 455,798 | 435,874 |
| Loan granted to subsidiaries | 7 | 177,686 | 160,040 |
| Total non-current assets | | 633,508 | 595,953 |
| Trade and other receivables and prepayments | | 134 | 88 |
| Receivable from subsidiaries | | 375 | 3,699 |
| Loan granted to subsidiaries | 7 | - | 307 |
| Cash and cash equivalents | | 29,959 | 27,152 |
| Total current assets | | 30,468 | 31,246 |
| Total assets | | 663,976 | 627,199 |
| Equity | | | |
| Shareholders' equity | | | |
| Share capital | | 12,503 | 12,503 |
| Share premium reserve | | 150,278 | 157,905 |
| Treasury shares | 12 | (1,732) | (1,613) |
| Retained earnings | | 247,416 | 211,022 |
| Total shareholders' equity | | 408,465 | 379,817 |
| Liabilities | | | |
| Long-term liabilities | | | |
| Bond loans | 8 | 197,616 | 175,382 |
| Loans from subsidiaries | | 2,344 | 12,270 |
| Deferred tax liabilities | | 276 | 61 |
| Total long-term liabilities | | 200,236 | 187,712 |
| Current liabilities | | | |
| Bond loans | 8 | 49,896 | 52,625 |
| Other payables - accrued interests on bonds | | 4,960 | 2,065 |
| Loans from subsidiaries | | - | 3,309 |
| Trade and other payables and accrued expenses | | 419 | 1,670 |
| Total current liabilities | | 55,275 | 59,670 |
| Total liabilities | | 255,511 | 247,382 |
| Total shareholders' equity and liabilities | | 663,976 | 627,199 |

The notes included on pages 57 to 61 are an integral part of these interim condensed company financial statements

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021
Interim Condensed Company Statement of Comprehensive Income

| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | For the 9 months ended 30 September 2021 (Reviewed) / (unaudited) | For the 3 months ended 30 September 2021 (Reviewed) / (unaudited) | For the 9 months ended 30 September 2020 (Reviewed) / (unaudited) | For the 3 months ended 30 September 2020 (Reviewed) / (unaudited) |
|--|-------------|--|--|--|--|
| Revenues from consulting services | | 4,310 | 176 | 5,653 | 3,777 |
| General and administrative expense | | (3,354) | (1,105) | (3,623) | (2,459) |
| Other revenues/(expenses) | | (4) | (10) | (5) | (5) |
| Operating profit | | 952 | (939) | 2,025 | 1,313 |
| Result from subsidiaries after taxation | 6 | 32,892 | 9,179 | 38,197 | 8,619 |
| Operating profit after result from subsidiaries | | 33,844 | 8,240 | 40,222 | 9,932 |
| Finance income | | 4,660 | 1,620 | 5,248 | 3,623 |
| Finance expense | | (9,522) | (3,321) | (7,213) | (4,593) |
| Net finance income/(expense) | 9 | (4,862) | (1,701) | (1,965) | (970) |
| Profit/(loss) before taxation | | 28,982 | 6,539 | 38,257 | 8,962 |
| Income tax benefit/(expense) | 10 | (215) | 279 | (753) | (846) |
| Profit for the period | | 28,767 | 6,818 | 37,504 | 8,116 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income/(expense) for the period, net of tax | | 28,767 | 6,818 | 37,504 | 8,116 |
| Weighted average number of ordinary shares (basic and diluted) | | 162,445,822 | 162,442,859 | 162,937,256 | 163,006,990 |
| <i>In Polish Zlotys (PLN)</i> Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted) | | 0.177 | 0.042 | 0.230 | 0.050 |

The notes included on pages 57 to 61 are an integral part of these interim condensed company financial statements

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021
Interim Condensed Company Statement of Changes in Equity

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

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

| | Attributable to the Equity holders of parent | | | | Total Equity/ Equity attributable to the Equity holders of the parent |
|---|--|------------------|--------------------|----------------------|--|
| | Share capital | Share premium | Treasury shares | Retained earnings | |
| <i>In thousands of Polish Zlotys (PLN)</i> | | | | | |
| Balance at 1 January 2020 | 12,503 | 150,278 | (580) | 188,293 | 350,494 |
| Comprehensive income: | | | | | |
| Profit for the period ended 30 September 2020 | - | - | - | 37,504 | 37,504 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income/(expense) | - | - | - | 37,504 | 37,504 |
| Own shares acquired | - | - | (458) | - | (458) |
| Dividend | - | - | - | (9,786) | (9,786) |
| Allocation of 2019 result - share premium increase | - | 7,627 | - | (7,627) | - |
| Balance at 30 September 2020 (Reviewed/ Unaudited) | 12,503 | 157,905 | (1,038) | 208,329 | 377,754 |

The notes included on pages 57 to 61 are an integral part of these interim condensed company financial statements

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Interim Condensed Company Statement of Cash Flows**

| For the 9 months period ended 30 September | 2021 | 2020 |
|--|----------------|-----------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | |
| Cash flows from operating activities | | |
| Profit for the year | 28,767 | 37,504 |
| <i>Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:</i> | | |
| Finance income | 9 (4,661) | (5,248) |
| Finance expense | 9 9,522 | 7,213 |
| Income tax expense | 10 215 | 755 |
| Net results subsidiaries during the year | 6 (32,891) | (38,196) |
| Subtotal | 952 | 2,029 |
| Decrease/(increase) in trade and other receivables and prepayments | (46) | 43 |
| Decrease/(increase) in receivable from subsidiaries | 3,326 | 216 |
| Increase/(decrease) in trade and other payable and accrued expense | (1,251) | (443) |
| Subtotal | 2,982 | 1,845 |
| Interest paid | 8 (8,491) | (6,200) |
| Interest received | 7 3,494 | 2,273 |
| Net cash used in operating activities | (2,015) | (2,082) |
| Cash flows from investing activities | | |
| Loans granted to subsidiaries, net of issue cost | 7 (59,300) | (34,000) |
| Repayment of loans granted to subsidiaries | 7 41,616 | 27,955 |
| Dividend from subsidiary | 13,000 | 34,735 |
| Investment in subsidiaries | (33) | - |
| Net cash used in investing activities | (4,716) | 28,690 |
| Cash flows from financing activities | | |
| Treasury shares | 12 (119) | (458) |
| Dividends paid | - | (9,840) |
| Repayment of loans from subsidiaries/Loans received from subsidiaries | (8,600) | 11,864 |
| Proceeds from bond loans, net of issue costs | 8 96,186 | - |
| Repayment of bond loans | 8 (77,929) | (35,000) |
| Net cash from financing activities | 9,538 | (33,434) |
| Net change in cash and cash equivalents | 2,807 | (6,826) |
| Cash and cash equivalents at 1 January | 27,152 | 7,173 |
| Cash and cash equivalents at the end of the period | 29,959 | 347 |

The notes included on pages 57 to 61 are an integral part of these interim condensed company financial statements

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Company Financial Statements****Note 1 – General**

Ronson Development SE ('the Company'), formerly named Ronson Europe N.V., is an European Company with its statutory seat in Warsaw, Poland. The registered office is located at al. Komisji Edukacji Narodowej 57. 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. For information about companies in the Group which financial data are included in the Interim Condensed Consolidated Financial Statements reference is made to Note 7 in the Interim Condensed Consolidated Financial Statements.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. According to publicly available information, as at 30 September 2021:

- 66.06% of the shares are indirectly controlled and 27.75% of the shares are directly controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group'). The Ultimate Parent is Mr Amos Luzon;
- 0.96% of the shares are held by the Company and therefore also indirectly controlled by A. Luzon Group;
- 5.23% of the outstanding shares are held by other investors.

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 30 September 2021, the Company held 1,567,954 own shares (0.96%) and, in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares.

Note 2 – Basis of preparation of Interim Condensed Company Statements

These Interim Condensed Company Financial Statements of Ronson Development SE have been prepared in accordance with IAS 34 (concerning the preparation of interim financial statements). The Interim Condensed Company Financial Statements do not include all the information and disclosures required in annual financial statements prepared in accordance with the IFRS and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2020, which have been prepared in conformity with IFRS. At the date of authorization of these Interim Condensed Company Financial Statements, the IFRSs applied by the Company are not different from the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

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

These Interim Condensed Company Financial Statements of Ronson Development SE were approved by the Management Board for publication on 9 November 2021 in both English and Polish languages, while the Polish version is binding.

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

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Company Financial Statements****Note 3 – The use of estimates and judgments**

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

In preparing these Interim Condensed Company Financial Statements, the significant judgments made by the Management Board in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Consolidated Financial Statements for the year ended 31 December 2020.

Note 4 – Functional and reporting currency

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

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

Note 5 – Seasonality

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

Note 6 – Investment in subsidiaries

The subsidiaries of the Company are valued with equity methods.

The table below presents the movement in investment in subsidiaries during the nine months ended 30 September 2021 and during the year ended 31 December 2020:

| | For the 9 months ended 30 September 2021 | For the 12 months ended 31 December 2020 |
|--|---|---|
| <i>In thousands of Polish Zlotys (PLN)</i> | | |
| Balance at beginning of the period | 435,874 | 419,835 |
| Investments in subsidiaries | 33 | 1,000 |
| Net result subsidiaries during the period | 32,892 | 40,775 |
| Change of presentation | - | 9,000 |
| Dividend from subsidiary | (13,000) | (34,736) |
| Balance at end of the period | 455,798 | 435,874 |

The Company holds and owns (directly and indirectly) 87 companies. These companies are active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. For additional information see Note 7 to the Interim Condensed Consolidated Financial Statements.

The net result of the investments in subsidiaries in the period of nine months ended 30 September 2020 amounted PLN 38,197 thousand.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Company Financial Statements****Note 7 – Loans granted to subsidiaries**

The table below presents movements in loans granted to subsidiaries held directly and indirectly by the Company during the nine months ended 30 September 2021 and during the year ended 31 December 2020:

| <i>In thousands of Polish Zloty (PLN)</i> | For the period ended 30 September 2021 | For the year ended 31 December 2020 |
|---|---|--|
| | (Reviewed/ Unaudited) | (Audited) |
| Opening balance | 160,347 | 113,829 |
| Loans granted | 59,300 | 79,354 |
| Loans repayment during the year | (41,616) | (27,956) |
| Change of presentation | - | (9,000) |
| Settlement of loans | (1,513) | - |
| Amortization of charges and fees | - | 88 |
| Accrued interest | 4,662 | 6,297 |
| Repayment of interest | (3,493) | (2,265) |
| Total closing balance | 177,686 | 160,347 |
| Closing balance includes: | | |
| Current assets | - | 307 |
| Non-current assets | 177,686 | 160,040 |
| Total closing balance | 177,686 | 160,347 |

The loans are not secured.

All new loans granted are at the similar conditions to those presented in the Company Financial Statements for the year ended 31 December 2020 (more information see Note 10).

Note 8 – Bonds loans

The table below presents the movement in Bond loans during the nine months ended 30 September 2021 and during the year ended 31 December 2020:

| <i>In thousands of Polish Zloty (PLN)</i> | For the period ended 30 September 2021 | For the year ended 31 December 2020 |
|---|---|--|
| | (Reviewed/ Unaudited) | (Audited) |
| Opening balance | 230,072 | 187,969 |
| Repayment of bond loans | (77,929) | (55,000) |
| Redemption of bonds (non-cash) | (2,247) | (2,141) |
| Proceeds from bond loans (nominal value) | 100,000 | 100,000 |
| Issue cost | (1,572) | (1,636) |
| Issue cost amortization | 1,252 | 783 |
| Accrued interest | 7,903 | 8,429 |
| Interest repayment | (5,008) | (8,331) |
| Total closing balance | 252,472 | 230,072 |
| Closing balance includes: | | |
| Current liabilities | 54,856 | 54,690 |
| Non-current liabilities | 197,616 | 175,382 |
| Total Closing balance | 252,472 | 230,072 |

For information about bond covenants, reference is made to Note 14 to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Company Financial Statements****Note 9 – Finance costs and income**

| For the period ended 30 September | 2021 | 2020 |
|--|----------------|----------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | | |
| Interests and fees on granted loans to subsidiaries | 4,660 | 5,241 |
| Interest income on bank deposits | - | 7 |
| Finance income | 4,660 | 5,248 |
| Interest expense on bonds measured at amortized cost | (7,899) | (6,090) |
| Interests and fees on received loans from subsidiaries | (198) | (592) |
| Commissions and fees | (1,337) | (527) |
| Other | (88) | (4) |
| Finance expense | (9,522) | (7,213) |
| Net finance income | (4,862) | (1,965) |

Note 10 – Income tax

| For the period ended 30 September | 2021 | 2020 |
|---|--------------|-------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | | |
| Current tax expense/(benefit) | | |
| Current period | - | - |
| Taxes in respect of previous periods | 391 | - |
| Total current tax expense | 391 | - |
| Deferred tax expense/(benefit) | | |
| Origination and reversal of temporary differences | 333 | 1,050 |
| Expense/(benefit) of tax losses recognized | (509) | (297) |
| Total deferred tax expense/(benefit) | (176) | 753 |
| Total income tax expense/(benefit) | 215 | 753 |

Note 11 – Related parties transactions

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

In the period nine months ended 30 September 2021 and 30 September 2020 the total amount of costs from A. Luzon Group amounted PLN 630 thousand.

In addition to the above, during the nine months ended 30 September 2021, the Group sold one Apartment to Mr Boaz Haim for a total net amount (excluding VAT) of PLN 369.1 thousand and one Apartment to the company 100% owned by Alon Haver for a total net amount (excluding VAT) of PLN 378.3 thousand. Those transactions were executed at arm's length and was in adherence to the Group's policy in respect of related-party transactions.

Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2021**Notes to the Interim Condensed Company Financial Statements****Note 12 – Equity***Repurchase of own shares*

The table below presents the Treasury shares owned by the Company as at 30 September 2021 and 31 December 2020:

| As at | 30 September 2021 | 31 December 2020 |
|--------------------------|----------------------|---------------------|
| Number of shares | 164,010,813 | 164,010,813 |
| Share Capital | 12,503,000 | 12,503,000 |
| Treasury shares | 1,567,954 | 1,489,235.00 |
| Value of treasury shares | (1,731,716) | (1,613,110) |
| % of total shares | 0.96% | 0.91% |

For information regarding the Buyback shares program please refer to Note 11 of the Financial Statements for the year ended 31 December 2020.

Note 13 – Subsequent events

For further subsequent events, reference is made to Note 26 to the Interim Condensed Consolidated Financial Statements.

The Management Board**Boaz Haim**

President of the Management Board

Yaron Shama

Vicepresident of the Management Board, CFO

Andrzej Gutowski

Vicepresident of the Management Board,
Sales Director

Alon Haver

Member of the Management Board

Karolina Bronszewska

Member of the Management Board
Marketing and Innovation Director

Anna Rzczkowska

Person responsible for financial statements
preparation

Warsaw, 9 November 2021