

# **Ronson Development SE**

Company Financial Statements  
for the year ended  
31 December 2021

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## Company Financial Statements for the year ended 31 December 2021

## Company Statement of Comprehensive Income

For the year ended 31 December		2021	2020
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>		
Revenues from consulting services	4	6,025	9,005
General and administrative expense	5,6	(5,308)	(5,420)
Other revenues/(expenses)		11	17
<b>Operating profit</b>		<b>728</b>	<b>3,602</b>
Result from subsidiaries after taxation	9	46,588	40,775
<b>Operating profit after result from subsidiaries</b>		<b>47,316</b>	<b>44,378</b>
Finance income	7	6,430	6,594
Finance expense	7	(12,746)	(9,753)
<b>Net finance income/(expense)</b>		<b>(6,316)</b>	<b>(3,159)</b>
<b>Profit/(loss) before taxation</b>		<b>41,000</b>	<b>41,219</b>
Income tax benefit/(expense)	8	(653)	(1,076)
<b>Profit for the period</b>		<b>40,347</b>	<b>40,143</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(expense) for the period, net of tax</b>		<b>40,347</b>	<b>40,143</b>
<b>Weighted average number of ordinary shares (basic and diluted)</b>		<b>162,445,075</b>	<b>163,103,163</b>
<i>In Polish Zlotys (PLN)</i>			
<b>Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)</b>		<b>0.248</b>	<b>0.246</b>

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

## Company Financial Statements for the year ended 31 December 2021

## Company Statement of Financial Position

As at 31 December		2021	2020
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>		
<b>Assets</b>			
Intangible assets		19	39
Investment in subsidiaries	9	458,449	435,874
Loan granted to subsidiaries	10	196,918	160,040
<b>Total non-current assets</b>		<b>655,386</b>	<b>595,953</b>
Trade and other receivables and prepayments		122	88
Receivable from subsidiaries		473	3,699
Loan granted to subsidiaries	10	2,910	307
Cash and cash equivalents		12,556	27,152
<b>Total current assets</b>		<b>16,061</b>	<b>31,246</b>
<b>Total assets</b>		<b>671,447</b>	<b>627,199</b>
<b>Equity</b>			
<b>Shareholders' equity</b>	11		
Share capital		12,503	12,503
Share premium reserve		150,278	157,905
Treasury shares		(1,732)	(1,613)
Retained earnings		258,996	211,022
<b>Total Equity/ Equity attributable to the Equity holders of the parent</b>		<b>420,045</b>	<b>379,817</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Bond loans	12	196,991	175,382
Loans from subsidiaries		-	12,270
Deferred tax liabilities		714	61
<b>Total long-term liabilities</b>		<b>197,705</b>	<b>187,712</b>
<b>Current liabilities</b>			
Bond loans	12	49,770	52,625
Other payables - accrued interests on bonds	12	2,477	2,065
Loans from subsidiaries	12	-	3,309
Trade and other payables and accrued expenses	13	1,450	1,670
<b>Total current liabilities</b>		<b>53,697</b>	<b>59,670</b>
<b>Total liabilities</b>		<b>251,402</b>	<b>247,382</b>
<b>Total shareholders' equity and liabilities</b>		<b>671,447</b>	<b>627,199</b>

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

## Company Financial Statements for the year ended 31 December 2021

## 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>					
<b>Balance at 1 January 2021</b>	<b>12,503</b>	<b>157,905</b>	<b>(1,613)</b>	<b>211,022</b>	<b>379,817</b>
<i>Comprehensive income:</i>					
Net profit for the period ended 31 December 2021	-	-	-	40,347	40,347
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,347</b>	<b>40,347</b>
<b>Own shares acquired</b>	<b>-</b>	<b>-</b>	<b>(119)</b>	<b>-</b>	<b>(119)</b>
<b>Reclassification of 2019 net result from Share premium to retained earnings<sup>(1)</sup></b>	<b>-</b>	<b>(7,627)</b>	<b>-</b>	<b>7,627</b>	<b>-</b>
<b>Balance at 31 December 2021</b>	<b>12,503</b>	<b>150,278</b>	<b>(1,732)</b>	<b>258,996</b>	<b>420,045</b>

(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>					
<b>Balance at 1 January 2020</b>	<b>12,503</b>	<b>150,278</b>	<b>(580)</b>	<b>188,293</b>	<b>350,494</b>
<i>Comprehensive income:</i>					
Profit for the period ended 31 December 2020	-	-	-	40,143	40,143
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,143</b>	<b>40,143</b>
<b>Own shares acquired</b>	<b>-</b>	<b>-</b>	<b>(1,033)</b>	<b>-</b>	<b>(1,033)</b>
<b>Dividend</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,787)</b>	<b>(9,787)</b>
<b>Allocation of 2019 result - share premium increase</b>	<b>-</b>	<b>7,627</b>	<b>-</b>	<b>(7,627)</b>	<b>-</b>
<b>Balance at 31 December 2020</b>	<b>12,503</b>	<b>157,905</b>	<b>(1,613)</b>	<b>211,022</b>	<b>379,817</b>

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

## Company Financial Statements for the year ended 31 December 2021

## Company Statement of Cash Flows

For the 12 months period ended 31 December	2021	2020
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	
<b>Cash flows from operating activities</b>		
Profit for the year		40,347
		40,143
<i>Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:</i>		
Finance income	7	(6,430)
Finance expense	7	12,746
Income tax expense	8	673
Net results subsidiaries during the year	9	(46,588)
<b>Subtotal</b>		<b>748</b>
		<b>3,765</b>
Decrease/(increase) in trade and other receivables and prepayments		(34)
Decrease/(increase) in receivable from subsidiaries		3,226
		(2,455)
Increase/(decrease) in trade and other payable and accrued expense		(220)
		239
<b>Subtotal</b>		<b>3,720</b>
		<b>1,567</b>
Interest paid		(14,158)
Interest received		5,257
		2,273
<b>Net cash used in operating activities</b>		<b>(5,180)</b>
		<b>(4,627)</b>
<b>Cash flows from investing activities</b>		
Loans granted to subsidiaries, net of issue cost	10	(110,000)
		(79,354)
Repayment of loans granted to subsidiaries	10	70,178
		27,956
Dividend from subsidiary	9	24,020
		34,737
Net investment in subsidiaries	9	(7)
		(1,000)
<b>Net cash used in investing activities</b>		<b>(15,809)</b>
		<b>(17,661)</b>
<b>Cash flows from financing activities</b>		
Purchase of Treasury shares	11	(119)
		(1,033)
Dividends paid	11	-
		(9,787)
Repayment of loans received from subsidiaries	12	(10,665)
		11,864
Proceeds from bond loans, net of issue costs	12	95,105
		96,223
Repayment of bond loans	12	(77,929)
		(55,000)
<b>Net cash from financing activities</b>		<b>6,393</b>
		<b>42,267</b>
<b>Net change in cash and cash equivalents</b>		<b>(14,596)</b>
		<b>19,979</b>
Cash and cash equivalents at 1 January		27,152
		7,173
<b>Cash and cash equivalents at 31 December</b>		<b>12,556</b>
		<b>27,152</b>

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

## Company Financial Statements for the year ended 31 December 2021

## Notes to the Company Financial Statements

## 1. General

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

The Company (together with its subsidiaries, 'the Group') is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. The Company prepared Consolidated Financial Statements for the year ended 31 December 2021, which was authorized for issue on 16 March 2022.

The details of the entities, the year of incorporation and the percentage of ownership and voting rights directly or indirectly held by the Company as at 31 December 2021 and as at 31 December 2020, are presented below and on the following page.

Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
		31 December 2021	31 December 2020
<b>Share of ownership &amp; voting rights at the end of</b>			
<b>a. held directly by the Company:</b>			
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. <sup>(1)</sup>	2007	100%	100%
10 Ronson Development Skyline Sp. z o.o.	2007	100%	100%
11 Ronson Development Universal Sp. z o.o. <sup>(1)</sup>	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.	2019	100%	100%
21 Ronson Development SPV1 Sp. z o.o. <sup>(2)</sup>	2021	100%	n/a
22 Ronson Development SPV2 Sp. z o.o. <sup>(2)</sup>	2021	100%	n/a
23 Ronson Development SPV3 Sp. z o.o. <sup>(2)</sup>	2021	100%	n/a
24 Ronson Development SPV4 Sp. z o.o. <sup>(2)</sup>	2021	100%	n/a
25 Ronson Development SPV5 Sp. z o.o. <sup>(3)</sup>	2021	100%	n/a
26 Ronson Development SPV6 Sp. z o.o. <sup>(3)</sup>	2021	100%	n/a
27 Ronson Development SPV7 Sp. z o.o. <sup>(4)</sup>	2021	100%	n/a
28 Ronson Development SPV8 Sp. z o.o. <sup>(4)</sup>	2021	100%	n/a
29 Ronson Development SPV9 Sp. z o.o. <sup>(4)</sup>	2021	100%	n/a
30 Ronson Development SPV10 Sp. z o.o. <sup>(7)</sup>	2021	100%	n/a
31 Ronson Development SPV11 Sp. z o.o. <sup>(7)</sup>	2021	100%	n/a
<b>b. held indirectly by the Company :</b>			
32 Nova Królikamia B.V. (Company with the registered office in the Netherlands) <sup>(6)</sup>	2016	-	100%
33 AGRT Sp. z o.o.	2007	100%	100%
34 Ronson Development Partner 4 Sp. z o.o. – Panoramika Sp.k.	2007	100%	100%
35 Ronson Development Sp. z o.o. - Estate Sp.k.	2007	100%	100%
36 Ronson Development Sp. z o.o. - Home Sp.k.	2007	100%	100%
37 Ronson Development Sp. z o.o. - Horizon Sp.k.	2007	100%	100%
38 Ronson Development Partner 3 Sp. z o.o. - Sakura Sp.k.	2007	100%	100%
39 Ronson Development Partner 3 sp. z o.o. – Viva Jagodno sp. k.	2009	100%	100%
40 Ronson Development Sp. z o.o. - Apartments 2011 Sp.k.	2009	100%	100%
41 Ronson Development Sp. z o.o. - Idea Sp.k.	2009	100%	100%

## Company Financial Statements for the year ended 31 December 2021

## Notes to the Company Financial Statements

## 1. General

Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
		31 December 2021	31 December 2020
<b>b. held indirectly by the Company :</b>			
42 Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 Sp.k.	2009	100%	100%
43 Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k.	2009	100%	100%
44 Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k.	2009	100%	100%
45 Ronson Development Partner 5 Sp. z o.o. - Vitalia Sp.k.	2009	100%	100%
46 Ronson Development Sp. z o.o. - 2011 Sp.k.	2009	100%	100%
47 Ronson Development Sp. z o.o. - Gemini 2 Sp.k.	2009	100%	100%
48 Ronson Development Sp. z o.o. - Verdis Sp.k.	2009	100%	100%
49 Ronson Espresso Sp. z o.o.	2006	100%	100%
50 Retreat Sp. z o.o. <sup>(5)</sup>	2010	-	100%
51 Ronson Development Nautica 2010 Sp. z o.o. <sup>(5)</sup>	2010	-	100%
52 Ronson Development Sp. z o.o. - Naturalis Sp.k.	2011	100%	100%
53 Ronson Development Sp. z o.o. - Impressio Sp.k.	2011	100%	100%
54 Ronson Development Partner 3 Sp. z o.o. - Nowe Warzymice Sp. k	2011	100%	100%
55 Ronson Development Sp. z o.o. - Providence 2011 Sp.k.	2011	100%	100%
56 Ronson Development Partner 2 Sp. z o.o. - Capital 2011 Sp. k.	2011	100%	100%
57 Ronson Development Partner 5 Sp. z o.o. - Miasto Marina Sp.k.	2011	100%	100%
58 Ronson Development Partner 5 Sp. z o.o. - City 1 Sp.k.	2012	100%	100%
59 Ronson Development Partner 2 Sp. z o.o. - Miasto Moje Sp. k.	2012	100%	100%
60 Ronson Development sp. z o.o. – Ursus Centralny Sp. k.	2012	100%	100%
61 Ronson Development Sp. z o.o. - City 4 Sp.k.	2016	100%	100%
62 Ronson Development Partner 2 Sp. z o.o. – Grunwald Sp.k.	2016	100%	100%
63 Ronson Development Sp. z o.o. Grunwaldzka” Sp.k.	2016	100%	100%
64 Ronson Development Sp. z o.o. - Projekt 3 Sp.k.	2016	100%	100%
65 Ronson Development Sp. z o.o. - Projekt 4 Sp.k.	2017	100%	100%
66 Ronson Development Sp. z o.o. - Projekt 5 Sp.k.	2017	100%	100%
67 Ronson Development Sp. z o.o. - Projekt 6 Sp.k.	2017	100%	100%
68 Ronson Development Sp. z o.o. - Projekt 7 Sp.k.	2017	100%	100%
69 Ronson Development Sp. z o.o. - Projekt 8 Sp.k.	2017	100%	100%
70 Bolzanus Limited ( <i>Company with the registered office in Cyprus</i> )	2013	100%	100%
71 Park Development Properties Sp. z o.o. - Town Sp.k.	2007	100%	100%
72 Tras 2016 Sp. z o.o.	2011	100%	100%
73 Park Development Properties Sp. z o.o.	2011	100%	100%
74 Jasminova 2016 Sp. z o.o.	2016	100%	100%
75 Town 2016 Sp. z o.o.	2016	100%	100%
76 Enterprise 2016 Sp. z o.o.	2016	100%	100%
77 Wrocław 2016 Sp. z o.o.	2016	100%	100%
78 Darwin Sp. z o.o.	2017	100%	100%
79 Truro Sp. z o.o.	2017	100%	100%
80 Tregaron Sp. z o.o.	2017	100%	100%
81 Totton Sp. z o.o.	2017	100%	100%
82 Tring Sp. z o.o.	2017	100%	100%
83 Thame Sp. z o.o.	2017	100%	100%
84 Troon Sp. z o.o.	2017	100%	100%
85 Tywyn Sp. z o.o.	2018	100%	100%
86 Semela Sp. z o.o. <sup>(8)</sup>	2021	100%	n/a
<b>c. other not subject to full consolidation:</b>			
87 Coralchief sp. z o.o.	2018	50%	50%
88 Coralchief sp. z o.o. - Projekt 1 sp. k.	2016	n/a	n/a
89 Ronson IS sp. z o.o.	2009	50%	50%
90 Ronson IS sp. z o.o. sp. k.	2012	n/a	n/a

- (1) The Company has the power to govern the financial and operating policies of this entity and to obtain benefits from its activities, whereas Kancelaria Rady 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
- (6) Company merged with Tras 2016 Sp. z o.o. on 1 October 2021
- (7) Companies created and registered in KRS in fourth quarter of 2021
- (8) Company acquired on 14 December 2021 indirectly by Ronson Development SPV7 Sp. z o.o.



## Company Financial Statements for the year ended 31 December 2021

### Notes to the Company Financial Statements

#### 1. General

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. According to publicly available information, as at 31 December 2021:

- 66.06% of the shares are indirectly controlled by A. Luzon Group (via I.T.R. Dori B.V.) and 27.98% 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;
- 5.00% 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 31 December 2021 and as at 15 March 2022 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.

<i>Shares</i>	As of 15 March 2022 Number of shares / % of shares	Change in number of shares	As of 31 December 2021 Number of shares / % of shares	Change in number of shares	As of 31 December 2020 Number of shares / % of shares
<b>Shares issued:</b>	<b>164,010,813</b>	-	<b>164,010,813</b>	-	<b>164,010,813</b>
I.T.R. Dori B.V. <sup>(1)</sup>	108,349,187 66.06%	-	108,349,187 66.06%	-	108,349,187 66.06%
A. Luzon Group	54,093,672 32.98%	8,201,224 5.00%	45,892,448 27.98%	45,892,448 27.98%	- -
Nationale Nederlanden Otworthy Fundusz Emerytalny	-	-	-	(23,880,000)	23,880,000
	-	-	-	(14.56%)	14.56%
Metlife Otworthy Fundusz Emerytalny	-	-	-	N/A	N/A
	-	-	-	N/A	Between 5%-10%
<b>Shares issued<sup>(2)</sup>:</b>	<b>162,442,859</b>	-	<b>162,442,859</b>	<b>(78,719)</b>	<b>162,521,578</b>
I.T.R. Dori B.V. <sup>(1)</sup>	108,349,187 66.70%	-	108,349,187 66.70%	-	108,349,187 66.67%
A. Luzon Group	54,093,672 33.30%	8,201,224 5.05%	45,892,448 28.25%	45,892,448 28.25%	- -
Nationale Nederlanden Otworthy Fundusz Emerytalny	-	-	-	(23,880,000)	23,880,000
	-	-	-	(14.69%)	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.

## **Notes to the Company Financial Statements**

### **2. Accounting principles**

#### **a) Basis of preparation and statement of compliance**

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

The Company’s Financial Statements of Ronson Development SE were approved by the Management Board for publication on 16 March 2022 in both English and Polish languages, while the Polish version is binding.

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

The financial statements have been prepared on a historical cost basis. With regards to valuation of investment in subsidiaries IAS 27 allows for valuation either at cost or at fair value or in accordance with the equity method. The Company decided to select the equity method.

#### **New and amended standards adopted by the Group**

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 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. Detailed information regarding assets and liabilities basing on variable rates are presented in Note 16. WIBOR is already BMR compliant.
- 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 analyzed by the Management. Based on the assessment the amendments do not impact the Annual Financial Statements of the Company.

#### **New standards and interpretations not yet adopted**

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

#### **b) Functional and reporting currency**

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

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

## Notes to the Company Financial Statements

### 2. Accounting principles

#### c) Use of estimates and judgements

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

#### *Uncertain tax treatment*

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

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

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

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

## Notes to the Company Financial Statements

### 3. Significant accounting policies

The accounting policies applied in the preparation of the attached financial statements are consistent with those applied in the preparation of the financial statements of the Company for the year ended 31 December 2020 and have been applied consistently in all periods presented in the Company's Financial Statements.

#### (a) Foreign currency

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

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

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

#### (b) Revenue from contracts with customers

Revenue from consulting services represents fees charged by the Company to its subsidiaries. Revenue is recognized when control of the goods or services are transferred at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the related parties.

#### (c) Financial instruments

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

#### Financial assets

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

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

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

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

## Notes to the Company Financial Statements

### 3. Significant accounting policies

#### (c) Financial instruments

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

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

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

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

#### Financial liabilities

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

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

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

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

Category	Statement of financial position item	Measurement
Assets measured at amortized costs	Loans granted to subsidiaries	Amortized cost method
	Cash and cash equivalent	Amortized cost method
	Trade and other receivables and prepayments	Amortized cost method
Liabilities measured at amortized costs	Bond loans	Amortized cost method
	Loans from subsidiaries	Amortized cost method
	Trade and other payables and accrued expenses	Amortized cost method

## Notes to the Company Financial Statements

### 3. Significant accounting policies

#### (c) Financial instruments

##### Investments in subsidiaries

Subsidiaries are entities the Company controls directly or indirectly. The Company accounts, based on IAS 27 par 10(c), for investments in subsidiaries under equity method. Under the equity method of accounting, the investments are initially recognized at cost and adjusted subsequently for the post-acquisition changes in share of the net assets of subsidiaries. Dividends received or receivable from subsidiaries are recognized as a reduction in the carrying amount of the investment. The financial statements of subsidiaries are prepared for the same period as the financial statement of the Company. All subsidiaries (apart from Nova Krolikarnia B.V. which was merged into Tras 2016 Sp. z o.o. on 1 October 2021) keep books of accounts in accordance with accounting policies specified in the Accounting Act dated 29 September 1994 ('the Accounting Act') with subsequent amendments and the regulations issued based on that Act. The Company accounts for investments in subsidiaries based on their financial statements as per books of accounts adjusted in order to bring the financial statements of those entities in conformity with IFRSs as adopted by EU.

#### (d) Equity

##### (i) Share capital

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

##### (ii) Share premium

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

##### (iii) Treasury shares

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

#### (e) Provisions

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

#### (f) Income tax expense

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

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

## Notes to the Company Financial Statements

### 3. Significant accounting policies

#### (f) Income tax expense

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

#### (g) Cash and cash equivalents

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

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

### 4. Revenue

The Company provides services related to the preparation and organization of the investment process with respect to development projects owned by the Company's subsidiaries. As part of its responsibilities, the Company undertakes the performance of advisory, management, legal and other activities necessary to manage the investment process. The Company recognizes revenues when the obligation to perform the service is fulfilled, i.e. during the service provision period. The concluded agreements do not contain a significant element of financing. Due to such characteristics of the contracts signed, there are no significant balances of contract assets or contract liabilities, except for trade receivables.

The decrease of revenues by PLN 3.0 million for the year ended 31 December 2021 as compared to the year ended 31 December 2020 results from:

- termination of the contract with Nova Królikarnia projects in year 2021 (decrease by PLN 2,600 thousand compared to year 2020);
- decrease of revenue from management of investment process from PLN 6,300 thousand at year ended 31 December 2020 to PLN 6,000 thousand during the year ended 31 December 2021.

### 5. General and administrative expense

<b>For the year ended 31 December</b>	<b>2021</b>	<b>2020</b>
<i>In thousands of Polish Zlotys (PLN)</i>		
External services	1,061	980
Remuneration fees	4,046	4,109
Other	201	331
<b>Total</b>	<b>5,308</b>	<b>5,420</b>

## Notes to the Company Financial Statements

### 6. Directors' remuneration

#### Management Board personnel compensation

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

As at 31 December	2021	2020
<i>In thousands of Polish Zlotys (PLN)</i>		
Salary and other short time benefit <sup>(3)</sup>	70	-
Management bonus	50	-
<b>Subtotal - Ms Karolina Bronszewska</b>	<b>120</b>	<b>-</b>
Salary and other short time benefit	264	222
Management bonus	95	83
Other <sup>(2)</sup>	132	149
<b>Subtotal - Mr Yaron Shama</b>	<b>491</b>	<b>453</b>
Salary and other short time benefit <sup>(2)</sup>	-	39
Termination fee <sup>(2)</sup>	-	203
<b>Subtotal - Mr Rami Geris</b>	<b>-</b>	<b>242</b>
Salary and other short time benefit	240	120
Incentive plan linked to financial results	425	445
<b>Subtotal - Mr Andrzej Gutowski</b>	<b>665</b>	<b>565</b>
Salary and other short time benefit	1,099	1,069
Management bonus	754	736
Other <sup>(1)</sup>	623	658
<b>Subtotal - Mr Boaz Haim</b>	<b>2,476</b>	<b>2,463</b>
<b>Total</b>	<b>3,752</b>	<b>3,723</b>

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

(2) Transactions with related parties.

(3) Remuneration for 7 months of the year 2021 (from 1 June 2021 – appointment as member of Management Board )



**Company Financial Statements for the year ended 31 December 2021****Notes to the Company Financial Statements****6. Directors' remuneration***Alon Haver*

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

**Supervisory Board remuneration**

<b>As at 31 December</b>	<b>2021</b>	<b>2020</b>
<i>In thousands of Polish Zlotys (PLN)</i>		
Mr Ofer Kadouri ( <i>appointed 1 March 2017</i> )	64	73
Mr Alon Kadouri ( <i>appointed 1 March 2017</i> )	51	57
Mr Shmuel Rofe ( <i>appointed 20 November 2017</i> )	64	73
Mr Piotr Palenik ( <i>appointed 30 June 2017</i> )	51	57
Mr Przemyslaw Kowalczyk ( <i>re-appointed 24 June 2015</i> )	64	73
<b>Total</b>	<b>294</b>	<b>333</b>

The supervisory directors are entitled to an annual fee of EUR 8,900 plus an amount of EUR 1,500 per board meeting (EUR 750 if attendance is by telephone). The total amount due in respect of Supervisory Board fees during 2021 and 2020 amounted to PLN 294 thousand (EUR 64.7 thousand) and PLN 333 thousand (EUR 75 thousand), respectively. In addition, the Company paid social security contributions at the amount of PLN 40 thousand in the year ended 31 December 2021.

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

**7. Net finance income and expense**

<b>For the year ended 31 December</b>	<b>2021</b>	<b>2020</b>
<i>In thousands of Polish Zlotys (PLN)</i>		
Interests and fees on granted loans to subsidiaries	6,430	6,298
Interest income on bank deposits	-	7
Other	-	289
<b>Finance income</b>	<b>6,430</b>	<b>6,594</b>
Interest expense on bonds measured at amortized cost	(10,775)	(8,428)
Interests and fees on received loans from subsidiaries	(206)	(405)
Bank charges	(104)	(129)
Provisions and charges on bonds measured at amortized cost	(1,577)	(783)
Other	(84)	(8)
<b>Finance expenses</b>	<b>(12,746)</b>	<b>(9,753)</b>
<b>Net finance income</b>	<b>(6,316)</b>	<b>(3,159)</b>

**Company Financial Statements for the year ended 31 December 2021****Notes to the Company Financial Statements****8. Income tax**

<b>For the year ended 31 December</b>	<b>2021</b>	<b>2020</b>
<i>In thousands of Polish Zlotys (PLN)</i>		
<b>Current tax expense/(benefit)</b>		
Current period	-	-
Reversal of withholding tax in the Netherlands	391	-
<b>Total current tax expense</b>	<b>391</b>	<b>-</b>
<b>Deferred tax expense/(benefit)</b>		
Origination and reversal of temporary differences	636	1,391
Expense/(benefit) of tax losses recognized	(374)	(315)
<b>Total deferred tax expense/(benefit)</b>	<b>262</b>	<b>1,076</b>
<b>Total income tax expense/(benefit)</b>	<b>653</b>	<b>1,076</b>

**9. Investment in subsidiaries**

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

<b>For the year ended 31 December</b>	<b>2021</b>	<b>2020</b>
<i>In thousands of Polish Zlotys (PLN)</i>		
Balance at beginning of the period	435,874	419,835
Investments in subsidiaries	55	1,000
Sale of shares	(48)	-
Net result subsidiaries during the period	46,588	40,775
Change of presentation	-	9,000
Dividend from subsidiary	(24,020)	(34,736)
<b>Balance at end of the period</b>	<b>458,449</b>	<b>435,874</b>

In the year 2021 the Company acquired 11 new entities through creation new Companies and registering it in KRS. The total amount spent on investments in 2021 amounted PLN 55k. On 11 October 2021 the Company disposed 100% shares in a subsidiary AGRT Sp. z o.o. for the total amount PLN 50k (carrying amount of the shares amounted PLN 50k).

In the year 2021 the Company received the dividends and advance towards the expected dividends from the following subsidiaries:

- Ronson Development Construction Sp. z o.o. in the total amount of PLN 20.8 million;
- Ronson Development South Sp. z o.o. in the total amount of PLN 3.2 million.

The Company holds and owns (directly and indirectly) 87 companies as at 31 December 2021. For information about companies in the Group, controlled directly and indirectly, which financial data are included in the Note 1 of this Financial Statements. These companies are active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland, as well as development of so-called Private Rented Sector, which the Group decided to develop in the next years. The projects managed by the companies are in various stages of development ranging from being in the process of acquiring land for development to projects which are completed or near completion.

## Company Financial Statements for the year ended 31 December 2021

## Notes to the Company Financial Statements

## 10. Loan granted to subsidiaries

## Movements in loans granted to subsidiaries

For the year ended 31 December	2021	2020
<i>In thousands of Polish Zlotys (PLN)</i>		
<b>Opening balance</b>	<b>160,347</b>	<b>113,829</b>
Loans granted	110,000	79,354
Loans repayment during the year	(70,178)	(27,956)
Change of presentation	-	(9,000)
Amortization of charges and fees	-	88
Loans set off	(1,513)	-
Accrued interest	6,430	6,297
Repayment of interest	(5,257)	(2,265)
<b>Total closing balance</b>	<b>199,828</b>	<b>160,347</b>
<b>Closing balance includes:</b>		
Current assets	2,910	307
Non-current assets	196,918	160,040
<b>Total closing balance</b>	<b>199,828</b>	<b>160,347</b>

## Loans as at 31 December 2021:

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

**Company Financial Statements for the year ended 31 December 2021****Notes to the Company Financial Statements****10. Loan granted to subsidiaries***Loans as at 31 December 2020:*

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

The loans are not secured as at 31 December 2021 and 31 December 2020.

**11. Shareholders' equity***Share capital*

The authorized share capital of the Company consists of 800,000,000 shares of EUR 0.02 par value each. The number of issued and outstanding ordinary shares as at 31 December 2021 and as at 31 December 2020 amounted to 164,010,813. The number of outstanding shares equals the number of votes, as there are no privileged shares issued by the Company. As at 31 December 2021, the Company held 1,567,954 own shares (0.96%) in treasury (see below) and, in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares.

*Distribution of the net profit for year 2020*

Ordinary General Meeting of the Company held on 30 June 2021 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.

*Proposed profit appropriation*

The Management Board, in line with the prevailing dividend policy, will evaluate the possibility to recommend to the Ordinary General Meeting of the Company to be held in 2022 to distribute the dividend for year 2021, after the examination of the current and expected balance sheet of the Company, expected operating, financial and cash-flow position of the Company and taking into consideration: (i) the close observance of all balance-sheet linked debt covenants, (ii) ability of future repayment of debts, (iii) financial needs of the Company aiming to be ranked amongst leading residential developers and (iv) changing market environment.

**Company Financial Statements for the year ended 31 December 2021****Notes to the Company Financial Statements****11. Shareholders' equity***Treasury shares*

During the Extraordinary General Meeting of Shareholders held on 24 January 2019, the shareholders of the Company resolved to approve a share buyback program and the establishment of a capital reserve for the purpose of such program, whereby the Management Board of the Company is authorized to purchase ordinary bearer shares in the Company. In order to fund the purchase of own shares under the buyback program a capital reserve (within retained earnings) is established for an amount of PLN 2.0 million. The capital reserve is subsequently reduced by the amount of the consideration paid for the shares bought back.

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

As at	31 December 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)
<b>% of total shares</b>	<b>0.96%</b>	<b>0.91%</b>

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

**12. Borrowings***Bonds loans*

For the year ended 31 December	2021	2020
<i>In thousands of Polish Zloty (PLN)</i>		
<b>Opening balance</b>	<b>230,072</b>	<b>187,969</b>
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	(2,648)	(1,636)
Issue cost amortization	1,576	783
Accrued interest	10,775	8,429
Interest repayment	(10,362)	(8,331)
<b>Total closing balance</b>	<b>249,238</b>	<b>230,072</b>
<b>Closing balance includes:</b>		
Current liabilities	52,247	54,690
Non-current liabilities	196,991	175,382
<b>Total Closing balance</b>	<b>249,238</b>	<b>230,072</b>

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.

## Notes to the Company Financial Statements

### 12. Borrowings

#### Bonds loans

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.

More details on bonds are presented in the Consolidated Financial Statements in the Note 23.

#### Loans from subsidiaries

As at 31 December 2021 the Company repaid all its loans towards subsidiaries.

The table below presents the movements on the loans during the year ended 31 December 2021 and 31 December 2020:

<b>For the year ended 31 December</b>	<b>2021</b>	<b>2020</b>
<i>In thousands of Polish Zlotys (PLN)</i>		
<b>Opening balance</b>	<b>15,579</b>	<b>3,309</b>
Loans received	-	24,600
Loans repayment during the year	(10,665)	(12,735)
Loans set off	(1,513)	-
Accrued interest	196	405
Paid interests	(3,597)	-
<b>Total closing balance</b>	<b>-</b>	<b>15,579</b>
<b>Closing balance includes:</b>		
Current liabilities	-	3,309
Non-current liabilities	-	12,269
<b>Total closing balance</b>	<b>-</b>	<b>15,579</b>

### 13. Trade and other payables and accrued expenses

<b>As at 31 December</b>	<b>2021</b>	<b>2020</b>
<i>In thousands of Polish Zlotys (PLN)</i>		
Trade payables and accrued expenses	1,450	1,670
<b>Total trade and other payables and accrued expenses</b>	<b>1,450</b>	<b>1,670</b>

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

## Notes to the Company Financial Statements

### 14. Commitments and contingencies

#### Guarantees provided by the Company

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

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

As at 31 December 2020 there were no sureties with respect to the construction loans contracts granted by the Company.

### 15. Related party transactions

During the financial years ended 31 December 2021 and 31 December 2020, respectively, there were no transactions between the Company on the one hand, and its shareholders, their affiliates and other related parties which would qualify as not being at arm's length.

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

For further information on related party transactions reference is made to Note 30 of the Consolidated Financial Statements.

### 16. Financial risk management, objectives and policies

The Company on standalone basis and as a parent to Ronson Group is exposed to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Management Board reviews and agrees policies for managing each of these risks on the consolidated level. For a description of the Group's financial risk management, objectives and policies reference is made to Note 31 of the Consolidated Financial Statements. Details regarding the financial risk factors in relation to the Company are described below.

The Company's principal financial instruments comprise cash balances, bond loans, loans granted, trade receivables and trade payables. The main purpose of these financial instruments is to manage the Company's liquidity and to raise finance for the Company's and Group's operations. The Company and the Group does not use derivative financial instruments to hedge currency or interest rate risks arising from the Company's or Group's operations and its sources of finance. It is, and has been throughout the year ended 31 December 2021 and 31 December 2020, the Company's and Group's policy that no trading in (derivative) financial instruments shall be undertaken.

#### Credit risk

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

## Notes to the Company Financial Statements

### 16. Financial risk management, objectives and policies

#### Credit risk

The Company does not expect any counter parties to fail in meeting their obligations. In particular with respect to the loans granted to subsidiaries, the Company as a parent, is able to monitor on ongoing basis the financial standing of counter parties. All loans granted were determined as low credit risk instruments at initial recognition and with respect to none loan the credit risk has increased. The Company places its cash and cash equivalents in financial institutions with high credit ratings. Management does not expect any counterparty to fail to meet its obligations. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Group's customer base, primarily related parties and past history confirm recoverability of amounts due. Given such characteristics of the financial instruments the Management estimates that credit risk loss allowance with respect to all financial instruments, including primarily loans granted, is immaterial.

#### Market risk

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

##### *(i) Foreign currency risk*

The Company is exposed to foreign currency risk on receivables and payables denominated in a currency other than PLN to a limited extent only. As at 31 December 2021 and 2020, trade receivables and payables denominated in foreign currencies were insignificant.

##### *(ii) Price risk*

The Company's exposure to marketable and non-marketable securities price risk does not exist because the Company has not invested in securities as at 31 December 2021 and 2020.

##### *(iii) Interest rate risk*

The Company did not enter into any fixed-rate borrowings transaction in the year ended 31 December 2021. The Group's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The Company's risk is offset by loans granted, which terms and conditions reflect terms and conditions of bond loans received. 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. Also due to the significant increase in interest rates may have a negative impact on the Company operations, financial condition and its results as well a negative impact on the Company development prospects.

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

#### COVID-19

Following the second year of the COVID-19 pandemic, the Company witnessed the effect of the pandemic on the Polish market and believe that will continue effecting it probably for quite some time. During the reporting period the Company had experienced in some of its projects, delays related to administrative proceedings with obtaining permits which translated to delay in starting of projects, as direct result of COVID-19 restrictions, as well as in some cases delays by clients with obtaining Credit loans for purchasing of apartments.

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



## Company Financial Statements for the year ended 31 December 2021

## Notes to the Company Financial Statements

## 16. Financial risk management, objectives and policies

## Liquidity risk

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

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

*Effective interest rates and liquidity risk analysis*

As at 31 December 2021								
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	<i>Average effective interest rate</i>	<i>Total</i>	<i>6 months or less</i>	<i>6-12 months</i>	<i>1-2 years</i>	<i>2-5 years</i>	<i>More than 5 years</i>
<b>Fixed rate instruments</b>								
Cash and cash equivalents		0.00%	<b>12,556</b>	12,556	-	-	-	-
Loans granted to subsidiaries	10	6.00%	<b>261</b>	-	261	-	-	-
<b>Variable rate instruments</b>								
Floating rate bonds	12	Wibor 6M + 3.50% - 4.30%	<b>(249,238)</b>	(52,247)	-	(140,000)	(56,991)	-
Loans granted to subsidiaries	10	Wibor 6M + 3.20% - 4.00%	<b>199,567</b>	-	2,648	52,696	144,122	-

As at 31 December 2020								
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	<i>Average effective interest rate</i>	<i>Total</i>	<i>6 months or less</i>	<i>6-12 months</i>	<i>1-2 years</i>	<i>2-5 years</i>	<i>More than 5 years</i>
<b>Fixed rate instruments</b>								
Cash and cash equivalents		0.00%	<b>27,152</b>	27,152	-	-	-	-
Loans from subsidiaries	12	5.79-6.00%	<b>(15,579)</b>	(3,309)	-	-	(12,269)	-
Loans granted to subsidiaries	10	6.00%	<b>307</b>	-	-	307	-	-
<b>Variable rate instruments</b>								
Floating rate bonds	12	Wibor 6M + 2.85% - 4.30%	<b>(230,072)</b>	(54,640)	-	(116,345)	(59,087)	-
Loans granted to subsidiaries	10	Wibor 6M + 4.00%	<b>160,039</b>	-	-	53,399	106,641	-

*Sensitivity analysis on the interest rates change*

<i>thousands of Polish Zlotys (PLN)</i>	31 December 2021		31 December 2020	
	<i>Increase by 1%</i>	<i>decrease by 1%</i>	<i>Increase by 1%</i>	<i>decrease by 1%</i>
<b>Income statement</b>				
Variable interest rate assets	-	-	-	-
Variable interest rate liabilities	(831)	831	(767)	767
<b>Total</b>	<b>(831)</b>	<b>831</b>	<b>(767)</b>	<b>767</b>
<b>Net assets</b>				
Variable interest rate assets	-	-	-	-
Variable interest rate liabilities	(831)	831	(767)	767
<b>Total</b>	<b>(831)</b>	<b>831</b>	<b>(767)</b>	<b>767</b>

**Company Financial Statements for the year ended 31 December 2021****Notes to the Company Financial Statements****17. Information about agreed-upon engagements of the Company's auditor**

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

<b>For the year ended 31 December</b>	<b>2021</b>	<b>2020</b>
<i>In thousands of Polish Zlotys (PLN)</i>		
Audit and review remuneration	464	460
Other services	77	46
Audit remuneration for prior periods	-	-
Reimbursed audit review costs <sup>(1)</sup>	(117)	(127)
<b>Total remuneration for the expense of the Company</b>	<b>424</b>	<b>379</b>

*(1) Costs in respect of the audit review of the Company's first and third quarter reports have been reimbursed in 50% to Main Company's shareholder. For an explanation reference is made to Note 30 to the Consolidated Financial Statements (under 'Other').*

**18. Other events during the financial year****Changes in the Management and Supervisory Board**

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".

On 23 November 2021 Mr. Alon Haver submitted his resignation from the position of the Member of the Management Board of the Company, with effective date as of 31 December 2021.

**Other events**

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 31 December 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 4,387,374 Company's shares, corresponding to 2.68% in the share capital of the Company. According to those notifications, as at 31 December 2021 the Majority Shareholder owned (directly and indirectly) 95% shares in the share capital of the Company (including own shares held by 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).

## Notes to the Company Financial Statements

### 19. Subsequent events

#### Purchase of shares by indirect majority shareholder

From 31 December 2021 to 15 March 2022 the Company was notified many times by the Majority Shareholder about acquisition of additional 8,201,224 Company's shares, corresponding to 5.00% in the share capital of the Company, giving the Majority Shareholder 99.04% shares in the Company's share capital as at 15 March 2022.

#### Conclusion of investment agreements

On 1 February 2022 the Company and Amos Luzon Development and Energy Group Ltd. (the Majority Shareholder), concluded SAFE agreements with Sphera Master Fund L.P., More Provident Funds Ltd., Sphera Small Cap Fund L.P. and EJS Galatee Holdings (the "Investors") pursuant to which the Investors undertook, subject to certain conditions, to invest in the Company the total amount of 45 million Israeli shekels (around 55 million Polish zloty). The above amount will be received by the Company following the satisfaction of certain conditions precedent set out in the agreements, such conditions to be satisfied within thirty days from the conclusion of the respective agreement (such term may be extended by each party by additional 30 days). The above agreements grant the Investors certain rights applicable after the Company is delisted from the regulated market of the Warsaw Stock Exchange, including the right to subscribe for instruments convertible into shares in the Company's share capital, as well as the right to convert their respective investments into shares in Amos Luzon Development and Energy Group Ltd. The above agreements do not impose any restrictive covenants or onerous undertakings on the part of the Issuer.

On 20 February 2022 Ronson Development SE (the "Issuer") and Amos Luzon Development and Energy Group Ltd., the Issuer's controlling shareholder, concluded SAFE agreements with Klirmark Opportunity Fund III L.P. (the "Investor") pursuant to which the Investor undertook, subject to certain conditions, to invest in the Issuer the total amount of ILS15 million (fifteen million Israeli shekels). The above amount will be received by the Issuer following the satisfaction of certain conditions precedent set out in the agreements, such conditions to be satisfied within thirty days from the conclusion of the respective agreement (such term may be extended by each party by additional 30 days). The above agreements grant the Investors certain rights applicable after the Issuer is delisted from the regulated market of the Warsaw Stock Exchange, including the right to subscribe for instruments convertible into shares in the Issuer, as well as the right to convert their respective investments into shares in Amos Luzon Development and Energy Group Ltd.

#### Purchase of shares by the majority shareholder

After the 31 December 2021, the Company was informed several times by the majority shareholder about the acquisition of additional shares of the Company. As a result of these transactions, on 17 January 2022, the Majority Shareholder informed the Company about exceeding (together with its subsidiaries) 95% in the share capital of the Company.

Due to the exceeding of the threshold referred to above, on 14 February 2022, the Company's shareholder, Amos Luzon Development and Energy Group Ltd., announced a request for a compulsory buyout of the Company's shares belonging to all its other shareholders. After the compulsory buyout (settlement was made on 17 February 2022), Luzon Group now holds, directly and indirectly, 100% of the share capital of the Company.

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

On 8 March 2022, the General Meeting of the Company was held, at which the shareholders adopted a resolution on withdrawing the Company's shares from trading on the regulated market. In connection with the adoption of the above resolution, on 9 March 2022, the Company submitted an application to the Polish Financial Supervision Authority for authorization to withdraw the Company's shares from trading on the regulated market.

**The Management Board**

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**Boaz Haim**

President of the Management Board

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**Yaron Shama**

Vicepresident of the Management Board, CFO

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**Andrzej Gutowski**

Vicepresident of the Management Board,  
Sales Director

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**Karolina Bronszewska**

Member of the Management Board  
Marketing and Innovation Director

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**Anna Rzeczowska**

Person responsible for  
preparation of financial statements

**Warsaw, 16 March 2022**