

Ronson Development SE

Interim Financial Report
for the three months
ended
31 March 2022

Including the Interim Condensed Consolidated Financial Statements of Ronson Development SE
for the three months ended 31 March 2022
and the Interim Condensed Company Financial Statements of Ronson Development SE
for the three months ended 31 March 2022

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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 were traded on the Warsaw Stock Exchange until 28 April 2022. As at 31 March 2022, 100% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group'), whereas 32.98% of the shares are controlled directly by A. Luzon Group, 66.06% of the shares are controlled via I.T.R. Dori B.V., a fully owned subsidiary of A. Luzon Group and 0.96% of the shares are held by the Company. 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 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. For an overview of shares, voting rights and major shareholders of the Company reference is made to page 15.

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 three months ended 31 March 2022, the Group realized sales of 99 units with the total value of PLN 45.6 million, which is a decrease comparing to sales of 355 units with the total value PLN 172.1 million during the three months ended 31 March 2021.

Until 31 March 2022 the Group delivered 268 units in 100% owned projects which represent a total revenue of PLN 112.4 million.

As at 31 March 2022, the Group has 803 units available for sale in 15 locations, of which 774 units are in ongoing projects and the remaining 29 units are in completed projects. The ongoing projects comprise a total of 1,462 units, with an aggregate floor space of 80,609 m². The construction of 677 units with a total area of 37,415 m² is expected to be completed during remaining period of 2022.

The Group has a pipeline of 14 projects in different stages of preparation, representing approximately 5,504 units with an aggregate floor space of approximately 313,564 m² for future development in Warsaw, Poznań, Wrocław and Szczecin.

During the remaining period of 2022, the Group is considering commencement of 6 stages of the currently running projects and 4 new projects comprising 1,027 units with a total area of 61,380 m².

In addition to the above as at 31 March 2022 the Group is in process of finalizing the purchase of 7 plots located in Warsaw with a total projected PUM of 169,424 m² with an estimated 3,557 units for construction.

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Business highlights during the three months ended 31 March 2022

A. Results breakdown by project

The following table specifies revenue, cost of sales, gross profit and gross margin during the three months ended 31 March 2022 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 IIa | 190 | 10,154 | 79,467 | 70.7% | 60,172 | 69.1% | 19,295 | 24.3% |
| Miasto Moje IV | 44 | 1,919 | 15,540 | 13.8% | 11,657 | 13.4% | 3,883 | 25.0% |
| Panoramika VI | 23 | 1,125 | 7,171 | 6.4% | 6,671 | 7.7% | 500 | 7.0% |
| Nova Królikarnia 3a | 2 | 251 | 3,325 | 3.0% | 2,812 | 3.2% | 513 | 15.4% |
| Nova Królikarnia 3c | 1 | 115 | 1,401 | 1.2% | 1,146 | 1.3% | 255 | 18.2% |
| Nowe Warzymice I | 2 | 171 | 1,194 | 1.1% | 1,023 | 1.2% | 171 | 14.3% |
| Panoramika V | 2 | 142 | 1,104 | 1.0% | 975 | 1.1% | 129 | 11.7% |
| Other | 4 | 393 | 3,184 | 2.8% | 2,606 | 3.0% | 577 | n.a. |
| Total / Average | 268 | 14,270 | 112,385 | 100% | 87,061 | 100% | 25,323 | 22.5% |
| Impairment recognized | n.a. | n.a. | n.a. | | 125 | | (124) | n.a. |
| Results after write-down adjustment | 268 | 14,270 | 112,385 | | 87,186 | | 25,199 | 22.4% |
| Wilanów Tulip ⁽³⁾ | 15 | 1,030 | 9,663 | | 7,556 | | 2,107 | 21.8% |
| Economic results | 283 | 15,300 | 122,048 | | 94,743 | | 27,306 | 22.4% |

(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 three months ended 31 March 2022 amounted to PLN 112.4 million, whereas cost of sales before write-down adjustment amounted to PLN 87.1 million, that resulted in a gross profit before write-down adjustment amounting to PLN 25.3 million representing a gross margin of 22.5%. 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 122.0 million, whereas cost of sales amounting to PLN 94.7 million, that resulted in a gross profit amounting to PLN 27.3 million, representing a gross margin of 22.4%.

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Business highlights during the three months ended 31 March 2022

A. Results breakdown by project

Projects completed during the three months ended on 31 March 2022

During the three months ended 31 March 2022 no projects were completed.

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 three months ended 31 March 2022:

| Project name | Location | Completion date | Total Project Units | Total Area of units (m2) | Total units sold until 31 March 2022 | Total units delivered until 31 December 2021 | Units delivered during 2022 | Recognised income during year 2022 (PLN'000) | Units sold not delivered as at 31 March 2022 | Units for sale as at 31 March 2022 | Left to sale/deliver after 31 March 2022 |
|---------------------------|----------|-----------------|---------------------|--------------------------|--------------------------------------|--|-----------------------------|--|--|------------------------------------|--|
| Ursus Centralny IIa | Warsaw | Q4 2021 | 251 | 13,509 | 250 | 57 | 190 | 79,467 | 3 | 1 | 4 |
| Miasto Moje IV | Warsaw | Q4 2021 | 176 | 8,938 | 167 | 123 | 44 | 15,540 | - | 9 | 9 |
| Panoramika VI | Szczecin | Q4 2021 | 75 | 3,591 | 75 | 51 | 23 | 7,171 | 1 | - | 1 |
| Nova Królikarnia 3a | Warsaw | Q2 2021 | 31 | 3,188 | 31 | 29 | 2 | 3,325 | - | - | - |
| Nova Królikarnia 3c | Warsaw | Q2 2021 | 23 | 2,298 | 23 | 22 | 1 | 1,401 | - | - | - |
| Nowe Warzymice I | Szczecin | Q2 2021 | 54 | 3,234 | 49 | 47 | 2 | 1,194 | - | 5 | 5 |
| Panoramika V | Szczecin | Q3 2020 | 115 | 5,992 | 115 | 113 | 2 | 1,104 | - | - | - |
| Miasto Moje I | Warsaw | Q2 2018 | 205 | 10,917 | 205 | 204 | 1 | 819 | - | - | - |
| Młody Grunwald III | Poznań | Q4 2017 | 108 | 7,091 | 107 | 106 | 1 | 694 | - | 1 | 1 |
| Ursus Centralny Ia | Warsaw | Q1 2021 | 138 | 7,542 | 138 | 137 | 1 | 666 | - | - | - |
| Młody Grunwald I | Poznań | Q2 2014 | 148 | 8,575 | 148 | 144 | 1 | 547 | 3 | - | 3 |
| Others | - | - | 13 | 915 | 5 | - | - | 261 | 5 | 8 | 13 |
| Total excluding JV | | | 1,337 | 75,789 | 1,313 | 1,033 | 268 | 112,187 | 12 | 24 | 36 |
| Wilanów Tulip | Warsaw | Q3 2021 | 149 | 9,574 | 144 | 122 | 15 | 9,661 | 7 | 5 | 12 |
| Total including JV | | | 1,486 | 85,362 | 1,457 | 1,155 | 283 | 121,849 | 19 | 29 | 48 |

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Business highlights during the three months ended 31 March 2022

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 three months ended 31 March 2022:

| Project name | Location | Total Project Saleable area (m ²) | Total project units | Units sold until 31 December 2021 | Units sold during 3 months ended 31 March 2022 | Net Sold area (m ²) | Value of the preliminary sales agreements (in PLN thousands) | Units for sale as at 31 March 2022 |
|--|----------|---|---------------------|-----------------------------------|--|---------------------------------|--|------------------------------------|
| Ursus Centralny IIc ^{(2)/(4)} | Warsaw | 11,124 | 219 | 3 | 32 | 1,207 | 12,940 | 184 |
| Miasto Moje VI ⁽²⁾ | Warsaw | 11,722 | 227 | 39 | 19 | 693 | 6,927 | 169 |
| Ursus Centralny IIb ⁽²⁾ | Warsaw | 11,758 | 206 | 124 | 9 | 531 | 5,461 | 73 |
| Viva Jagodno IIb ⁽²⁾ | Wrocław | 8,876 | 152 | - | 9 | 518 | 4,084 | 143 |
| Nowe Warzymice IV ⁽²⁾ | Szczecin | 3,818 | 75 | - | 6 | 242 | 2,093 | 69 |
| Viva Jagodno IIa ⁽²⁾ | Wrocław | 4,329 | 76 | 50 | 5 | 248 | 2,005 | 21 |
| Nowe Warzymice III ⁽²⁾ | Szczecin | 3,537 | 62 | 46 | 4 | 333 | 1,890 | 12 |
| Ursus Centralny Ib ⁽²⁾ | Warsaw | 5,740 | 97 | 87 | 2 | 118 | 1,215 | 8 |
| Nowe Warzymice I ⁽¹⁾ | Szczecin | 3,234 | 54 | 47 | 2 | 171 | 1,185 | 5 |
| Miasto Moje V ⁽²⁾ | Warsaw | 8,559 | 170 | 154 | 2 | 91 | 952 | 14 |
| Młody Grunwald I ⁽¹⁾ | Poznań | 8,575 | 148 | 147 | 1 | 71 | 547 | - |
| Grunwaldzka ⁽²⁾ | Poznań | 3,351 | 70 | 34 | - | 7 | 38 | 36 |
| Miasto Moje IV ⁽¹⁾ | Warsaw | 8,938 | 176 | 167 | - | - | 111 | 9 |
| Nowe Warzymice II ⁽²⁾ | Szczecin | 3,492 | 66 | 63 | - | - | 9 | 3 |
| Falenty I ⁽²⁾ | Warsaw | 4,303 | 42 | - | - | - | - | 42 |
| Other ⁽¹⁾ | - | n/a | n/a | n/a | - | - | 341 | 10 |
| Total excluding JV | | 101,356 | 1,840 | 961 | 91 | 4,229 | 39,799 | 798 |
| Wilanów Tulip ^{(1)/(3)} | Warsaw | 9,574 | 149 | 136 | 8 | 587 | 5,764 | 5 |
| Total including JV | | 110,929 | 1,989 | 1,097 | 99 | 4,816 | 45,563 | 803 |

(1) For information on the completed projects see "Business highlights during the three months ended 31 March 2022 – A. Results breakdown by project".

(2) For information on current projects under construction, see "Outlook for the remaining period of 2022 – 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%.

(4) Part of the stage of Ursus Centralny IIc project is designated for PRS activity – comprises 105 units of an aggregate floor space of 4,935 m².

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) | |
|--|--|----------------|---------------------|----------------|
| | 31 March 2022 | 31 March 2021 | In PLN | % |
| <i>In thousands of Polish Zlotys (PLN)</i> | | | | |
| Warsaw | 33,371 | 115,952 | (82,581) | (71.2%) |
| Wrocław | 6,089 | 23,887 | (17,798) | (74.5%) |
| Szczecin | 5,168 | 24,358 | (19,190) | (78.8%) |
| Poznań | 585 | 7,669 | (7,084) | (92.4%) |
| Other | 350 | 202 | 148 | 73.2% |
| Total | 45,563 | 172,069 | (126,505) | (73.5%) |

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Business highlights during the three months ended 31 March 2022

C. Commencements of new projects

The table below presents information on the projects for which the construction and/or sales process commenced during the three months ended 31 March 2022:

| Project name | Location | Number of units | Area of units (m ²) |
|-------------------|----------|-----------------|---------------------------------|
| Nowe Warzymice IV | Szczecin | 75 | 3,818 |
| Falenty I | Warsaw | 42 | 4,303 |
| Total | | 117 | 8,121 |

For additional information see section “Outlook for the remaining period of 2022 – 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 final purchase agreements of land during the period ended 31 March 2022:

| Location | Type of agreement | Signed date | Agreement net value (PLN million) | Paid net till 31 March 2022 (PLN million) | Number of units | Potential PUM |
|----------------------|-------------------|-----------------------------|--------------------------------------|--|-----------------|---------------|
| Warsaw, Stojowskiego | final | 11 Aug 2021, 11 Jan 2022 | 16.9 | 16.9 | 191 | 11,000 |
| Warsaw, Białołęka | final | 28 Oct 2021, 13 Jan 2022 | 51.4 | 51.4 | 870 | 42,600 |
| Warsaw, Bemowo | final | 22 Feb 2022 | 25.9 | 25.9 | 148 | 8,100 |
| Warsaw, KEN | final | 29 Mar 2022 | 11.9 | 11.9 | 94 | 5,700 |
| Total | | | 106.1 | 106.1 | 1,303 | 67,400 |

The table below presents the summary of the signed preliminary purchase agreements for which the final agreements will be signed during next periods:

| Location | Type of agreement | Signed date | Agreement net value (PLN million) | Paid net till 31 March 2022 (PLN million) | Number of units | Potential PUM |
|----------------------------------|-------------------|-------------|--------------------------------------|--|-----------------|----------------|
| Warsaw, Białołęka ⁽¹⁾ | preliminary | 23 Nov 2020 | 20.0 | 13.4 | 432 | 20,700 |
| Warsaw, Ursus | preliminary | 17 Jan 2021 | 140.0 | 10.0 | 1860 | 100,000 |
| Warsaw, Targówek | preliminary | 2 June 2021 | 14.0 | 4.0 | 125 | 6,875 |
| Warsaw, Ochota | preliminary | 10 Aug 2021 | 7.1 | 7.1 | 67 | 3,700 |
| Warsaw, Bemowo | preliminary | 16 Oct 2021 | 19.4 | 5.0 | 119 | 6,400 |
| Warsaw, Wola ⁽²⁾ | preliminary | 23 Dec 2021 | 23.3 | - | 570 | 18,790 |
| Warsaw, Ursynów | preliminary | 30 Dec 2021 | 16.0 | 2.0 | 142 | 8,400 |
| Warsaw, Bielany ⁽³⁾ | preliminary | 21 Mar 2022 | 11.0 | - | 242 | 4,559 |
| Total | | | 250.8 | 41.5 | 3,557 | 169,424 |

1) Part of the purchase price in the amount of PLN 5.9 million was for final purchase agreement.

2) The agreement value is EUR 5.0 million converted to PLN as at 31 March 2022

3) The land designated for PRS activity

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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 |
| 2022 (3 months) | 4.626 | 4.488 | 4.965 | 4.653 |
| 2021 (3 months) | 4.547 | 4.477 | 4.660 | 4.660 |
| 2021 (12 months) | 4.567 | 4.454 | 4.721 | 4.599 |

Source: National Bank of Poland ("NBP")

Selected financial data

| | EUR | | PLN | |
|---|------------------------------------|-------------|-------------|-------------|
| | (thousands, except per share data) | | | |
| | For the year ended 31 March | | | |
| | 2022 | 2021 | 2022 | 2021 |
| Revenues | 24,294 | 20,409 | 112,385 | 92,792 |
| Gross profit | 5,447 | 3,799 | 25,199 | 17,273 |
| Profit/(loss) before taxation | 2,917 | 2,094 | 13,493 | 9,519 |
| Net profit/(loss) for the period attributable to the equity holders of the parent | 2,072 | 1,673 | 9,586 | 7,608 |
| Cash flows from/(used in) operating activities | (7,864) | (882) | (36,380) | (4,011) |
| Cash flows from/(used in) investing activities | 35 | - | 161 | - |
| Cash flows from/(used in) financing activities | 16,129 | (2,762) | 74,613 | (12,560) |
| Increase/(decrease) in cash and cash equivalents | 8,554 | (3,645) | 39,571 | (16,571) |
| Average number of equivalent shares (basic) | 162,442,859 | 162,451,847 | 162,442,859 | 162,451,847 |
| Net earnings/(loss) per share (basic and diluted) | 0.013 | 0.010 | 0.059 | 0.047 |

Selected financial data

| | EUR | | PLN | |
|---|---------------|------------------|---------------|------------------|
| | (thousands) | | | |
| | As at | | | |
| | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
| Inventory and Land designated for development | 146,495 | 144,711 | 681,640 | 665,583 |
| Total assets | 217,215 | 210,157 | 1,010,700 | 966,597 |
| Advances received | 30,994 | 43,098 | 144,217 | 198,227 |
| Long term liabilities | 46,184 | 45,888 | 214,896 | 211,057 |
| Short term liabilities (including advances received) | 78,696 | 72,943 | 366,173 | 335,495 |
| Equity attributable to the equity holders of the parent | 92,334 | 91,326 | 429,631 | 420,045 |

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Overview of results

The net profit attributable to the equity holders of the parent company for the three months ended 31 March 2022 was PLN 9,586 thousand and can be summarized as follows:

| | For the year ended 31 March | | change | |
|---|---|-----------------|-----------------|----------------|
| | 2022 | 2021 | | |
| | PLN (thousands, except per share data) | | nominal | % |
| Revenue from sales of residential units | 112,385 | 92,552 | 19,833 | 21.4% |
| Revenue from sale of services | - | 240 | (240) | (100.0%) |
| Revenues | 112,385 | 92,792 | 19,593 | 21.1% |
| Cost of sales of residential units | (87,186) | (75,519) | (11,667) | 15.4% |
| Cost of sales | (87,186) | (75,519) | (11,667) | 15.4% |
| Gross profit | 25,199 | 17,273 | 7,926 | 45.9% |
| Selling and marketing expenses | (905) | (1,278) | 373 | -29.2% |
| Administrative expenses | (6,237) | (5,588) | (649) | 11.6% |
| Share of profit/(loss) from joint venture | 695 | (231) | 926 | (400.9%) |
| Other expense | (830) | 199 | (1,029) | (517.1%) |
| Result from operating activities | 17,922 | 10,375 | 7,547 | 72.7% |
| Finance income | 1,290 | 125 | 1,165 | 932.0% |
| Finance expense | (1,343) | (982) | (361) | 36.8% |
| Gain/loss in fair value of financial instrument at fair value through profit and loss | (4,376) | - | (4,376) | - |
| Net finance income/(expense) | (4,429) | (857) | (3,572) | 416.8% |
| Profit/(loss) before taxation | 13,493 | 9,518 | 3,975 | 41.8% |
| Income tax benefit/(expenses) | (3,907) | (1,911) | (1,996) | 104.4% |
| Net profit/(loss) for the period before non- controlling interests | 9,586 | 7,607 | 1,979 | 26.0% |
| Net profit/(loss) for the period attributable to the equity holders of the parent | 9,586 | 7,607 | 1,979 | 26.0% |
| Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted) | 0.059 | 0.246 | (0.187) | (76.0%) |

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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 19.6 million (21.1%) from PLN 92.8 million during the three months ended 31 March 2021 to PLN 112.4 million during the three months ended 31 March 2022, which is primarily explained by higher amount of units delivered - 268 units delivered to the customers during the three months ended 31 March 2022, comparing to the 185 units delivered during the three months ended 31 March 2021 (in terms of fully owned projects).

Cost of sales of residential units

Cost of sales of residential units increased by PLN 11.7 million (15.4%) from PLN 75.5 million during the three months ended 31 March 2021 to PLN 87.2 million during the three months ended 31 March 2022. The increase relates to a higher amount of delivered units in fully owned projects from 185 units during the three months ended 31 March 2021 compared to 268 units delivered to customers during the three months ended 31 March 2022.

Gross margin

The gross margin from sales and services of residential units during the three months ended 31 March 2022 was 22.4% which increased comparing to 18.7% during the three months ended 31 March 2021. The change in gross margin relates to a different mix of projects delivered to the customers characterized by a different profitability during the three months ended 31 March 2022 compared to the mix of projects delivered to customers during the three months ended 31 March 2021.

During three months ended 31 March 2022 the projects that significantly impacted revenues and profitability of the Group were Ursus Centralny IIa and Miasto Moje IV (contributed respectively PLN 19.3 million and PLN 3.9 million to the gross profit representing a gross profit margin of 24.3% and 25.0%). During three months ended 31 March 2021 the projects that significantly impacted revenues and profitability of the Group were Vitalia III and Miasto Moje III (contributed respectively PLN 6.4 million and PLN 4.3 million to the gross profit which represents a gross profit margin of 18.0% and 15.4%).

Selling and marketing expenses

Selling and marketing expenses decreased by PLN 0.4 million (29.2%) from PLN 1.3 million during the three months ended 31 March 2021 to PLN 0.9 million during the three months ended 31 March 2022, which is primarily explained by lower number of units sold during the reporting period (99 units sold during the period ended 31 March 2022 comparing to 355 units sold during the period ended 31 March 2021).

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 increased by PLN 3.6 million (416.8%) from PLN 0.9 million during the three months ended 31 March 2021 to PLN 4.4 million during the three months ended 31 March 2022. It is mainly explained by the generated loss in fair value of financial instrument at fair value through profit and loss in amount of PLN 4.4 million, partially compensated by gain on FX balance sheet valuation in the amount of PLN 1.2 million, as well as higher interest rates during the three months ended on 31 March 2022 compared to the three months ended on 31 March 2021.

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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 31 March 2022 | As at 31 December 2021 |
|---|------------------------|---------------------------|
| | PLN (thousands) | |
| Inventory and Land designated for development | 681,640 | 665,583 |
| Advances received | 144,217 | 198,227 |
| Loans and borrowings | 253,647 | 250,806 |
| Trade and other payables and accrued expenses | 72,600 | 61,086 |
| Financial liability measured at FVPL | 79,002 | - |

Inventory and Land designated for development

The balance of Inventory and Residential landbank is PLN 681.6 million as at 31 March 2022 compared to PLN 665.6 million as at 31 December 2021. The increase is primarily explained by purchases of land during the three months ended 31 March 2022 in the total amount of PLN 56.1 million and investments in direct construction costs and capitalized finance costs for a total amount of PLN 47.1 million, which is partly offset by the recognized costs of sales in the total amount of PLN 87.2 million.

Advances received

The balance of advances received is PLN 144.2 million as at 31 March 2022 compared to PLN 198.2 million as at 31 December 2021. The decrease is explained by the revenues recognized from the sale of residential units for a total amount of PLN 122.4 million during the three months ended 31 March 2022, which was offset by advances received from clients regarding sales of units during the period ended 31 March 2022 for a total amount PLN 58.6 million.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 253.6 million as at 31 March 2022 compared to PLN 250.8 million as at 31 December 2021. The increase in loans and borrowings is primarily explained by the effect of net proceeds from secured bank loans in the amount of PLN 3.4 million as at 31 March 2022 in comparison to PLN 1.6 million as at 31 December 2021. Average level of debt from bonds loan as at 31 March 2022 amounted to PLN 250.3 million, out of which an amount of PLN 53.0 million comprises facilities maturing no later than 31 March 2023. The balance of bond loans comprises of: principal amount of PLN 250.0 million plus accrued interest of PLN 3.1 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 2.8 million). The balance of bank loans comprises of principal amount of PLN 3.4 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 72.6 million as at 31 March 2022 and PLN 61.1 million as at 31 December 2021. The change is explained mainly by increase of other trade accounts payables (by PLN 6.1 million) being a result of the set off of final purchase agreement for a plot signed on 22 February 2022.

Financial liability measured at FVPL

On 30 January 2022 and 22 February 2022, the Company entered into 5 separate SAFE agreements with Israeli institutional investors ("SAFE") raising a total amount of ILS 60 milion, equivalent of PLN 79 million as at 31 March 2022. The agreement is classified as financial liability according to IFRS endorsed by EU. For further information regarding the set off of the agreement please see Note 13 of the Interim Condensed Consolidated Financial Statements.

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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 31 March 2022 | For the year ended 31 March 2021 |
|--|---|---|
| | PLN (thousands) | PLN (thousands) |
| Cash flows from/(used in) operating activities | <u>(36,380)</u> | <u>(4,011)</u> |
| Cash flow from/(used in) investing activities | <u>161</u> | <u>-</u> |
| Cash flow (used in)/from financing activities | <u>74,613</u> | <u>(12,560)</u> |

Cash flow from/(used in) operating activities

The Company's net cash outflow from operating activities increased for the three months ended 31 March 2022 amounted to PLN 36.4 million comparing to a net cash outflow from operating activities during the three months ended 31 March 2021 amounting to PLN 4.0 million. The increase by PLN 32.4 million is primarily explained by:

- decrease of advances paid by Clients by PLN 51.6 million from PLN 110.2 million in the period ended 31 March 2021 to PLN 58.6 million in the period ended 31 March 2022.
- net cash outflow increase of PLN 7.8 million due to payment for purchase of landbank, paid advances and prepayments for land purchase (held as notary deposits) including VAT in the total amount of PLN 45.3 million in the period ended 31 March 2022 in comparison to the period ended 31 March 2021 whereas the Company purchased the lands (including advances for land and notary deposits) in total amount of PLN 37.5 million;
- net cash outflow of PLN 3.8 million, resulting from the payment of taxes in the amount of PLN 4.4 million in the period ended 31 March 2022 comparing to payment of payables in amount of PLN 0.6 million 31 March 2021;

The above mentioned negative effect on the operational cash flow was partly offset by:

- net cash inflow increase by PLN 18.3 million trade payables and in the direct investment in construction costs from net cash outflow in the total amount PLN 7.1 million in the period ended 31 March 2021 to net cash inflow of PLN 11.1 million for the period ended 31 March 2022;
- net cash inflow from escrow accounts for the total amount of PLN 11 million.

Cash flow from/(used in) financing activities

The Company's net cash inflow used in financing activities amounted to PLN 74.6 million during the three months ended 31 March 2022 compared to a net cash outflow from financing activities amounted to PLN 12.6 million during the three months ended 31 March 2021. The change is primarily explained by:

- net inflow from proceeds received from the SAFE agreement in the amount of PLN 74.6 million;
- non payment of loans from others during the period of three months ended 31 March 2022 compared to PLN 6.7 million during analogical period ended on 31 March 2021;
- non payment of bond loans during the period of three months ended 31 March 2022 compared to PLN 4.9 million during analogical period ended on 31 March 2021;
- net inflow from secured bank loans in the amount of PLN 0.9 million during three months ended on 31 March 2022 comparing to lack of such movements during the period of three months ended 31 March 2021.

Management Board Report

Outlook for the remaining period of 2022

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 2022:

| Project name | Location | Number of residential units delivered ⁽¹⁾ | | | Number of residential units expected to be delivered ⁽¹⁾ | | | Total project |
|------------------------------|----------|--|---------------------------------------|-----------------------|---|------------------------------------|--------------------------------------|---------------|
| | | Until 31 December 2021 | During the period ended 31 March 2022 | Total units delivered | Units sold not delivered as at 31 March 2022 | Units for sale as at 31 March 2022 | Total units expected to be delivered | |
| Ursus Centralny IIa | Warsaw | 57 | 190 | 247 | 3 | 1 | 4 | 251 |
| Miasto Moje IV | Warsaw | 123 | 44 | 167 | - | 9 | 9 | 176 |
| Panoramika VI | Szczecin | 51 | 23 | 74 | 1 | - | 1 | 75 |
| Nowe Warzymice I | Szczecin | 47 | 2 | 49 | - | 5 | 5 | 54 |
| Nova Królikarnia 3a | Warsaw | 29 | 2 | 31 | - | - | - | 31 |
| Panoramika V | Szczecin | 113 | 2 | 115 | - | - | - | 115 |
| Nova Królikarnia 3c | Warsaw | 22 | 1 | 23 | - | - | - | 23 |
| Ursus Centralny Ia | Warsaw | 137 | 1 | 138 | - | - | - | 138 |
| Młody Grunwald I | Poznań | 144 | 1 | 145 | 3 | - | 3 | 148 |
| Młody Grunwald III | Poznań | 106 | 1 | 107 | - | 1 | 1 | 108 |
| Miasto Moje I | Warsaw | 204 | 1 | 205 | - | - | - | 205 |
| Viva Jagodno I | Wrocław | 120 | - | 120 | - | 1 | 1 | 121 |
| Miasto Moje III | Warsaw | 195 | - | 195 | - | 1 | 1 | 196 |
| Grunwald2 | Poznań | 267 | - | 267 | 1 | - | 1 | 268 |
| City Link III | Warsaw | 367 | - | 367 | 1 | - | 1 | 368 |
| Verdis | Warsaw | 436 | - | 436 | 3 | 2 | 5 | 441 |
| Other (old) projects | | - | - | - | - | 4 | 4 | 4 |
| Total excluding JV | | 2,418 | 268 | 2,686 | 12 | 24 | 36 | 2,722 |
| Wilanów Tulip ⁽²⁾ | Warsaw | 122 | 15 | 137 | 7 | 5 | 12 | 149 |
| Total including JV | | 2,540 | 283 | 2,823 | 19 | 29 | 48 | 2,871 |

(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 three months ended 31 March 2022-A. Results breakdown by project".

Management Board Report

Outlook for the remaining period of 2022

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 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 31 March 2022 | Units for sale as at 31 March 2022 | Total units | Total area of units (m ²) | Expected completion of construction |
|------------------------------------|--------------------------------------|----------------------------|--------------------------------|------------------------------------|--------------|---------------------------------------|-------------------------------------|
| Nowe Warzymice II | Szczecin, Do Rajkowa st. | Q4 2020 | 63 | 3 | 66 | 3,492 | Q2 2022 |
| Ursus Centralny Ib | Warsaw, Ursus, Gierdziejewskiego st. | Q4 2020 | 89 | 8 | 97 | 5,740 | Q3 2022 |
| Miasto Moje V | Warsaw, Bialoleka , Marwilska st. | Q4 2020 | 156 | 14 | 170 | 8,559 | Q4 2022 |
| Ursus Centralny IIb | Warsaw, Ursus, Gierdziejewskiego st. | Q1 2021 | 133 | 73 | 206 | 11,758 | Q4 2022 |
| Viva Jagodno IIa | Wrocław, Jagodno, Buforowa st. | Q2 2021 | 55 | 21 | 76 | 4,329 | Q4 2022 |
| Nowe Warzymice III | Szczecin, Do Rajkowa st. | Q3 2021 | 50 | 12 | 62 | 3,537 | Q4 2022 |
| Grunwaldzka | Poznań, Grunwaldzka st. | Q2 2021 | 34 | 36 | 70 | 3,351 | Q1 2023 |
| Miasto Moje VI | Warsaw, Bialoleka , Marwilska st. | Q3 2021 | 58 | 169 | 227 | 11,722 | Q2 2023 |
| Ursus Centralny IIc ⁽¹⁾ | Warsaw, Ursus, Gierdziejewskiego st. | Q4 2021 | 35 | 184 | 219 | 11,124 | Q2 2023 |
| Viva Jagodno IIb | Wrocław, Jagodno, Buforowa st. | Q4 2021 | 9 | 143 | 152 | 8,876 | Q3 2023 |
| Nowe Warzymice IV | Szczecin, Do Rajkowa st. | Q1 2022 | 6 | 69 | 75 | 3,818 | Q3 2023 |
| Falenty I | Falenty Nowe, Droga Hrabska st. | Q1 2022 | - | 42 | 42 | 4,303 | Q3 2023 |
| Subtotal | | | 688 | 774 | 1,462 | 80,609 | |

(1) Part of the stage of Ursus Centralny IIc project is designated for PRS activity – comprises 105 units of an aggregate floor space of 4,935 m².

C. Projects for which construction work is planned to commence during the remaining period of 2022

During the remaining period of 2022, the Company is considering the commencement of 6 stages for ongoing projects and 4 new projects (comprising in total 1,027 units with a total area of 61,380 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 2022:

| Project name | Location | Total units | Total area of units (m ²) |
|---------------------|----------|--------------|---------------------------------------|
| Miasto Moje VII | Warsaw | 243 | 11,610 |
| Nova Królikarnia 3d | Warsaw | 15 | 2,200 |
| Nova Królikarnia 4a | Warsaw | 5 | 1,380 |
| Nova Królikarnia 4b | Warsaw | 23 | 5,850 |
| Ursus Centralny IIe | Warsaw | 280 | 16,000 |
| Sobola Ia | Szczecin | 110 | 5,200 |
| Osiedle Vola | Warsaw | 84 | 4,800 |
| Smardzewska | Poznań | 117 | 5,800 |
| Zielono Mi I | Warsaw | 92 | 5,440 |
| Viva Jagodno III | Wrocław | 58 | 3,100 |
| Total | | 1,027 | 61,380 |

Management Board Report

Outlook for the remaining period of 2022

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 |
|--|----------|--|---|---|
| Ursus Centralny IIa ⁽¹⁾ | Warsaw | 3 | 1,491 | Completed |
| Młody Grunwald I ⁽¹⁾ | Poznań | 3 | 1,399 | Completed |
| Verdis Idea ⁽¹⁾ | Warsaw | 2 | 1,095 | Completed |
| Grunwald2 ⁽¹⁾ | Poznań | 1 | 624 | Completed |
| City Link III ⁽¹⁾ | Warsaw | 1 | 377 | Completed |
| Moko II ⁽¹⁾ | Warsaw | - | 374 | Completed |
| Panoramika VI ⁽¹⁾ | Szczecin | 1 | 293 | Completed |
| Verdis I-IV ⁽¹⁾ | Warsaw | 1 | 277 | Completed |
| Miasto Moje IV ⁽¹⁾ | Warsaw | - | 142 | Completed |
| Other (old) projects ⁽¹⁾ | | - | 225 | Completed |
| <i>Subtotal completed projects excluding JV</i> | | 12 | 6,297 | |
| Wilanów Tulip ⁽¹⁾⁽³⁾ | Warsaw | 7 | 4,936 | Completed |
| <i>Subtotal completed projects including JV</i> | | 19 | 11,233 | |
| Ursus Centralny IIb ⁽²⁾ | Warsaw | 133 | 69,971 | 2022 |
| Miasto Moje V ⁽²⁾ | Warsaw | 156 | 58,896 | 2022 |
| Ursus Centralny Ib ⁽²⁾ | Warsaw | 89 | 42,936 | 2022 |
| Nowe Warzymice II ⁽²⁾ | Szczecin | 63 | 20,869 | 2022 |
| Nowe Warzymice III ⁽²⁾ | Szczecin | 50 | 20,437 | 2022 |
| Viva Jagodno IIa ⁽²⁾ | Wrocław | 55 | 20,307 | 2022 |
| Miasto Moje VI ⁽²⁾ | Warsaw | 58 | 23,730 | 2023 |
| Ursus Centralny IIc ⁽²⁾ | Warsaw | 35 | 14,461 | 2023 |
| Grunwaldzka ⁽²⁾ | Poznań | 34 | 12,674 | 2023 |
| Viva Jagodno IIb ⁽²⁾ | Wrocław | 9 | 4,084 | 2023 |
| Nowe Warzymice IV ⁽²⁾ | Szczecin | 6 | 2,093 | 2023 |
| <i>Subtotal ongoing projects</i> | | 688 | 290,459 | |
| Total | | 707 | 301,692 | |

(1) For information on the completed projects see "Business highlights during the three months ended 31 March 2022–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 10 May 2022, 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 |
|-------------------------------------|-----------------------------------|---|-----------------------------------|---|-----------------------------------|
| | 10 May 2022 | | 31 March 2022 | | 31 December 2021 |
| | Number of shares / % of shares | | Number of shares / % of shares | | Number of shares / % of shares |
| Shares issued: | 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 | 54,093,672 32.98% | - | 54,093,672 32.98% | 8,201,224 5.00% | 45,892,448 27.98% |
| <i>Votes</i> | As of | Change in number of shares ⁽²⁾ | As of | Change in number of shares ⁽²⁾ | As of |
| | 10 May 2022 | | 31 March 2022 | | 31 December 2021 |
| | Number of shares / % of shares | | Number of shares / % of shares | | Number of shares / % of shares |
| Shares issued⁽²⁾: | 162,442,859 | - | 162,442,859 | - | 162,442,859 |
| I.T.R. Dori B.V. ⁽¹⁾ | 108,349,187 66.70% | - | 108,349,187 66.70% | - | 108,349,187 66.70% |
| A. Luzon Group | 54,093,672 33.30% | - | 54,093,672 33.30% | 8,201,224 5.05% | 45,892,448 28.25% |

(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 31 March 2022 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 three months ended 31 March 2022 and until the date of publication of this report

Mr Amos Luzon, member of the Supervisory Board, as at 31 December 2021 held 71.14%, while as at 31 March 2022 and as at the day preceding the publication of this report held 67.65% 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 69.76% of shares in the Company as at 31 December 2021, 66.36% as at 31 March 2022 and at the day preceding the publication of this report.

Due to the exceeding of the threshold 95% of shares owned by one shareholder, 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. On 8 March 2022, the General Meeting of the Company was held, at which the shareholders adopted a resolution on withdrawing the Company's shares from trading on the regulated market. In connection with the adoption of the above resolution, on 9 March 2022, the Company submitted an application to the Polish Financial Supervision Authority for authorization to withdraw the Company's shares from trading on the regulated market. On 14 April 2022 the Polish Financial Supervision Authority issued a consent to the withdrawal of the Company's shares from trading on the market regulated by the Warsaw Stock Exchange S.A. ("WSE") as of 28 April 2022. The respective resolution was also adopted by the Management Board of WSE on 25 April 2022.

Changes in the Management and Supervisory Board during the three months ended 31 March 2022 and until the date of publication of this report

During the period ended 31 March 2022 and until the date of publication of this report there were no changes in the Management Board or in the Supervisory Board.

Changes in the Company's group structure

During the three months ended 31 March 2022 there were the following changes in the Company's group structure:

1) Creation of new Companies:

- Ronson Development SPV12 Sp. z o.o.
- Ronson Development SPV13 Sp. z o.o.

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

2) On the 9 March 2022 the following companies were merged into Ronson Development South Sp. z o.o.:

- Ronson Development Creations Sp. z o.o.,
- Ronson Development Investment Sp. z o.o.,
- Ronson Development Metropol Sp. z o.o.,
- Ronson Development North Sp. z o.o.,
- Ronson Development Warsaw Sp. z o.o..

The Company's group structure as at 31 March 2022 and 31 December 2021 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 three months ended 31 March 2022 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 three months ended 31 March 2022, the Group sold two apartments to the company owned by Andrzej Gutowski for a total net amount (excluding VAT) of PLN 588 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 until 28 April 2022 listed on the Warsaw Stock Exchange, only the semi-annual and yearly 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 three months ended 31 March 2022 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 three months ended 31 March 2022, the Company did not grant any guarantees.

Employees

The average number of personnel employed by the Group – on a fulltime equivalent basis – during the three months ended 31 March 2022 was 72 compared to 73 during the three months ended 31 March 2021. 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 |
| 2022 (3 months) | 4.626 | 4.488 | 4.965 | 4.653 |
| 2021 (3 months) | 4.547 | 4.477 | 4.660 | 4.660 |
| 2021 (12 months) | 4.567 | 4.454 | 4.721 | 4.599 |

Source: National Bank of Poland ("NBP")

| Selected financial data | EUR | | PLN | |
|--|------------------------------------|-------------|-------------|-------------|
| | (thousands, except per share data) | | | |
| | For the 3 months ended 31 March | | | |
| | 2022 | 2021 | 2022 | 2021 |
| Revenues from management services | 178 | 217 | 824 | 986 |
| Financial income (Wise majority from loans granted to subsidiaries) | 956 | 338 | 4,424 | 1,538 |
| Financial expenses (majority from Interest on bonds and forex differences SAFE agreements) | (1,676) | (599) | (7,753) | (2,724) |
| Profit including results from subsidiaries | 1,840 | 1,673 | 8,510 | 7,608 |
| Cash flows from/(used in) operating activities | (886) | (751) | (4,100) | (3,414) |
| Cash flows from/(used in) investing activities | (7,180) | 2,641 | (33,212) | 12,006 |
| Cash flows from/(used in) financing activities | 16,132 | (2,984) | 74,626 | (13,568) |
| Increase/(decrease) in cash and cash equivalents | 8,321 | (1,094) | 38,491 | (4,976) |
| Average number of equivalent shares (basic) | 162,442,859 | 162,451,847 | 162,442,859 | 162,451,847 |
| Net earnings/(loss) per share (basic and diluted) | 0.011 | 0.010 | 0.052 | 0.047 |

| Selected financial data | EUR | | PLN | |
|------------------------------|---------------|------------------|---------------|------------------|
| | (thousands) | | | |
| | As at | | | |
| | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
| Investment in subsidiaries | 100,818 | 99,676 | 469,058 | 458,449 |
| Loan granted to subsidiaries | 51,091 | 43,447 | 237,700 | 199,828 |
| Total assets | 163,281 | 145,986 | 759,664 | 671,447 |
| Long term liabilities | 42,400 | 42,985 | 197,266 | 197,705 |
| Short term liabilities | 28,768 | 11,675 | 133,843 | 53,697 |
| Equity | 92,113 | 91,326 | 428,555 | 420,045 |

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 three months period ended 31 March 2022 was prepared and approved by the Management Board of the Company on 11 May 2022.

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

Karolina Bronszewska

Member of the Management Board
Marketing and Innovation Director

Warsaw, 11 May 2022

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Interim Condensed Consolidated Statement of Financial Position**

| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | As at 31 March 2022 (Reviewed) / (unaudited) | As at 31 December 2021 (Audited) |
|---|-------------|---|-------------------------------------|
| Assets | | | |
| Property and equipment | | 7,507 | 7,558 |
| Investment property | | 28,870 | 28,596 |
| Intangible fixed assets | | 909 | 1,016 |
| Investments in joint ventures | 24 | 4,505 | 3,846 |
| Deferred tax assets | 17 | 9,032 | 8,195 |
| Land designated for development | 9 | 8,760 | 10,041 |
| Total non-current assets | | 59,583 | 59,251 |
| Inventory | 9 | 672,880 | 655,542 |
| Trade and other receivables and prepayments | 10 | 59,831 | 58,180 |
| Advances for Land | 11 | 35,700 | 48,453 |
| Income tax receivable | | 2,060 | 1,002 |
| Loans granted to third parties | | 1,644 | 1,621 |
| Loans granted to joint ventures | 24 | 123 | 319 |
| Other current financial assets | | 5,874 | 8,794 |
| Cash and cash equivalents | | 173,005 | 133,434 |
| Total current assets | | 951,117 | 907,345 |
| Total assets | | 1,010,700 | 966,597 |
| Equity | | | |
| Share capital | | 12,503 | 12,503 |
| Share premium | | 150,278 | 150,278 |
| Treasury shares | | (1,732) | (1,732) |
| Retained earnings | | 268,582 | 258,996 |
| Total equity/Equity attributable to equity holders of the parent | | 429,631 | 420,045 |
| Liabilities | | | |
| Floating rate bond loans | 14 | 197,266 | 196,991 |
| Deferred tax liability | 17 | 16,989 | 13,513 |
| Lease liabilities related to perpetual usufruct of investment properties | 12 | 641 | 553 |
| Total non-current liabilities | | 214,896 | 211,057 |
| Trade and other payables and accrued expenses | 15 | 72,600 | 61,086 |
| Floating rate bond loans | 14 | 49,931 | 49,770 |
| Other payables - accrued interests on bonds | 14 | 3,073 | 2,477 |
| Secured bank loans | 14 | 3,377 | 1,568 |
| Advances received | 18 | 144,217 | 198,227 |
| Income tax payable | 17 | 491 | 2,716 |
| Provisions | | 2,128 | 2,128 |
| Lease liabilities related to perpetual usufruct of land | 12 | 11,354 | 17,523 |
| Financial liability measured at fair value through profit and loss ("FVPL") | 13 | 79,002 | - |
| Total current liabilities | | 366,173 | 335,495 |
| Total liabilities | | 581,069 | 546,552 |
| Total equity and liabilities | | 1,010,700 | 966,597 |

The notes included on pages 24 to 51 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Interim Condensed Consolidated Statement of Comprehensive Income**

| | | For the 3 months ended 31 March 2022 | For the 3 months ended 31 March 2021 |
|---|-------------|--|--|
| | <i>Note</i> | (Reviewed) / (unaudited) | (Reviewed) / (unaudited) |
| <i>PLN (thousands, except per share data and number of shares)</i> | | | |
| Revenue from residential projects | 19 | 112,385 | 92,552 |
| Revenue from sale of services | | - | 240 |
| Revenue | | 112,385 | 92,792 |
| Cost of sales | 19 | (87,186) | (75,519) |
| Gross profit | | 25,199 | 17,273 |
| Selling and marketing expenses | | (905) | (1,278) |
| Administrative expenses | | (6,237) | (5,588) |
| Share of profit/(loss) in joint ventures | | 695 | (231) |
| Other expenses | | (1,215) | (808) |
| Other income | | 385 | 1,007 |
| Result from operating activities | | 17,922 | 10,376 |
| Finance income | | 1,290 | 125 |
| Finance expense | | (1,343) | (982) |
| Gain/loss in fair value of financial instrument at fair value through profit and loss | 13 | (4,376) | - |
| Net finance income/(expense) | | (4,429) | (857) |
| Profit/(loss) before taxation | | 13,493 | 9,519 |
| Income tax benefit/(expense) | 16 | (3,907) | (1,911) |
| Profit for the period | | 9,586 | 7,608 |
| Other comprehensive income | | - | - |
| Total comprehensive income/(expense) for the period, net of tax | | 9,586 | 7,608 |
| Total profit/(loss) for the period attributable to: | | | |
| Equity holders of the parent | | 9,586 | 7,608 |
| Non-controlling interests | | - | - |
| Total profit/(loss) for the period, net of tax | | 9,586 | 7,608 |
| Total profit/(loss) for the period attributable to: | | | |
| Equity holders of the parent | | 9,586 | 7,608 |
| Non-controlling interests | | - | - |
| Total comprehensive income/(expense) for the period, net of tax | | 9,586 | 7,608 |
| Weighted average number of ordinary shares (basic and diluted) | | 162,442,859 | 162,451,847 |
| <i>In Polish Zlotys (PLN)</i> | | | |
| Net earnings/(loss) per share attributable to the equity holders of the parent basic | | 0.059 | 0.246 |
| Net earnings/(loss) per share attributable to the equity holders of the parent diluted | | 0.059 | 0.246 |

The notes included on pages 24 to 51 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Interim Condensed Consolidated Statement of Changes in Equity**

| <i>In thousands of Polish Zlotys (PLN)</i> | Attributable to the Equity holders of parent | | | | |
|---|---|----------------------|------------------------|--------------------------|---------------------|
| | Share capital | Share premium | Treasury shares | Retained earnings | Total equity |
| Balance at 1 January 2022 | 12,503 | 150,278 | (1,732) | 258,996 | 420,045 |
| Comprehensive income: | | | | | |
| Profit for the three months ended 31 March 2022 | - | - | - | 9,586 | 9,586 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income/(expense) | - | - | - | 9,586 | 9,586 |
| Own shares acquired | - | - | - | - | - |
| Balance at 31 March 2022 (Reviewed/ Unaudited) | 12,503 | 150,278 | (1,732) | 268,582 | 429,631 |

| <i>In thousands of Polish Zlotys (PLN)</i> | Attributable to the Equity holders of parent | | | | |
|--|---|----------------------|------------------------|--------------------------|---------------------|
| | Share capital | Share premium | Treasury shares | Retained earnings | Total equity |
| Balance at 1 January 2021 | 12,503 | 157,905 | (1,613) | 211,022 | 379,817 |
| Comprehensive income: | | | | | |
| Profit for the three months ended 31 March 2021 | - | - | - | 7,608 | 7,608 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income/(expense) | - | - | - | 7,608 | 7,608 |
| Own shares acquired | - | - | (119) | - | (119) |
| Reclassification of 2019 net result from Share premium to retained earnings* | - | (7,627) | - | 7,627 | - |
| Balance at 31 March 2021 (Reviewed/ Unaudited) | 12,503 | 150,278 | (1,732) | 226,257 | 387,306 |

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

The notes included on pages 24 to 51 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022

Interim Condensed Consolidated Statement of Cash Flows

| For the three months ended 31 March | | 2022 | 2021 |
|--|-------------|-----------------|-----------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | | |
| Cash flows from/(used in) operating activities | | | |
| Profit/(loss) for the period | | 9,586 | 7,608 |
| Adjustments to reconcile profit for the period to net cash used in operating activities | | | |
| Depreciation | | 232 | 273 |
| Write-down of inventory | | 484 | (2,259) |
| Finance expense | | 1,343 | 982 |
| Finance income | | (79) | (125) |
| Purchases of land | | (28,879) | (29,691) |
| Revaluation of the liability at fair value through profit or loss | 13 | 4,376 | - |
| Net exchange differences | | (1,177) | - |
| Share of loss /(profit) from joint ventures | | (723) | 184 |
| Income tax expense/(benefit) | | 3,907 | 1 911 |
| Subtotal | | (10,930) | (21,117) |
| Decrease/(increase) in inventory and land designated for development | 9 | 36,412 | 22,287 |
| Decrease/(increase) in advances for land | 11 | - | (1,291) |
| Decrease/(increase) in trade and other receivables and prepayments | 10 | (15,059) | (2,325) |
| Decrease/(increase) in other current financial assets | | 2,920 | (8,213) |
| Increase/(decrease) in trade and other payables and accrued expenses | 15 | 11,016 | (7,126) |
| Increase/(decrease) in provisions | | - | (279) |
| Increase/(decrease) in advances received | 18 | (54,010) | 17,538 |
| Subtotal | | (29,652) | (526) |
| Interest paid | | (2,299) | (2,890) |
| Income tax received/(paid) | | (4,429) | (595) |
| Net cash from/(used in) operating activities | | (36,380) | (4,011) |
| Cash flows from/(used in) investing activities | | | |
| Acquisition of property and equipment | | (63) | - |
| Payments for Investment property | | (32) | - |
| Loans granted to JV | | 257 | - |
| Net cash from/(used in) investing activities | | 161 | - |
| Cash flows (used in)/from financing activities | | | |
| Proceeds from bank loans, net of bank charges | 14 | 11,193 | - |
| Repayment of bank loans | 14 | (10,285) | - |
| Repayment of bond loans | 14 | - | (4,848) |
| Repayment of loans from other | | - | (6,674) |
| Payment of perpetual usufruct rights | 12 | (922) | (919) |
| Proceeds from SAFE Agreement | 13 | 74,626 | - |
| Buy-back of shares | | - | (119) |
| Net cash from/(used in) financing activities | | 74,613 | (12,560) |
| Net change in cash and cash equivalents | | 38,394 | (16,571) |
| Cash and cash equivalents at beginning of period | | 133,434 | 135,099 |
| Effects of exchange rate changes on cash and cash equivalents | | 1,177 | - |
| Cash and cash equivalents at end of period* | | 173,005 | 118,528 |

* including restricted cash that amounted to PLN 79,402 thousand and PLN 2,017 thousand as 31 March 2022 and as 31 March 2021, respectively.

The notes included on pages 24 to 51 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**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 in Warsaw. 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. Address of the Company's registered office is the same as domicile of the Company (Al. Komisji Edukacji Narodowej 57 in Warsaw).

The Company (together with its subsidiaries, 'the Group') is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. In 2021 the Management Board of the Company decided to start developing a new activity, so-called Private Rent Sector (PRS).

As at 31 March 2022, the shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. On 8 March 2022, the General Meeting of the Company was held, at which the shareholders adopted a resolution on withdrawing the Company's shares from trading on the regulated market. In connection with the adoption of the above resolution, on 9 March 2022, the Company submitted an application to the Polish Financial Supervision Authority for authorization to withdraw the Company's shares from trading on the regulated market. On the 28 April 2022 the Company share were withdrawn from the trading on the regular market. According to publicly available information, as at 31 March 2022 and as of publication date of the financial statements 66.06% of the shares are indirectly controlled by A. Luzon Group (via I.T.R. Dori B.V.) and 32.98% of the shares are directly controlled by A. Luzon Group (Ultimate Parent). The Ultimate Controlling Party is Mr Amos Luzon, member of the Supervisory Board. Additionally 0.96% of the shares are held by the Company.

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 31 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.

The Interim Condensed Consolidated Financial Statements of the Company have been prepared for the three months ended 31 March 2022 and contain comparative data for the three months ended 31 March 2021 and as at 31 December 2021. The Interim Condensed Consolidated Financial Statements of the Company for the three months ended 31 March 2022 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 three months ended 31 March 2022 were authorized for issuance by the Management Board on 11 May 2022 in both English and Polish languages, while the Polish version is binding.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**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 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 2021 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 2021 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.

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 three months ended 31 March 2022 are included in the Management Board Report on pages 2 through 19.

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 2021.

The following standards and amendments became effective as of 1 January 2022:

- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before intended use
- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 (IFRS 9 Financial Instruments; IFRS 16 Leases, IFRS 1 First-time Adoption of International Financial Reporting Standards, IAS 41 Agriculture)

The impact of the above amendments and improvements to IFRSs is being analysed by the Management. Based on the first 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 2022 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.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 3 – Summary of significant accounting policies***Financial instruments – financial liabilities measured at fair value through profit and loss*

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 recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. As financial liability at fair value through profit or loss the Group classifies an investors agreement signed in February 2022 (for more information please refer to Note 13).

Such liabilities are subsequently measured at fair value. A gain or loss on a financial liability that is designated as at fair value through profit or loss is presented as follows:

- (a) the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income;
- (b) the remaining amount of change in the fair value of the liability is presented in profit or loss in line: “Gain/loss in fair value of financial instrument at fair value through profit and loss”.

unless the treatment of the effects of changes in the liability’s credit risk described in (a) would create or enlarge an accounting mismatch in profit or loss, then all changes in fair value (including the effects of changes in the credit risk of the liability) are presented in profit and loss.

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 2021, except below changes.

Valuation of financial liability at fair value through profit or loss

The fair value of the financial liability at fair value through profit or loss is determined by independent valuator based on the Monte Carlo simulation model and the Black & Scholes model. The determination of the fair value of the liability requires the use of estimates such as share price, exercise price, loan maturity, risk free interest, credit risk, expected volatility and expected dividend yield. More information in presented in the Note 13.

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.

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.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022

Notes to the Interim Condensed Consolidated Financial Statements

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 | |
|--|-----------------------|--|------------------|
| | | 31 March 2022 | 31 December 2021 |
| a. held directly by the Company: | | | |
| 1 Ronson Development Management Sp. z o.o. | 1999 | 100% | 100% |
| 2 Ronson Development Warsaw Sp. z o.o. ⁽³⁾ | 2000 | - | 100% |
| 3 Ronson Development Investment Sp. z o.o. ⁽³⁾ | 2011 | - | 100% |
| 4 Ronson Development Metropol Sp. z o.o. ⁽³⁾ | 2011 | - | 100% |
| 5 Ronson Development Creations Sp. z o.o. ⁽³⁾ | 2005 | - | 100% |
| 6 Ronson Development Sp. z o.o. | 2006 | 100% | 100% |
| 7 Ronson Development Construction Sp. z o.o. | 2006 | 100% | 100% |
| 8 City 2015 Sp. z o.o. | 2006 | 100% | 100% |
| 9 Ronson Development Village Sp. z o.o. ⁽¹⁾ | 2007 | 100% | 100% |
| 10 Ronson Development Skyline Sp. z o.o. | 2007 | 100% | 100% |
| 11 Ronson Development Universal Sp. z o.o. ⁽¹⁾ | 2007 | 100% | 100% |
| 12 Ronson Development South Sp. z o.o. | 2007 | 100% | 100% |
| 13 Ronson Development Partner 5 Sp. z o.o. | 2007 | 100% | 100% |
| 14 Ronson Development Partner 4 Sp. z o.o. | 2007 | 100% | 100% |
| 15 Ronson Development North Sp. z o.o. ⁽³⁾ | 2007 | - | 100% |
| 16 Ronson Development Providence Sp. z o.o. | 2007 | 100% | 100% |
| 17 Ronson Development Finco Sp. z o.o. | 2009 | 100% | 100% |
| 18 Ronson Development Partner 2 Sp. z o.o. | 2009 | 100% | 100% |
| 19 Ronson Development Partner 3 Sp. z o.o. | 2012 | 100% | 100% |
| 20 Ronson Development Studzienna Sp. z o.o. | 2019 | 100% | 100% |
| 21 Ronson Development SPV1 Sp. z o.o. | 2021 | 100% | 100% |
| 22 Ronson Development SPV2 Sp. z o.o. | 2021 | 100% | 100% |
| 23 Ronson Development SPV3 Sp. z o.o. | 2021 | 100% | 100% |
| 24 Ronson Development SPV4 Sp. z o.o. | 2021 | 100% | 100% |
| 25 Ronson Development SPV5 Sp. z o.o. | 2021 | 100% | 100% |
| 26 Ronson Development SPV6 Sp. z o.o. | 2021 | 100% | 100% |
| 27 Ronson Development SPV7 Sp. z o.o. | 2021 | 100% | 100% |
| 28 Ronson Development SPV8 Sp. z o.o. | 2021 | 100% | 100% |
| 29 Ronson Development SPV9 Sp. z o.o. | 2021 | 100% | 100% |
| 30 Ronson Development SPV10 Sp. z o.o. | 2021 | 100% | 100% |
| 31 Ronson Development SPV11 Sp. z o.o. | 2021 | 100% | 100% |
| 32 Ronson Development SPV12 Sp. z o.o. ⁽²⁾ | 2022 | 100% | - |
| 33 Ronson Development SPV13 Sp. z o.o. ⁽²⁾ | 2022 | 100% | - |
| b. held indirectly by the Company : | | | |
| 34 AGRT Sp. z o.o. | 2007 | 100% | 100% |
| 35 Ronson Development Partner 4 Sp. z o.o. – Panoramika Sp.k. | 2007 | 100% | 100% |
| 36 Ronson Development Sp z o.o. - Estate Sp.k. | 2007 | 100% | 100% |
| 37 Ronson Development Sp. z o.o. - Home Sp.k. | 2007 | 100% | 100% |
| 38 Ronson Development Sp z o.o. - Horizon Sp.k. | 2007 | 100% | 100% |
| 39 Ronson Development Partner 3 Sp. z o.o. - Sakura Sp.k. | 2007 | 100% | 100% |
| 40 Ronson Development Partner 3 sp. z o.o. – Viva Jagodno sp. k. | 2009 | 100% | 100% |
| 41 Ronson Development Sp. z o.o. - Apartments 2011 Sp.k. | 2009 | 100% | 100% |
| 42 Ronson Development Sp. z o.o. - Idea Sp.k. | 2009 | 100% | 100% |
| 43 Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 Sp.k. | 2009 | 100% | 100% |
| 44 Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k. | 2009 | 100% | 100% |
| 45 Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k. | 2009 | 100% | 100% |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022

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 | |
|---|-----------------------|--|------------------|
| | | 31 March 2022 | 31 December 2021 |
| b. held indirectly by the Company : | | | |
| 46 Ronson Development Partner 5 Sp. z o.o - Vitalia Sp.k. | 2009 | 100% | 100% |
| 47 Ronson Development Sp. z o.o. - 2011 Sp.k. | 2009 | 100% | 100% |
| 48 Ronson Development Sp. z o.o. - Gemini 2 Sp.k. | 2009 | 100% | 100% |
| 49 Ronson Development Sp. z o.o. - Verdis Sp.k. | 2009 | 100% | 100% |
| 50 Ronson Espresso Sp. z o.o. | 2006 | 100% | 100% |
| 51 Ronson Development Sp. z o.o. - Naturalis Sp.k. | 2011 | 100% | 100% |
| 52 Ronson Development Sp. z o.o. - Impressio Sp.k. | 2011 | 100% | 100% |
| 53 Ronson Development Partner 3 Sp. z o.o.- Nowe Warzymice Sp. k | 2011 | 100% | 100% |
| 54 Ronson Development Sp. z o.o. - Providence 2011 Sp.k. | 2011 | 100% | 100% |
| 55 Ronson Development Partner 2 Sp. z o.o. - Capital 2011 Sp. k. | 2011 | 100% | 100% |
| 56 Ronson Development Partner 5 Sp. z o.o. - Miasto Marina Sp.k. | 2011 | 100% | 100% |
| 57 Ronson Development Partner 5 Sp. z o.o. - City 1 Sp.k. | 2012 | 100% | 100% |
| 58 Ronson Development Partner 2 Sp. z o.o. - Miasto Moje Sp. k. | 2012 | 100% | 100% |
| 59 Ronson Development sp. z o.o. - Ursus Centralny Sp. k. | 2012 | 100% | 100% |
| 60 Ronson Development Sp. z o.o. - City 4 Sp.k. | 2016 | 100% | 100% |
| 61 Ronson Development Partner 2 Sp. z o.o. – Grunwald Sp.k. | 2016 | 100% | 100% |
| 62 Ronson Development Sp. z o.o. Grunwaldzka” Sp.k. | 2016 | 100% | 100% |
| 63 Ronson Development Sp. z o.o. - Projekt 3 Sp.k. | 2016 | 100% | 100% |
| 64 Ronson Development Sp. z o.o. - Projekt 4 Sp.k. | 2017 | 100% | 100% |
| 65 Ronson Development Sp. z o.o. - Projekt 5 Sp.k. | 2017 | 100% | 100% |
| 66 Ronson Development Sp. z o.o. - Projekt 6 Sp.k. | 2017 | 100% | 100% |
| 67 Ronson Development Sp. z o.o. - Projekt 7 Sp.k. | 2017 | 100% | 100% |
| 68 Ronson Development Sp. z o.o. - Projekt 8 Sp.k. | 2017 | 100% | 100% |
| 69 Bolzanus Limited (<i>Company with the registered office in Cyprus</i>) | 2013 | 100% | 100% |
| 70 Park Development Properties Sp. z o.o. - Town Sp.k. | 2007 | 100% | 100% |
| 71 Tras 2016 Sp. z o.o. | 2011 | 100% | 100% |
| 72 Park Development Properties Sp. z o.o. | 2011 | 100% | 100% |
| 73 Jasminova 2016 Sp. z o.o. | 2016 | 100% | 100% |
| 74 Town 2016 Sp. z o.o. | 2016 | 100% | 100% |
| 75 Enterprise 2016 Sp. z o.o. | 2016 | 100% | 100% |
| 76 Wrocław 2016 Sp. z o.o. | 2016 | 100% | 100% |
| 77 Darwen Sp. z o.o. | 2016 | 100% | 100% |
| 78 Truro Sp. z o.o. | 2017 | 100% | 100% |
| 79 Tregaron Sp. z o.o. | 2017 | 100% | 100% |
| 80 Totton Sp. z o.o. | 2017 | 100% | 100% |
| 81 Tring Sp. z o.o. | 2017 | 100% | 100% |
| 82 Thame Sp. z o.o. | 2017 | 100% | 100% |
| 83 Troon Sp. z o.o. | 2017 | 100% | 100% |
| 84 Tywyn Sp. z o.o. | 2018 | 100% | 100% |
| 85 Semela Sp. z o.o. | 2021 | 100% | 100% |
| c. other entities not subject to consolidation: | | | |
| 86 Coralchief sp. z o.o. | 2018 | 50% | 50% |
| 87 Coralchief sp. z o.o. - Projekt 1 sp. k. | 2016 | 50% | 50% |
| 88 Ronson IS sp. z o.o. | 2009 | 50% | 50% |
| 89 Ronson IS sp. z o.o. sp. k. | 2012 | 50% | 50% |

- 1) *The Company has the power to govern the financial and operating policies of this entity and to obtain benefits from its activities, whereas Kancelaria Radcy Prawnego Jarosław Zubrzycki holds the legal title to the shares of this entity.*
- 2) *Companies created and registered in KRS in first quarter of 2022*
- 3) *Companies merged with Ronson Development South Sp. z o.o. on 9 March 2022*

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Consolidated Financial Statements****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 or from so-called Private Rent Sector. 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.

The results of activities in the individual segments are assessed mainly on the basis of sale revenues, cost of sales of residential projects, assigned marketing costs and others operating costs/income assigned to each segment. Additionally the Group analyses the profit and gross margin on sales as well as result before tax (including financial costs and income assigned to the segment) generated by the individual markets.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022

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 31 March 2022 | | | | | | | | | | | IFRS adjustments | Total |
|----------------------------|---------------------|---------------|---------------|---------------|----------------|--------------|---------------|----------|---------------|----------|----------------|------------------|------------------|
| | Warsaw | | | | Poznań | | Wroclaw | | Szczecin | | Unallocated | | |
| | Apartments | Houses | Joint venture | Rental | Apartments | Houses | Apartments | Houses | Apartments | Houses | | | |
| Segment assets | 535,523 | 87,649 | 14,034 | 41,366 | 115,366 | 8,819 | 50,929 | - | 99,586 | - | - | (9,406) | 943,868 |
| Unallocated assets | - | - | - | - | - | - | - | - | - | - | 66,833 | - | 66,833 |
| Total assets | 535,523 | 87,649 | 14,034 | 41,366 | 115,366 | 8,819 | 50,929 | - | 99,586 | - | 66,833 | (9,406) | 1,010,700 |
| Segment liabilities | 167,272 | 2,685 | 4,929 | 1,017 | 10,820 | 4 | 18,133 | - | 30,330 | - | - | (4,929) | 230,261 |
| Unallocated liabilities | - | - | - | - | - | - | - | - | - | - | 350,808 | - | 350,808 |
| Total liabilities | 167,272 | 2,685 | 4,929 | 1,017 | 10,820 | 4 | 18,133 | - | 30,330 | - | 350,808 | (4,929) | 581,069 |

In thousands of Polish Zlotys (PLN)

| | As at 31 December 2021 | | | | | | | | | | | IFRS adjustments | Total |
|----------------------------|------------------------|---------------|---------------|---------------|----------------|----------|---------------|----------|---------------|----------|----------------|------------------|----------------|
| | Warsaw | | | | Poznań | | Wroclaw | | Szczecin | | Unallocated | | |
| | Apartments | Houses | Joint venture | Rental | Apartments | Houses | Apartments | Houses | Apartments | Houses | | | |
| Segment assets | 546,714 | 85,181 | 19,914 | 30,449 | 116,951 | - | 45,403 | - | 97,797 | - | - | (15,749) | 926,660 |
| Unallocated assets | - | - | - | - | - | - | - | - | - | - | 39,937 | - | 39,937 |
| Total assets | 546,714 | 85,181 | 19,914 | 30,449 | 116,951 | - | 45,403 | - | 97,797 | - | 39,937 | (15,749) | 966,597 |
| Segment liabilities | 218,314 | 952 | 547 | 1,329 | 6,064 | - | 11,413 | - | 28,594 | - | - | (547) | 266,666 |
| Unallocated liabilities | - | - | - | - | - | - | - | - | - | - | 279,886 | - | 279,886 |
| Total liabilities | 218,314 | 952 | 547 | 1,329 | 6,064 | - | 11,413 | - | 28,594 | - | 279,886 | (547) | 546,552 |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting

In thousands of Polish Zlotys (PLN)

For the three months ended 31 March 2022

| | Warsaw | | | | Poznań | | Wroclaw | | Szczecin | | Unallocated | IFRS Adjustments | Total |
|---|---------------|--------------|---------------|------------|----------------|--------------|-------------|----------|--------------|----------|----------------|------------------|---------------|
| | Apartments | Houses | Joint venture | | Apartments | Houses | Apartments | Houses | Apartments | Houses | | | |
| | | | Rental | | | | | | | | | | |
| Revenue/Revenue from external services⁽¹⁾ | 101,280 | - | 9,688 | 199 | 1,266 | - | 128 | - | 9,512 | - | - | (9,688) | 112,385 |
| Segment result | 23,573 | 759 | 1,951 | 226 | (2,351) | 1,376 | (56) | - | 614 | - | - | (1,951) | 24,142 |
| Unallocated result | - | - | - | - | - | - | - | - | - | - | (6,220) | - | (6,220) |
| Result from operating activities | 23,573 | 759 | 1,951 | 226 | (2,251) | 1,376 | (56) | - | 614 | - | (6,220) | (1,951) | 17,922 |
| Net finance income/ (expenses) | (1,430) | (1,689) | (41) | 699 | (992) | (197) | 556 | - | (1,109) | - | (268) | 41 | (4,429) |
| Profit/(loss) before tax | 22,144 | (930) | 1,910 | 925 | (3,342) | 1,180 | 499 | - | (495) | - | (6,488) | (1,910) | 13,493 |
| Income tax expenses | | | | | | | | | | | | | (3,907) |
| Profit/(loss) for the period | | | | | | | | | | | | | 9,586 |

(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 period ended 31 March 2021

| | Warsaw | | | | Poznań | | Wroclaw | | Szczecin | | Unallocated | IFRS adjustments | Total |
|---|--------------|--------------|---------------|-------------|--------------|----------|--------------|----------|------------|----------|----------------|------------------|---------------|
| | Apartments | Houses | Joint venture | | Apartments | Houses | Apartments | Houses | Apartments | Houses | | | |
| | | | Rental | | | | | | | | | | |
| Revenue from external services | 34,411 | 9,087 | 25 | 197 | 9,135 | - | 37,419 | - | 2,542 | - | - | (25) | 92,792 |
| Segment result | 5,078 | 1,207 | (205) | (59) | 3,072 | - | 6,110 | - | 587 | - | - | 205 | 15,996 |
| Unallocated result | - | - | - | - | - | - | - | - | - | - | (5,620) | - | (5,620) |
| Result from operating activities | 5,078 | 1,207 | (205) | (59) | 3,072 | - | 6,110 | - | 587 | - | (5,620) | 205 | 10,376 |
| Net finance income/ (expenses) | 5 | (27) | 47 | 111 | - | - | (28) | - | (72) | - | (844) | (47) | (857) |
| Profit/(loss) before taxation | 5,083 | 1,179 | (158) | 52 | 3,072 | - | 6,082 | - | 514 | - | (6,464) | 158 | 9,519 |
| Income tax expense | | | | | | | | | | | | | (1,911) |
| Profit/(loss) for the period | | | | | | | | | | | | | 7,608 |

(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 three months ended 31 March 2022

Notes to the Interim Condensed Consolidated Financial Statements**Note 9 – Inventory and Residential landbank***Inventory*

Movements in Inventory during the three months ended 31 March 2022 were as follows:

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 December 2021 | Transferred to finished units | Additions | As at 31 March 2022 |
|---|---------------------------|----------------------------------|----------------|------------------------|
| Land and related expense | 358,975 | - | 57,544 | 416,519 |
| Construction costs | 115,557 | - | 44,247 | 159,804 |
| Planning and permits | 17,131 | - | 2,625 | 19,756 |
| Borrowing costs ⁽¹⁾ | 38,432 | - | 2,761 | 41,193 |
| Borrowing costs on lease and depreciation perpetual usufruct right ⁽²⁾ | 3,039 | - | 213 | 3,252 |
| Other | 3,647 | - | 279 | 3,926 |
| Work in progress | 536,780 | - | 107,669 | 644,450 |

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 December 2021 | Transferred from work in progress | Recognized in the statement of comprehensive income | As at 31 March 2022 |
|--|---------------------------|--------------------------------------|--|------------------------|
| Finished goods | 105,681 | - | (85,962) | 19,719 |

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 December 2021 | Revaluation write-down recognized in statement of comprehensive income | | As at 31 March 2022 |
|--|---------------------------|---|--------------|------------------------|
| | | Increase | Utilization | |
| Write-down | (4,118) | - | 1,155 | (2,963) |

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 December 2021 | Recalculation adjustment ⁽³⁾ | Depreciation | Transfer to Other receivables | As at 31 March 2022 |
|--|---------------------------|--|--------------|----------------------------------|------------------------|
| Perpetual usufruct right ⁽²⁾ | 17,199 | (4,972) | (39) | (514) | 11,674 |
| Inventory, valued at lower of - cost and net realisable value | 655,542 | | | | 672,880 |

(1) Borrowing costs are capitalized to the value of inventory with 4.6541% average effective capitalization interest rate.

(2) For additional information see note 12.

(3) Relates to change in the perpetual usufruct payments from 2022 and purchased land with perpetual usufruct..

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 9 – Inventory and Residential landbank***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 3 months ended 31 March 2022 | For the year ended 31 December 2021 |
|---|---|--|
| Opening balance | 10,041 | 45,486 |
| Sold land | - | (24,976) |
| Moved to inventory | - | (7,766) |
| Write-down adjustment | (1,281) | (2,703) |
| Total closing balance | 8,760 | 10,041 |
| Closing balance includes: | | |
| Book value | 17,348 | 17,301 |
| Write-down | (8,587) | (7,260) |
| Total Closing balance | 8,760 | 10,041 |

In the period ended 31 December 2021 the Company decided to move to Inventory project Vivaldi in the total amount of PLN 7,766 thousand and sold the land from Naturalis project in amount of PLN 24,976 thousand. In the period ended 31 March 2022 there were no transfers from or to Residential landbank. Movements on the write-down adjustments are described in the Note 20.

Note 10 - Trade and other receivables and prepayments

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 March 2022 | As at 31 December 2021 |
|--|----------------------------|-------------------------------|
| Value added tax (VAT) receivables | 42,065 | 31,800 |
| Trade and other receivables | 2,976 | 2,824 |
| Trade and other receivables - IFRS 16 (impact of perpetual usufruct) | 1,193 | 809 |
| Bid bond | - | 1,437 |
| Notary's deposit | 6,150 | 14,742 |
| Prepayments ⁽¹⁾ | 7,447 | 6,569 |
| Total trade and other receivables and prepayments | 59,831 | 58,180 |

(1) The capitalized costs relating to obtaining the contracts have been presented in this line and amounted to PLN 2.0 million for the 3 months ended 31 March 2022 year and PLN 2.4 million for the year ended 31 December 2021.

During the period ended 31 March 2022 and the year ended 31 December 2021, the Group booked allowance for doubtful accounts in the amount of PLN 809 thousand and PLN 1,043 thousand, respectively as irrecoverable debts included in trade and other receivables.

Notary's deposits represents paid amount for the preliminary purchase agreements of lands. The decrease in balance compared to year-end is a result of land purchase in Warsaw, Białołęka (PLN 14,742 thousands) and notary deposit payment for land in Warsaw, Bemowo district. Bid bond balance relates to the tender for a potential purchase of land which was cancelled by the court and was repaid in Q1 2022.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**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 31 March 2022 and 31 December 2021:

| Investment location | As at 31 March 2022 | As at 31 December 2021 |
|--|----------------------------|-------------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | | |
| Warsaw, Białołęka | 7,500 | 7,500 |
| Warsaw, Ursynów | - | 9,000 |
| Warsaw, Ursus | 10,000 | 10,000 |
| Warsaw, Targówek | 4,000 | 4,000 |
| Warsaw, Ursynów | 2,100 | 2,100 |
| Warsaw, Ochota | 7,100 | 7,100 |
| Warsaw, Białołęka | - | 3,753 |
| Warsaw, Bemowo | 5,000 | 5,000 |
| Total | 35,700 | 48,453 |

For more information about purchase of plots during the period ended 31 March 2022 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 31 March 2022 is presented below:

| <i>In thousands of Polish Zlotys (PLN)</i> | 1 January 2022 | Depreciation charge | Fair value adjustment | Recalculation adjustment ⁽¹⁾ | Transfer to trade receivables | 31 March 2022 |
|--|-----------------------|----------------------------|------------------------------|--|--------------------------------------|----------------------|
| Right of use assets related to inventory | 17,199 | (39) | - | (4,973) | (514) | 11,673 |
| Right of use assets related to investment property | 545 | (2) | - | 139 | n.a | 681 |
| Right of use assets related to fixed assets | 296 | (20) | - | - | - | 276 |

| <i>In thousands of Polish Zlotys (PLN)</i> | 1 January 2022 | Finance expense | Payments | Recalculation adjustment ⁽¹⁾ | Transfer to trade payables | 31 March 2022 |
|--|-----------------------|------------------------|-----------------|--|-----------------------------------|----------------------|
| Lease liabilities related to inventory | 17,523 | 174 | (904) | (4,919) | (520) | 11,354 |
| Lease liabilities related to investment property | 553 | 10 | (45) | 123 | n.a | 641 |

(1) Relates to change in the perpetual usufruct payments from 2022

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Notes 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 31 December 2021 is presented below:

| <i>In thousands of Polish Zlotys (PLN)</i> | 1 January 2021 | Additions | Depreciation charge | Fair value adjustment | Recalculation adjustment ⁽¹⁾ | Transfer to trade payables | 31 December 2021 |
|--|-----------------------|------------------|----------------------------|------------------------------|--|-----------------------------------|-------------------------|
| Right of use assets related to inventory | 13,675 | - | (167) | - | 6,379 | (2,688) | 17,199 |
| Right of use assets related to investment property | 553 | - | (8) | - | - | n/d | 545 |
| Right of use assets related to fixed assets | - | 353 | (57) | - | - | n/d | 296 |

| <i>In thousands of Polish Zlotys (PLN)</i> | 1 January 2021 | Additions | Finance expense | Payments | Recalculation adjustment ⁽¹⁾ | Completion of projects | 31 December 2021 |
|--|-----------------------|------------------|------------------------|-----------------|--|-------------------------------|-------------------------|
| Lease liabilities related to inventory | 13,902 | 292 | 746 | (903) | 6,204 | (2,718) | 17,523 |
| Lease liabilities related to investment property | 590 | - | - | (37) | - | n/d | 553 |

(1) Relates to change in the perpetual usufruct payments from 2022

Note 13 – Investors agreement (“SAFE Agreement”)

On 30 January 2022 and 22 February 2022, the Company and Amos Luzon Development and Energy Group Ltd., the Company’s controlling shareholder, concluded SAFE agreements (“SAFE”) with Sphera Master Fund L.P., More Provident Funds Ltd., Sphera Small Cap Fund L.P. EJS Galatee Holdings and Klirmark Opportunity Fund III L.P (the “Investors”) raising a total of ILS 60 mio (the “SAFE Amount”) which for the date of transaction amounted to PLN 74.6 million. All the needed conditions have been completed and the full agreement amount has been transferred to Ronson until 31 March 2022.

The above agreements grant the Investors certain rights applicable after the Company is delisted from the regulated market of the Warsaw Stock Exchange, including the right to subscribe for instruments convertible into shares in the Company, as well as the right to convert their respective investments into shares or bonds in Amos Luzon Development and Energy Group Ltd.

The above agreements do not impose any restrictive covenants or onerous undertakings on the part of the Company. Taking into consideration all above requirements, the SAFE agreement has been classified as financial liability measured at fair value through profit and loss.

As of the valuation date and as at 31 March 2022 the fair value of the SAFE is ILS 60,000 thousand based on the arm’s-length transactions made as of the valuation date. There were no material changes during the period which would impact the fair value valuation.

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

| Investor | Amount of the investment in Ronson [in ILS] | Date of payment | Paid to Ronson [in EUR] | Paid to Ronson on the transaction date [in PLN] | Fair value 31.03.2022 [in PLN] | Gain/loss in fair value of financial instrument at fair value through profit and loss |
|-----------------------------------|--|------------------------|--------------------------------|--|---------------------------------------|--|
| EJS Galatee Holdings | 1,500,000 | 23 February 2022 | 413,232 | 1,876,734 | 1,975,050 | (98,317) |
| Sphera Master Fund L.P | 26,500,000 | 18 February 2022 | 7,264,254 | 32,753,070 | 34,892,550 | (2,139,480) |
| Sphera Small Cap L.P | 2,000,000 | 18 February 2022 | 551,953 | 2,488,646 | 2,633,400 | (144,754) |
| Moore Provident Funds | 15,000,000 | 23 February 2022 | - | 18,656,716 | 19,750,500 | (1,093,784) |
| Klirmark Opportunity Fund III L.P | 15,000,000 | 24 February 2022 | - | 18,851,326 | 19,750,500 | (899,174) |
| Total | 60,000,000 | | 8,229,439 | 74,626,492 | 79,002,000 | (4,375,508) |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 13 – Investors agreement (“SAFE Agreement”)***Valuation process and valuation techniques*

The valuations of the SAFE was performed by external advisors Prometheus Financial Advisory, which specializes in financial accounting and complex financial instruments. The valuation of the instrument was determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practise Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, (the “AICPA Practice Aid”). The assumptions used in the valuation model are based on the future expectations combined with the Company’s management judgement. Numerous objective and subjective factors to determine the fair value of the ordinary shares as of the date of each option grant, including the factors:

- a) the prices, rights, preferences and privileges of the preferred shares;
- b) current business conditions and projections;
- c) the Company’s stage of development;
- d) the likelihood of a liquidity event for the ordinary shares underlying these options, such as an initial public offering or sale of the Company, given prevailing market conditions;
- e) any adjustments necessary due to lack of marketability of the ordinary shares;
- f) the purchase of the preferred shares by third party investors in arm’s-length transactions;
- g) the market performance of comparable publicly traded companies.

For the valuation purposes, each of the SAFE agreement is composed of two components: equity component and debt component. In order to value the equity component the Monte Carlo simulation model (“Monte Carlo”) and the Black & Scholes model (“B&S”) has been used. Both models allow calculating the value of the embedded option based on the share price, exercise price, loan maturity, risk free interest, expected volatility and expected dividend yield.

The fair value of the equity component has been determined under two scenarios and then applied a weighted average of these values based on their relative probabilities, in order to calculate the weighted value of the equity component. The debt component was valued by subtracting the fair value of the equity component from the SAFE value. The remainder is the fair value of the debt component.

The valuation of the agreements has been done using Level 3 of the fair value hierarchy.

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

| Description | Fair value at 31 March 2022 | Unobservable inputs | Range of inputs (probability - weighted average) | Relationship of unobservable inputs to fair value |
|----------------|-----------------------------|--|---|--|
| SAFE Agreement | ILS 60 mio | initial public offering, the underlying price of the option (Monte Carlo Outcome), expected volatility | Range of inputs- 0%-100% IPO probability Expected Volatility – 30%-45% | Relationship- increased IPO success would increase FV of equity component by 1.7M for each 1000 bps. Increased volatility would increase FV of equity component |

Impact of other inputs are not material to the valuation as it is correlated with an observable transaction which was the payment of the investment amount by the investors.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Borrowings

Bond loans

The table below presents the movements in Bond loans during the three months ended 31 March 2022 and during the year ended 31 December 2021 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 31 March 2022 | For the year ended 31 December 2021 |
|---|---------------------------------------|--|
| | (Reviewed/ Unaudited) | (Audited) |
| Opening balance | 249,238 | 230,072 |
| Repayment of bond loans | - | (77,929) |
| Redemption of bonds (non-cash) | - | (2,247) |
| Proceeds from bond loans (nominal value) | - | 100,000 |
| Issue cost | - | (2,648) |
| Issue cost amortization | 437 | 1,576 |
| Accrued interest | 2,895 | 10,775 |
| Interest repayment | (2,299) | (10,362) |
| Total closing balance | 250,270 | 249,238 |
| Closing balance includes: | | |
| Current liabilities | 53,004 | 52,247 |
| Non-current liabilities | 197,266 | 196,991 |
| Total Closing balance | 250,270 | 249,238 |

Bonds as at 31 March 2022:

| <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 | 886 | (69) | 50,816 |
| Bonds loans series V ⁽¹⁾ | PLN | 6 month Wibor + 4.30% | 2024 | 100,000 | - | (1,307) | 98,693 |
| Bonds loans series W ⁽²⁾ | PLN | 6 month Wibor + 4.00% | 2025 | 100,000 | 2,187 | (1,427) | 100,761 |
| Total | | | | 250,000 | 3,073 | (2,803) | 250,270 |

Bonds as at 31 December 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 | 332 | (230) | 50,102 |
| Bonds loans series V ⁽¹⁾ | PLN | 6 month Wibor + 4.30% | 2024 | 100,000 | 1,136 | (1,467) | 99,669 |
| Bonds loans series W ⁽²⁾ | PLN | 6 month Wibor + 4.00% | 2025 | 100,000 | 1,009 | (1,542) | 99,466 |
| Total | | | | 250,000 | 2,477 | (3,239) | 249,238 |

1) 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.

2) 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.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 14 – Borrowings***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 31 March 2022 and as at 31 December 2021 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 31 March 2022 and 31 December 2021:

| | As at 31 March 2022 | As at 31 December 2021 |
|---|---------------------|------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | | |
| Loans and borrowings | 250,270 | 249,238 |
| Secured bank loans | 3,377 | 1,568 |
| Financial liability measured at FVPL | 79,002 | - |
| Lease liabilities related to cars | 277 | 292 |
| Less: cash on individual escrow accounts (other current financial assets) | (5,874) | (8,794) |
| Less: Cash and cash equivalents | (173,005) | (133,434) |
| Net Debt | 154,047 | 108,870 |
| Equity | 429,631 | 420,045 |
| Ratio | 35.9% | 25.9% |
| Max Ratio | 80.0% | 80.0% |

*Other covenants:**Series T, V and W:*

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 year period ended 31 March 2022 and year ended 31 December 2021, the consulting fees related to A. Luzon Group amounted to PLN 222 thousand and PLN 862 thousand respectively.

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: umowu 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 three months ended 31 March 2022

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Borrowings

Secured bank loans

| <i>In thousands of Polish Zloty (PLN)</i> | For the year ended 31 March 2022 (Reviewed/ Unaudited) | For the year ended 31 December 2021 (Audited) |
|--|--|---|
| Opening balance | 1,568 | - |
| New bank loan drawdown | 12,031 | 20,031 |
| Bank loans repayments | (10,285) | (18,497) |
| Bank charges paid | (838) | (809) |
| Bank charges presented as prepayments | 751 | 571 |
| Bank charges amortization (capitalized on Inventory) | 89 | 238 |
| Accrued interest/(interest repayment) on bank loans, net | 61 | 34 |
| Total closing balance | 3,377 | 1,568 |
| Closing balance includes: | | |
| Current liabilities | 3,377 | 1,568 |
| Non-current liabilities | - | - |
| Total closing balance | 3,377 | 1,568 |

Bank loans as at 31 March 2022:

| Investment | Currency | Nominal interest rate | Year of maturity | Credit line amount in ('000 PLN) | Unpaid amount as at 31 March 2022 ('000 PLN) | Accrued interest ('000 PLN) | Balance as at 31 March 2022 ('000 PLN) |
|-------------------|----------|-----------------------|------------------|----------------------------------|--|-----------------------------|--|
| Ursus IB | PLN | 3 Month Wibor + 3.00% | 2023 | 26,700 | 990 | 21 | 1,011 |
| Miasto Moje V | PLN | 3 Month Wibor + 3.00% | 2023 | 35,300 | 783 | 25 | 808 |
| Nowe Warzymice II | PLN | 3 Month Wibor + 2.70% | 2022 | 15,300 | 608 | - | 608 |
| Grunwaldzka | PLN | 3 Month Wibor + 2.90% | 2026 | 20,880 | 934 | 16 | 949 |
| Miasto Moje VI | PLN | 3 Month Wibor + 2.50% | 2023 | 59,600 | - | - | - |
| Total | | | | 157,780 | 3,315 | 61 | 3,377 |

Bank loans as at 31 December 2021:

| Investment | Currency | Nominal interest rate | Year of maturity | Credit line amount in ('000 PLN) | Unpaid amount as at 31 December 2021 ('000 PLN) | Accrued interest ('000 PLN) | Balance as at 31 December 2021 ('000 PLN) |
|-------------------|----------|-----------------------|------------------|----------------------------------|---|-----------------------------|---|
| Ursus IB | PLN | 3 month Wibor + 3.00% | 2023 | 26,700 | 639 | 10 | 649 |
| Miasto Moje V | PLN | 3 month Wibor + 3.00% | 2023 | 35,300 | 449 | 12 | 461 |
| Nowe Warzymice II | PLN | 3 month Wibor + 2.70% | 2022 | 15,300 | 446 | 12 | 458 |
| Grunwaldzka | PLN | 3 month Wibor + 2.90% | 2023 | 20,880 | - | - | - |
| Total | | | | 98,180 | 1,534 | 34 | 1,568 |

On 28 January 2022 the Company signed agreements for bank loans for Miasto Moje VI in amount up to PLN 59.6 million.

All bank credit loans are secured. For additional information about unutilized credit loans see Note 14.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022
Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Trade and other payables and accrued expenses

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 March 2022 | As at 31 December 2021 |
|--|---------------------|---------------------------|
| Trade payables | 31,982 | 22,909 |
| Accrued expenses | 26,030 | 25,121 |
| Guarantees for construction work | 8,150 | 8,007 |
| Value added tax (VAT) and other tax payables | 2,965 | 2,061 |
| Non-trade payables | 2,258 | 2,165 |
| Other trade payables - IFRS 16 | 1,214 | 823 |
| Total trade and other payables and accrued expenses | 72,600 | 61,086 |

Trade and non-trade payables are non-interest bearing and are normally settled on 30-day terms.

Note 16 – Income tax

| For the period ended <i>In thousands of Polish Zlotys (PLN)</i> | 31 March 2022 | 31 March 2021 |
|---|---------------|---------------|
| Current tax expense | | |
| Current period | 676 | 1,355 |
| Taxes in respect of previous periods | 860 | (163) |
| Total current tax expense | 1,536 | 1,191 |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | 3,375 | 3,104 |
| Tax losses utilized/(recognized) | (1,107) | (2,384) |
| Total deferred tax (benefit)/expense | 2,268 | 720 |
| Total income tax expense | 3,804 | 1,911 |

The effective income tax rate in the period ended 31 March 2022 amounted to 29.0% (20.0% in comparative period). Higher effective tax rate in the period of three months ended 31 March 2022 was due to higher taxes in respect of previous periods.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 17 – Deferred tax assets and liabilities**

Movements in Deferred tax assets and liabilities during the three months ended 31 March 2022 were as follows:

| <i>In thousands of Polish Zlotys (PLN)</i> | Opening balance 1 January 2022 | Recognized in the statement of comprehensive income | Closing balance 31 March 2022 |
|---|--------------------------------------|---|----------------------------------|
| Deferred tax assets | | | |
| Tax loss carry forward | 4,285 | 1,107 | 5,392 |
| Difference between tax and accounting basis of inventory | 20,420 | 5,765 | 26,185 |
| Accrued interest | 1,885 | 114 | 1,999 |
| Accrued expense | 760 | 12 | 772 |
| Write-down on work in progress | 2,610 | 24 | 2,634 |
| Fair value valuation of financial liability (SAFE agreement) | - | 831 | 831 |
| Other | 1,953 | (1,091) | 862 |
| Total deferred tax assets | 31,913 | 6,761 | 38,674 |
| Deferred tax liabilities | | | |
| Difference between tax and accounting revenue recognition | 27,553 | 8,634 | 36,187 |
| Difference between tax base and carrying value of capitalized finance costs on inventory | 7,608 | 693 | 8,301 |
| Accrued interest | 635 | (70) | 565 |
| Fair value gain on investment property | 975 | - | 975 |
| Exchange rates difference on balance sheet valuation | - | 224 | 224 |
| Other | 461 | (81) | 380 |
| Total deferred tax liabilities | 37,232 | 9,399 | 46,631 |
| Total deferred tax benefit (see Note 16) | | 2,638 | |
| Deferred tax assets | 31,913 | | 38,674 |
| Deferred tax liabilities | 37,231 | | 46,631 |
| Offset of deferred tax assets and liabilities for individual companies | (23,718) | | (29,642) |
| Deferred tax assets reported in the statement of financial position | 8,195 | | 9,032 |
| Deferred tax liabilities reported in the statement of financial position | 13,513 | | 16,989 |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**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 31 March 2022 | As at 31 December 2021 |
|--|--------------------------------|-----------------------------------|
| Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement | | |
| Opening balance | 198,047 | 219,645 |
| - increase (advances received) | 58,556 | 436,801 |
| - decrease (revenue recognized) | (112,385) | (458,399) |
| Total advances received | 144,217 | 198,047 |
| Other (deferred income) | - | 180 |
| Total | 144,217 | 198,227 |

Additional information regarding contingent receivables which are a result of signed agreements with the clients, please see Note 21.

Revenues from contracts will be recognized at the time of handover the apartment to the client, completion of construction process and obtaining all necessary administrative decisions (occupancy permit), which usually takes from 1 to 3 months from the completion of construction stage.

Note 19 - Sales revenue and cost of sales

| For the period ended | 31 March 2022 (Reviewed/ Unaudited) | 31 March 2021 (Reviewed/ Unaudited) |
|--|--|--|
| <i>In thousands of Polish Zlotys (PLN)</i> | | |
| Sales revenue | | |
| Revenue from residential projects | 112,385 | 92,552 |
| Revenue from sale of services | - | 240 |
| Total sales revenue | 112,385 | 92,792 |
| Cost of sales | (87,311) | (77,719) |
| Inventory write down to the net realisable value | 125 | 2,200 |
| Total cost of sales | (87,186) | (75,519) |
| Gross profit on sales | 25,199 | 17,273 |
| Gross profit on sales % | 22% | 19% |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 20 – Impairment losses and provisions**

During the three months ended 31 March 2022, 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 2,534 thousand (PLN 1,158 thousand reversal of the impairment recognized in line Inventory, PLN 1,376 thousand reversal of impairment recognized in line Residential land bank), while for some other Company's residential landbank the impairment was made in the amount of PLN 2,659 thousand. The reversal of the impairment was made due to sale realization of the projects with showed in the past negative margin, positive margin on projects, which development started in Q1 2022, 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 higher General Constructor's costs assumed. During the three months ended 31 March 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 2,604 thousand, while for some other Company's residential landbank the impairment was made in the amount of PLN 18,4 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 31 March 2022 | As at 31 March 2022 (Reviewed/ Unaudited) | Contracted amount as at 31 December 2021 | As at 31 December 2021 (Audited) |
| Karmar S.A. | 166,087 | 108,369 | 167,567 | 129,300 |
| Hochtief polska S.A. | 51,380 | 28,227 | 50,242 | 34,792 |
| Danya Cebus Poland Sp. z o.o. | 58,547 | 9,689 | 58,547 | 18,759 |
| TechBau Budownictwo Sp. z o.o. | 19,150 | 18,866 | - | - |
| EBUD - Przemysłówka Sp. z o.o. | 41,782 | 22,511 | 25,155 | 11,087 |
| Totalbud S.A. | - | - | 27,305 | 27,305 |
| Total | 336,947 | 187,662 | 328,816 | 221,243 |

(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 31 March 2022 | As at 31 December 2021 |
|--|----------------------------|-------------------------------|
| | Miasto Moje V | 25,624 |
| Miasto Moje VI | 59,600 | - |
| Ursus Centralny 1b | 14,512 | 19,158 |
| Nowe Warzymice II | 6,100 | 8,370 |
| Grunwaldzka | 19,930 | 20,880 |
| Total | 125,766 | 78,199 |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022

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 31 March 2022 (including the payments received and unsatisfied obligation for payments at 31 March 2022 and 31 December 2021) and not yet delivered to Clients:

| | Completion of the project* | As at 31 March 2022 (Reviewed/Unaudited) | | | As at 31 December 2021 (Audited) | | |
|--|----------------------------|---|--|--|---|---|---|
| | | Total value of preliminary sales agreements signed with clients | Advances received from Clients until 31 March 2022 | Contracted payments not received yet as at 31 March 2022 | Total value of preliminary sales agreements signed with clients | Advances received from Clients until 31 December 2021 | Contracted payments not received yet as at 31 December 2021 |
| <i>In thousands of Polish Zlotys (PLN)</i> | | | | | | | |
| Ursus IIa | Q4 2021 | 1,491 | 1,527 | (36) | 80,911 | 75,349 | 5,562 |
| Ursus Ia | Q1 2021 | 20 | 26 | (6) | 642 | 648 | (6) |
| Ursus IIb | Q4 2022 | 69,971 | 26,923 | 43,048 | 64,510 | 18,367 | 46,143 |
| Ursus Ib | Q3 2022 | 42,936 | 31,261 | 11,675 | 41,720 | 23,438 | 18,282 |
| Ursus IIc | Q2 2023 | 14,461 | 2,124 | 12,338 | 1,521 | - | 1,521 |
| Miasto Moje III | Q4 2020 | 36 | 75 | (40) | - | 74 | (74) |
| Miasto Moje IV | Q4 2021 | 142 | 139 | 3 | 15,571 | 15,330 | 241 |
| Miasto Moje V | Q4 2022 | 58,896 | 36,789 | 22,107 | 57,945 | 30,701 | 27,244 |
| Miasto Moje VI | Q2 2023 | 23,730 | 6,699 | 17,030 | 16,803 | 2,280 | 14,523 |
| Vitalia III | Q1 2021 | - | 27 | (27) | - | 38 | (38) |
| Viva Jagodno I | Q3 2021 | - | 8 | (8) | - | 13 | (13) |
| Viva Jagodno IIa | Q4 2022 | 20,307 | 8,781 | 11,526 | 18,302 | 3,257 | 15,045 |
| Viva Jagodno IIb | Q3 2023 | 4,084 | 387 | 3,697 | - | - | - |
| Panoramika VI | Q4 2021 | 293 | 272 | 21 | 7,464 | 6,914 | 549 |
| Panoramika V | Q3 2020 | 55 | 66 | (11) | 1,104 | 513 | 591 |
| Nowe Warzymice (Chopin) | Q2 2021 | - | 3 | (3) | - | 56 | (56) |
| Nowe Warzymice II (Chopin) | Q2 2022 | 20,869 | 14,544 | 6,325 | 20,859 | 10,193 | 10,666 |
| Nowe Warzymice III (Chopin) | Q4 2022 | 20,437 | 7,644 | 12,793 | 18,547 | 3,828 | 14,719 |
| Nowe Warzymice IV (Chopin) | Q3 2023 | 2,093 | 221 | 1,872 | - | - | - |
| Totton 3c | Q2 2021 | - | 15 | (15) | 1,401 | 1,415 | (15) |
| Truro 3a | Q2 2021 | - | - | - | 3,325 | 332 | 2,992 |
| City Link III | Q4 2019 | 377 | 344 | 33 | 344 | 344 | - |
| Grunwald2 | Q2 2020 | 624 | 312 | 312 | 624 | 312 | 312 |
| Grunwaldzka | Q1 2023 | 12,674 | 4,857 | 7,817 | 12,636 | 2,579 | 10,057 |
| Other (old) projects | | 3,260 | 1,171 | 2,089 | 4,919 | 2,063 | 2,856 |
| Total (excluding JV) | | 296,756 | 144,217 | 152,539 | 369,148 | 198,047 | 171,101 |
| Wilanów Tulip | | 4,936 | 1,316 | 3,620 | 8,833 | 5,023 | 3,810 |
| Total | | 301,692 | 145,533 | 156,159 | 377,981 | 203,069 | 174,911 |

*from the completion date the assumed recognition of the advances as revenue is between 3-6 months

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 22 – Risk management**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk, inflation risk), credit risk, liquidity risk and the overall security stability of the EU area due to the Ukrain War. 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 updates policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments.

The Group does not use derivative financial instruments to hedge currency or interest rate risks arising from the Group's operations and its sources of finance. It is, and has been throughout the year ended 31 December 2021 and continued in the period ended 31 March 2022, the Group's policy that no trading in (derivative) financial instruments shall be undertaken.

The Group's principal financial instruments comprise cash balances, other current financial assets, loans granted to JVs and third parties, bank loans, bonds, financial instruments measured through FVPL, trade receivables and trade payables. The main purpose of these financial instruments is to manage the Group's liquidity and to raise finance for the Group's operations.

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 31 March 2022.

(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 2021 (Note 31). 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

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

The Group monitors its risk to a shortage of funds 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, bond loans and financing from external investors (SAFE agreement).

Compared to year end, the Group entered into 5 separate SAFE agreements in which the Company obtained a total funding of ILS 60 million (PLN 79.0 million) via Israeli institutional investors (for further details see Note 13). Apart from that 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 three months ended 31 March 2022 as described in Notes 14.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 22 – Risk management***(iii) Fair value estimation*

The Investment property and financial liabilities (the SAFE agreement) are valued at fair value determined by an independent appraiser. During the three months ended 31 March 2022 there were no other 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

A vast majority of loans and borrowings obtained by the Group is against variable interest rates that are based on WIBOR rates plus a margin. Therefore, changes in the WIBOR rates will have impact on the cash flow and the profitability of the Group.

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

(v) Legislation and administrative risk

The changes in the legislations planned in year 2022 (contemplated deletion of open escrow accounts as well as the possible introduction of compulsory contributions to the developer guarantee fund), the new construction law and the new local regulations related to road and infrastructure participation costs, also constitute a risk that could directly or indirectly affect the Company's and the Group's activities and results. The Management Board is in the opinion, that the possible introduction of such changes might have a negative impact on the Group's activities. In spite of that and taking under consideration the Company and the Group long-term experience in the market it's ability to adjust quickly to the new market conditions, its financial situation and its reputation in the market. The Management Board is in the opinion that these changes are of a lesser extent than on other market operators.

Frequent amendments, incoherence and lack of unified interpretation of legislation entail risks related to the legal and environment in which the Company and the Group operate. In particular the regulations and interpretations of tax legislations are subject to frequent changes. The practice of tax authorities, issued tax interpretations as well as judicial decisions in this area is not unified. In cases that Tax Authorities will adopt different interpretation of tax regulations from that of the Company, negative consequences can be expected with negative impact on the Company's business, its performance, its financial standing and Company's and Group's development prospects.

New regulations regarding building permit and design standards may increase the costs of construction.

The above list demonstrates 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.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 22 – Risk management***(vi) Effect of the War Conflict on the real estate industry*

The security and political situation in Europe due to the War conflict between Russia and Ukraine directly affects the real estate industry. At this point of time it is very hard to access how the effect of the War in Ukraine will impact the European economy. A significant deterioration in the security situation may lead to certain implications of the European economy, the Polish economy and thereafter Polish real estate sector.

The possible economic impact of the Crises in Ukraine on the European economy have several possible paths:

- Energy Supply disrupt/ shortage (oil and gas);
- Humanitarian Crises and refugees problem all over Europe;
- Energy price surge;
- Increase in inflation rates due to higher energy prices and product prices.

Each of the elements and the combination of them can impact dramatically on the global economy and in terms of risks specific for the sector in which the Group operate, we can expect a decrease in the demand for housing, disruption or change of monetary policy toward real estate projects by financing banks, a rise in labour costs, shortage of construction employees, shortage in construction materials and further increase in costs of energy and materials.

All the above factors may affect the ability of the Company and the Group to conduct and complete its executed and planned projects. The Company is continuously observing the situation in order to assess its impact on the company operations. In order to mitigate as much as possible the impact of this crises on the Company Operations.

(vi) Inflation risk

At the beginning of 2022, prices of energy and agricultural commodities were high, significantly exceeding their levels seen since last year. The growth was boosted by reduced supply of the commodities combined with the recovery in global economic activity as well as the recent intensification of geopolitical tensions due to the Russia's military aggression against Ukraine.

Following this sharp increase in the inflation rate, Poland tightened its monetary policy in order to bring inflation under control by cutting levies on everything from food to fuel lifting its main interest rates from nearly zero % in the beginning of 2021 to almost 5% in the end of the reporting period with no veil.

The inflation growth and with it the interbank interest growth will affect the Polish economy in many aspects and the real estate residential sector in the following:

- the risk of average mortgage rates increases which might result in decline in volume of mortgages lending which will influence reduction of the demand from individual clients;
- risk of increase in construction costs, related to problems of manufacturing, energy and transportation;
- risk in delay or withholding of starting new projects due to high costs.

The Management Board understands that the inflation process and its stabilisation is a long process that may take significant efforts and time and is continuing monitoring the situation, and adopt further actions, if necessary, in order to reduce as much as it is possible the effect of the inflation and interest rates increase on the Company's operations and strategy.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 22 – Risk management***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 2021 (Note 31). There have been no changes in the risk management measurements and risk management performed by the Company's Management since year end.

COVID-19

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.

Note 23 – Related party transactions

During the three months ended 31 March 2022 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 three months ended 31 March 2022 and 31 March 2021 the total amount of costs from A. Luzon Group amounted PLN 222 thousand and PLN 210 thousand respectively.

In addition to the above, during the three months ended 31 March 2022, the Group sold two apartments to the company owned by Andrzej Gutowski for a total net amount (excluding VAT) of PLN 588.0 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 three months ended 31 March 2022**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 31 March 2022 | As at 31 December 2021 |
|---|--------------------------------|-----------------------------------|
| Loans granted | 123 | 319 |
| Share in net equity value of joint ventures | 4,505 | 3,846 |
| The Company's carrying amount of the investment | 4,628 | 4,165 |
| Presented as Loans granted to joint ventures (current assets) | (123) | (319) |
| Investment in joint ventures | 4,505 | 3,846 |

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 31 March 2022 | As at 31 December 2021 |
|--|--------------------------------|-----------------------------------|
| Opening balance | 319 | 11 634 |
| Loans granted | (1) | 117 |
| Loans repaid | (197) | (10 564) |
| Accrued interest | 5 | 377 |
| Interest paid | (4) | (1 244) |
| Total closing balance | 123 | 319 |

As at 31 March 2022, from the total amount of loans granted to joint ventures was presented as a short-term assets in the aggregate amount of PLN 123 thousand. The short-term loans granted to joint ventures cannot be regarded as a part of the investment in joint ventures and are presented in the Statement of Financial Position under current assets as Loans granted to joint ventures. The loans granted to joint venture were bear at fixed interests at the level of 5%.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022
Notes to the Interim Condensed Consolidated Financial Statements

Note 25 – Other events during the period

Commencements of new projects in three months ended 31 March 2022

| Project name | Location | Number of units | Area of units (m ²) |
|-------------------|----------|-----------------|---------------------------------|
| Nowe Warzymice IV | Szczecin | 75 | 3,818 |
| Falenty I | Warsaw | 42 | 4,303 |
| Total | | 117 | 8,121 |

Purchase of land

| Location | Type of agreement | Signed date | Agreement net value (million PLN) | Paid net till 31 March 2022 (million PLN) | Number of units | Potential PUM |
|----------------------|-------------------|-----------------------------|-----------------------------------|---|-----------------|---------------|
| Warsaw, Stojowskiego | final | 11 Aug 2021, 11 Jan 2022 | 16.9 | 16.9 | 191 | 11,000 |
| Warsaw, Białołęka | final | 28 Oct 2021, 13 Jan 2022 | 51.4 | 51.4 | 870 | 42,600 |
| Warsaw, Bemowo | final | 22 Feb 2022 | 25.9 | 25.9 | 148 | 8,100 |
| Warsaw, KEN | final | 29 Mar 2022 | 11.9 | 11.9 | 94 | 5,700 |
| Total | | | 106.1 | 106.1 | 1,303 | 67,400 |

The below table presents signed preliminary agreements for purchase of plots signed until 31 March 2022 including advances paid:

| Location | Type of agreement | Signed date | Agreement net value (million PLN) | Paid net till 31 March 2022 (million PLN) | Number of units | Potential PUM |
|--------------------|-------------------|-------------|-----------------------------------|---|-----------------|----------------|
| Warsaw, Białołęka* | preliminary | 23 Nov 2020 | 20.0 | 13.4 | 432 | 20,700 |
| Warsaw, Ursus | preliminary | 17 Jan 2021 | 140.0 | 10.0 | 1,860 | 100,000 |
| Warsaw, Targówek | preliminary | 2 June 2021 | 14.0 | 4.0 | 125 | 6,875 |
| Warsaw, Ochota | preliminary | 10 Aug 2021 | 7.1 | 7.1 | 67 | 3,700 |
| Warsaw, Bemowo | preliminary | 16 Oct 2021 | 19.4 | 5.0 | 119 | 6,400 |
| Warsaw, Wola ** | preliminary | 23 Dec 2021 | 23.3 | - | 570 | 18,790 |
| Warsaw, Ursynów | preliminary | 30 Dec 2021 | 16.0 | 2.0 | 142 | 8,400 |
| Warsaw, Bielany*** | preliminary | 21 Mar 2022 | 11.0 | - | 242 | 4,559 |
| Total | | | 250.8 | 41.5 | 3,557 | 169,424 |

* during the month of February 2021 the Company signed final agreement for 3 plots connected to Epopei project for the total net amount of PLN 5.9 million which is part of the total purchase price for the project

**EUR 5 mio valued at NBP exchange rate as at 31 March 2022

***The land designated for PRS activity

Conclusion of a material agreement for General contractors

| Project name | Location | Number of units | General contractor | Agreement signing date | Agreement net value (million PLN) | Additional provisions |
|-------------------|----------|-----------------|--------------------------------|------------------------|-----------------------------------|-----------------------|
| Nowe Warzymice IV | Szczecin | 75 | 'EBUD' Przemysłówka Sp. z o.o. | 1 February 2022 | 16.80 | none |
| Falenty I | Warsaw | 42 | Techbau Budownictwo Sp. z o.o. | 4 March 2022 | 19.15 | none |
| Total | | | | | 35.30 | |

Building permits

| Project name | Location | Building permit date | Number of units | Area of units (m ²) |
|-------------------|----------|----------------------|-----------------|---------------------------------|
| Nowe Warzymice IV | Szczecin | 22 January 2022 | 75 | 3,800 |
| Smardzewska | Poznań | 15 March 2022 | 117 | 5,800 |
| Total | | | 192 | 9,600 |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Consolidated Financial Statements****Note 25 – Other events during the period***Withdrawal of the Company's shares from trading on the regulated market*

On 8 March 2022, the General Meeting of the Company was held, at which the shareholders adopted a resolution on withdrawing the Company's shares from trading on the regulated market. In connection with the adoption of the above resolution, on 9 March 2022, the Company submitted an application to the Polish Financial Supervision Authority for authorization to withdraw the Company's shares from trading on the regulated market. On 14 April 2022 the Polish Financial Supervision Authority issued a consent to the withdrawal of the Company's shares from trading on the market regulated by the Warsaw Stock Exchange S.A. ("WSE") as of 28 April 2022. The respective resolution was also adopted by the Management Board of WSE on 25 April 2022.

Note 26 – Subsequent events*Occupancy permits*

| Project name | Location | Occupancy permit date | Number of units | Area of units (m ²) |
|-------------------|----------|-----------------------|-----------------|---------------------------------|
| Nowe Warzymice II | Szczecin | 5 April 2022 | 66 | 3,492 |
| Total | | | 66 | 3,492 |

New Building permits

| Project name | Location | Building permit date | Number of units | Area of units (m ²) |
|----------------------|----------|----------------------|-----------------|---------------------------------|
| Osiedle Vola | Warsaw | 15 April 2022 | 84 | 25,660 |
| Sobola I | Szczecin | 21 April 2022 | 200 | 9,360 |
| Nova Królikarnia 4b1 | Warsaw | 2 May 2022 | 11 | 2,870 |
| Total | | | 295 | 37,890 |

Purchase of land

On 28 April 2022 the Company (via its subsidiary) signed a preliminary agreement concerning the purchase of the ownership rights of a plot of land located in Warsaw, Bemowo district, with an area of c.a. 0,5447 ha. Net price was preliminary established in amount of PLN 9 million.

Repayment of Bonds

On 9 May 2022 the Company repaid in full Bond seria T including accrued interest with a total amount of PLN 51.1 million.

Boaz Haim
 President of the Management Board

Yaron Shama
 Vicepresident of the Management Board, CFO

Andrzej Gutowski
 Vicepresident of the Management Board,
 Sales Director

Karolina Bronszewska
 Member of the Management Board
 Marketing and Innovation Director

Anna Rzczkowska
 Person responsible for financial statements
 preparation

Warsaw, 11 May 2022

Interim Condensed Company Financial Statements for the three months ended 31 March 2022

Interim Condensed Company Statement of Financial Positions

| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | As at 31 March 2022 (Reviewed/Unaudited) | As at 31 December 2021 (Audited) |
|---|-------------|---|-------------------------------------|
| Assets | | | |
| Intangible assets | | 14 | 19 |
| Investment in subsidiaries | 6 | 469,058 | 458,449 |
| Loan granted to subsidiaries | 7 | 235,049 | 196,918 |
| Deferred tax assets | | 242 | - |
| Total non-current assets | | 704,364 | 655,386 |
| Trade and other receivables and prepayments | | 119 | 122 |
| Receivable from subsidiaries | | 1,483 | 473 |
| Loan granted to subsidiaries | 7 | 2,650 | 2,910 |
| Cash and cash equivalents | | 51,047 | 12,556 |
| Total current assets | | 55,300 | 16,061 |
| Total assets | | 759,664 | 671,447 |
| Equity | | | |
| Shareholders' equity | | | |
| Share capital | | 12,503 | 12,503 |
| Share premium reserve | | 150,278 | 150,278 |
| Treasury shares | | (1,732) | (1,732) |
| Retained earnings | | 267,506 | 258,996 |
| Total shareholders' equity | | 428,555 | 420,045 |
| Liabilities | | | |
| Long-term liabilities | | | |
| Bond loans | 8 | 197,266 | 196,991 |
| Deferred tax liabilities | | - | 714 |
| Total long-term liabilities | | 197,266 | 197,705 |
| Current liabilities | | | |
| Bond loans | 8 | 49,931 | 49,770 |
| Other payables - accrued interests on bonds | 8 | 3,073 | 2,477 |
| Trade and other payables and accrued expenses | | 1,837 | 1,450 |
| Financial liability measured at fair value through profit and loss ("FVPL") | 12 | 79,002 | - |
| Total current liabilities | | 133,843 | 53,697 |
| Total liabilities | | 331,109 | 251,402 |
| Total shareholders' equity and liabilities | | 759,664 | 671,447 |

The notes included on pages 56-60 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statements for the three months ended 31 March 2022
Interim Condensed Company Statement of Comprehensive Income

| For the 3 months ended 31 March | | 2022 | 2021 |
|---|-------------|-------------------------------------|-------------------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | (Reviewed) / (unaudited) | (Reviewed) / (unaudited) |
| Revenues from consulting services | | 824 | 986 |
| General and administrative expense | | (1,139) | (1,106) |
| Other revenues/(expenses) | | (824) | 3 |
| Net impairment losses on financial assets | | (1,075) | - |
| Operating profit | | (2,214) | (117) |
| Result from subsidiaries after taxation | 6 | 13,097 | 8,839 |
| Operating profit after result from subsidiaries | | 10,883 | 8,722 |
| Finance income | | 4,424 | 1,538 |
| Finance expense | | (3,378) | (2,724) |
| Gain/loss in fair value of financial instrument at fair value through profit and loss | | (4,376) | - |
| Net finance income/(expense) | 9 | (3,329) | (1,186) |
| Profit/(loss) before taxation | | 7,554 | 7,536 |
| Income tax benefit/(expense) | 10 | 956 | 72 |
| Profit for the period | | 8,510 | 7,608 |
| Other comprehensive income | | - | - |
| Total comprehensive income/(expense) for the period, net of tax | | 8,510 | 7 608 |
| Weighted average number of ordinary shares (basic and diluted) | | 162,442,859 | 162,451,847 |
| <i>In Polish Zlotys (PLN)</i> | | | |
| Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted) | | 0.052 | 0.047 |

The notes included on pages 56 do 60 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statements for the three months ended 31 March 2022

Interim Condensed Company Statement of Changes in Equity

| | Attributable to the Equity holders of parent | | | | |
|---|--|----------------------|------------------------|--------------------------|---------------------|
| | <u>Share capital</u> | <u>Share premium</u> | <u>Treasury shares</u> | <u>Retained earnings</u> | <u>Total Equity</u> |
| <i>In thousands of Polish Zlotys (PLN)</i> | | | | | |
| Balance at 1 January 2022 | 12,503 | 150,278 | (1,732) | 258,996 | 420,045 |
| Net profit for the period ended 31 March 2022 | - | - | - | 8,510 | 8,510 |
| Other comprehensive income | | | | | |
| Total comprehensive income/(expense) | - | - | - | 8,510 | 8,510 |
| Balance at 31 March 2022 (Reviewed/ Unaudited) | 12,503 | 150,278 | (1,732) | 267,506 | 428,555 |

| | Attributable to the Equity holders of parent | | | | |
|--|--|----------------------|------------------------|--------------------------|---------------------|
| | <u>Share capital</u> | <u>Share premium</u> | <u>Treasury shares</u> | <u>Retained earnings</u> | <u>Total Equity</u> |
| <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 31 March 2021 | - | - | - | 7,608 | 7,608 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income/(expense) | - | - | - | 7,608 | 7,608 |
| Own shares acquired | - | - | (119) | - | (119) |
| Reclassification of 2019 net result from Share premium to retained earnings⁽¹⁾ | - | (7,627) | - | 7,627 | - |
| Balance at 31 March 2021 (Reviewed/ Unaudited) | 12,503 | 150,278 | (1,732) | 226,257 | 387,306 |

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

The notes included on pages 56 do 60 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statements for the three months ended 31 March 2022**Interim Condensed Company Statement of Cash Flows**

| For the 3 months period ended 31 March | | 2022 | 2021 |
|---|-------------|-----------------|-----------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | | |
| Cash flows from operating activities | | | |
| Profit for the year | | 8,510 | 7,608 |
| Finance income | 9 | (3,248) | (1,538) |
| Finance expense | 9 | 3,378 | 2,724 |
| Depreciation | | 5 | - |
| Revaluation of the liability at fair value through profit or loss | | 4,376 | - |
| Net exchange differences | | (1,177) | - |
| Income tax expense | 10 | (956) | 61 |
| Impairment on financial assets | | 1,076 | - |
| Net results subsidiaries during the year | 6 | (13,097) | (8,839) |
| Subtotal | | (1,133) | (106) |
| Decrease/(increase) in trade and other receivables and prepayments | | 3 | (10) |
| Decrease/(increase) in receivable from subsidiaries | | (1,009) | 1,764 |
| Increase/(decrease) in trade and other payable and accrued expense | | 387 | (928) |
| Subtotal | | (1,753) | 720 |
| Interest paid and bank expenses | 8 | (2,347) | (6,295) |
| Interest received | 7 | - | 2,160 |
| Net cash used in operating activities | | (4,100) | (3,414) |
| Cash flows from investing activities | | | |
| Loans granted to subsidiaries, net of issue cost | 7 | (42,150) | (1,000) |
| Repayment of loans granted to subsidiaries | 7 | 6,450 | 13,006 |
| Dividends from subsidiaries | 6 | 2,500 | - |
| Investment in subsidiaries | 6 | (12) | - |
| Net cash used in investing activities | | (33,212) | 12,006 |
| Cash flows from financing activities | | | |
| Treasury shares | | - | (119) |
| Repayment of loans from subsidiaries/Loans received from subsidiaries | | - | (8,601) |
| Proceeds from SAFE Agreement | 12 | 74,626 | - |
| Repayment of bond loans | 8 | - | (4,848) |
| Net cash from financing activities | | 74,626 | (13,568) |
| Net change in cash and cash equivalents | | 37,314 | (4,976) |
| Cash and cash equivalents at 1 January | | 12,556 | 27,152 |
| Effects of exchange rate changes on cash and cash equivalents | | 1,177 | - |
| Cash and cash equivalents at the end of the period | | 51,047 | 22,176 |

The notes included on pages 56 do 60 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statements for the three months ended 31 March 2022**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 in Warsaw. 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. Address of the Company's registered office is the same as domicile of the Company (Al. Komisji Edukacji Narodowej 57 in Warsaw).

The Company (together with its subsidiaries, 'the Group') is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. In 2021 the Management Board of the Company decided to start developing a new activity, so-called Private Rent Sector (PRS). 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

As at 31 March 2022, the shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. On 8 March 2022, the General Meeting of the Company was held, at which the shareholders adopted a resolution on withdrawing the Company's shares from trading on the regulated market. In connection with the adoption of the above resolution, on 9 March 2022, the Company submitted an application to the Polish Financial Supervision Authority for authorization to withdraw the Company's shares from trading on the regulated market. On the 28 April 2022 the Company share were withdrawn from the trading on the regular market. According to publicly available information, as at 31 March 2022 and as of publication date of the financial statements 66.06% of the shares are indirectly controlled by A. Luzon Group (via I.T.R. Dori B.V.) and 32.98% of the shares are directly controlled by A. Luzon Group (Ultimate Parent). The Ultimate Controlling Party is Mr Amos Luzon, member of the Supervisory Board. Additionally 0.96% of the shares are held by the Company.

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 31 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.

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 2021, 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 11 May 2022 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 Company Financial Statements for the three months ended 31 March 2022**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 2021, except changes described in the Note 4 of the Interim Condensed Consolidated Financial Statements.

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 three months ended 31 March 2022 and during the year ended 31 December 2021:

| | For the 3 months ended 31 March 2022 | For the 12 months ended 31 December 2021 |
|--|---|---|
| <i>In thousands of Polish Zlotys (PLN)</i> | | |
| Balance at beginning of the period | 458,449 | 435,874 |
| Investments in subsidiaries | 12 | 55 |
| Net result subsidiaries during the period | 13,097 | 46,588 |
| Sale of shares | - | (48) |
| Dividend from subsidiary | (2,500) | (24,020) |
| Balance at end of the period | 469,058 | 458,449 |

The Company holds and owns (directly and indirectly) 89 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.

On 18 January 2022, the entity has obtained an advanced payments for expected dividend for 2021 year from Ronson Development Construction Sp. z o.o. in amount of PLN 2,500 thousand.

The net result of the investments in subsidiaries in the period of three months ended 31 March 2021 amounted PLN 8,839 thousand.

Interim Condensed Company Financial Statements for the three months ended 31 March 2022**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 three months ended 31 March 2022 and during the year ended 31 December 2021:

| | For the period ended 31 March 2022 | For the year ended 31 December 2021 |
|---|---------------------------------------|--|
| | (Reviewed/ Unaudited) | (Audited) |
| <i>In thousands of Polish Zloty (PLN)</i> | | |
| Opening balance | 199,828 | 160,347 |
| Loans granted | 42,150 | 110,000 |
| Loans repayment during the year | (6,450) | (70,178) |
| Settlement of loans | - | (1,513) |
| Impairment | (1,076) | - |
| Accrued interest | 3,247 | 6,430 |
| Repayment of interest | - | (5,257) |
| Total closing balance | 237,699 | 199,828 |
| Closing balance includes: | | |
| Current assets | 2,650 | 2,910 |
| Non-current assets | 235,049 | 196,918 |
| Total closing balance | 237,699 | 199,828 |

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 2021 (more information see Note 10).

Note 8 – Bonds loans

| | For the period ended 31 March 2022 | For the year ended 31 December 2021 |
|---|---------------------------------------|--|
| | (Reviewed/ Unaudited) | (Audited) |
| <i>In thousands of Polish Zloty (PLN)</i> | | |
| Opening balance | 249,238 | 230,072 |
| Repayment of bond loans | - | (77,929) |
| Redemption of bonds (non-cash) | - | (2,247) |
| Proceeds from bond loans (nominal value) | - | 100,000 |
| Issue cost | - | (2,648) |
| Issue cost amortization | 437 | 1,576 |
| Accrued interest | 2,895 | 10,775 |
| Interest repayment | (2,299) | (10,362) |
| Total closing balance | 250,270 | 249,238 |
| Closing balance includes: | | |
| Current liabilities | 53,004 | 52,247 |
| Non-current liabilities | 197,266 | 196,991 |
| Total Closing balance | 250,270 | 249,238 |

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

Interim Condensed Company Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Company Financial****Note 9 – Finance costs and income**

| For the period ended 31 March | 2022 | 2021 |
|---|----------------|----------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | | |
| Interests and fees on granted loans to subsidiaries | 3,247 | 1,538 |
| Foreign exchange gain on balance sheet valuation | 1,177 | - |
| Finance income | 4,424 | 1,538 |
| Interest expense on bonds measured at amortized cost | (2,895) | (2,248) |
| Interests and fees on received loans from subsidiaries | - | (132) |
| Commissions and fees | (479) | (290) |
| Other | (3) | (54) |
| Finance expense | (3,377) | (2,724) |
| Gain/loss in fair value of financial instrument at fair value through profit and loss | (4,376) | - |
| Net finance income | (3,329) | (1,186) |

Note 10 – Income tax

| For the period ended 31 March | 2022 | 2021 |
|---|--------------|--------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | | |
| Current tax expense/(benefit) | | |
| Current period | - | - |
| Taxes in respect of previous periods | - | 392 |
| Total current tax expense | - | 392 |
| Deferred tax expense/(benefit) | | |
| Origination and reversal of temporary differences | (307) | (243) |
| Expense/(benefit) of tax losses recognized | (649) | (221) |
| Total deferred tax expense/(benefit) | (956) | (464) |
| Total income tax expense/(benefit) | (956) | (72) |

Note 11 – Related parties transactions

During the three months ended 31 March 2022 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 three months ended 31 March 2022 and 31 March 2021 the total amount of costs from A. Luzon Group amounted PLN 222 thousand and PLN 210 thousand respectively.

In addition to the above, during the three months ended 31 March 2022, the Group sold two apartments to the company owned by Andrzej Gutowski for a total net amount (excluding VAT) of PLN 588 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 Company Financial Statements for the three months ended 31 March 2022**Notes to the Interim Condensed Company Financial Statements****Note 12 – Investors agreement (“SAFE Agreement”)**

On 30 January 2022 and 22 February 2022, the Company and Amos Luzon Development and Energy Group Ltd., the Company’s controlling shareholder, concluded SAFE agreements (“SAFE”) with Sphera Master Fund L.P., More Provident Funds Ltd., Sphera Small Cap Fund L.P. EJS Galatee Holdings and Klirmark Opportunity Fund III L.P (the “Investors”) raising a total of ILS 60 mio (the ”SAFE Amount”) which for the date of transaction amounted to PLN 74.6 million. All the needed conditions have been completed and the full agreement amount has been transferred to Ronson until 31 March 2022.

The above agreements grant the Investors certain rights applicable after the Company is delisted from the regulated market of the Warsaw Stock Exchange, including the right to subscribe for instruments convertible into shares in the Company, as well as the right to convert their respective investments into shares or bonds in Amos Luzon Development and Energy Group Ltd.

The above agreements do not impose any restrictive covenants or onerous undertakings on the part of the Company. Taking into consideration all above requirements, the SAFE agreement has been classified as financial liability measured at fair value through profit and loss. For detailed information about the valuation of the financial liability please refer to Note 13 to the Interim Condensed Consolidated Financial Statements.

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

Karolina Bronszewska

Member of the Management Board
Marketing and Innovation Director

Anna Rzeczowska

Person responsible for financial statements
preparation

Warsaw, 11 May 2022