Ronson Development SE

Interim Financial Report for the three months ended 31 March 2023

Including the Interim Condensed Consolidated Financial Statements of Ronson Development SE for the three months ended 31 March 2023 and the Interim Condensed Company Financial Statements of Ronson Development SE for the three months ended 31 March 2023

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Introduction

Ronson Development SE ("the Company"), formerly named Ronson Europe N.V., is an European Company with its statutory seat in Warsaw, Poland 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 2023, 100% of the Company's shares are controlled by Amos Luzon Development and Energy Group Ltd. ("A. Luzon Group"), whereas 32.98% of the shares are held directly by A. Luzon Group, 66.06% of the shares are held via I.T.R. Dori B.V., a fully owned subsidiary of A. Luzon Group and 0.96% of the shares are own shares of the Company.

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 as well as in the PRS ("Private Rented Sector") where development first started in 2021. 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 2023, the Group realized sales of 223 units with the total value of PLN 133.1 million, which is a increase of 91.9% comparing to sales of 99 units with the total value PLN 45.6 million during the three months ended 31 March 2022.

Until 31 March 2023 the Group delivered 42 units in 100% owned projects which represent a total revenue of PLN 21.8 million comparing to delivery of 268 units in 100% owned projects with a total revenue value of PLN 112.4 million during three months ended 31 March 2022.

As at 31 March 2023, the Group has 1,164 units available for sale in 12 locations, of which 1,058 units are in ongoing projects and the remaining 106 units are in completed projects. The ongoing projects comprise a total of 1,484 units, with an aggregate floor space of 81,034 m^2. The construction of 752 units with a total area of 41,553 m^2 is expected to be completed during remaining period of 2023.

The Group has a pipeline of 17 projects in different stages of preparation, representing approximately 4,806 units with an aggregate floor space of approximately 267,906 m^2 for future development of the residential activity, in such cities as: Warsaw, Poznań, Wrocław, Szczecin and 4 projects representing approximately 677 units with an aggregate floor space of 25,272 m^2 for future development of PRS in Warsaw.

During the remaining period of 2023, the Group is considering commencement of three projects comprising 155 units with a total area of 11,731 m^2.

In addition to the above as at 31 March 2023 the Group is in different stages of process for finalizing the purchase of 4 plots located in Warsaw with a total projected PUM of 129,234 m^2 with an estimated 2,868 units for construction for a total purchase price of PLN 212.8 million.

Business highlights during the three months ended 31 March 2023

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 2023 on a project by project basis:

	Information on the delivered units		Revenue [1]		Cost of sales [2]		Gross profit	Gross margin
Project	**Number of units**	**Area of units (m2)**	**PLN thousands**	**%**	**PLN thousands**	**%**	**PLN thousands**	**%**
Miasto Moje VI	23	1,096	10,287	47.1%	6,972	45.8%	3,316	32.2%
Miasto Moje V	13	900	7,351	33.7%	5,060	33,2%	2,291	31.2%
Viva Jagodno IIa	3	155	1,290	5.9%	1,043	6.8%	247	19.1%
Moko I	1	123	1,162	5.3%	821	5.4%	340	29.3%
Nowe Warzymice III	1	84	651	3.0%	470	3.1%	180	27.7%
Miasto Moje IV	1	61	562	2.6%	399	2.6%	163	28.9%
Moko II	-	-	132	0.6%	104	0.7%	28	21.4%
Viva Jagodno I	-	-	31	0.1%	23	0.1%	9	27.7%
Sakura I-IV	-	-	29	0.1%	56	0.4%	(27)	-92.8%
Sakura Idea	-	-	28	0.1%	31	0.2%	(3)	-10.9%
Ursus Centralny Ib	-	-	23	0.1%	35	0.2%	(12)	-51.6%
Pozostałe [4]	-	-	286	0.0%	7	0.0%	64	23.2%
Total / Average	**42**	**2,419**	**21,832**	**100%**	**15,236**	**100%**	**6,596**	**30.2%**
Impairment recognized	n.a.	n.a.	n.a.		n.a		n.a	n.a.
Results after write-down adjustment	**42**	**2,419**	**21,832**		**15,236**		**6,596**	**30.2%**
Wilanów Tulip[3]	2	144	1,456		3,057		(1,601)	-110.0%
Economic results	**44**	**2,563**	**23,288**		**18,293**		**4,995**	**21.4%**

(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%. Amount recognised using the equity method in accordance with IAS 28.
(4) The amount include old projects delivery of units and parking places as well as revenue from leasing of buildings.

Revenue from the sale of residential units is recognized 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 of apartments and service units of residential projects recognized during the three months ended 31 March 2023 amounted to PLN 21.8 million, whereas cost of sales before write-down adjustment amounted to PLN 15.2 million. Resulting in a gross profit before write-down adjustment amounting to PLN 6.6 million and a gross margin of 30.2%. Total economic revenue from sales of residential projects, when results from joint ventures are presented on a fully consolidated basis, amounted to PLN 23.3 million, whereas cost of sales amounted to PLN 18.3 million, that resulted in a gross profit amounting to PLN 5.0 million and a gross margin of 21.4%.

Projects completed during the three months ended on 31 March 2023

The table below presents information on the projects that were completed (i.e. completing all construction works and receiving occupancy permit) during the three months ended 31 March 2023:

Project name	Location	Number of units	Area of units (m2)	Total units sold until 31 March 2023	Units delivered in 2023	Units sold not delivered as at 31 March 2023
Ursus Centralny IIb	Warsaw	206	11,758	194	0	194
Miasto Moje VI	Warsaw	227	11,722	153	23	130
Total		**433**	**23,480**	**347**	**23**	**324**

Business highlights during the three months ended 31 March 2023

A. Results breakdown by project

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

The table below presents information on the projects that were completed (i.e. construction works are finished and the occupancy permit was received) in previous years and the income that was recognized based on units delivered during the three months ended 31 March 2023:

Project name	Location	Completion date	Total Project Units	Total Area of units (m2)	Total units sold until 31 March 2023	Total units delivered until 31 December 2022	Units delivered during 2023	Recognised income during year 2023 (PLN'000)	Units sold not delivered as at 31 March 2023	Units for sale as at 31 March 2023	Left to sale/ deliver after 31 March 2023
Miasto Moje V	Warsaw	Q3 2022	170	8,559	170	155	13	7,351	2	-	2
Viva Jagodno IIa	Wrocław	Q4 2022	76	4,329	65	59	3	1,290	3	11	14
Moko I	Warsaw	Q4 2016	178	11,238	178	177	1	1,162	-	-	-
Nowe Warzymice III	Szczecin	Q4 2021	62	3,537	61	57	1	651	3	1	4
Miasto Moje IV	Warsaw	Q4 2021	176	8,938	176	174	1	562	1	-	1
Moko II	Warsaw	Q4 2016	167	12,624	167	167	0	132	-	-	-
Viva Jagodno I	Wrocław	Q3 2021	121	6,241	120	120	0	31	-	1	1
Sakura I-IV	Warsaw	Q3 2015	515	30,290	515	515	0	29	-	-	-
Sakura Idea	Warsaw	Q3 2015	26	1,854	25	25	0	28	-	1	1
Ursus Centralny Ib	Warsaw	Q3 2022	97	5,740	97	97	0	23	-	-	-
Vitalia III	Wrocław	Q1 2021	81	6,790	81	81	0	6	-	-	-
Total excluding JV			**1,669**	**100,141**	**1,655**	**1,627**	**19**	**11,265**	**9**	**14**	**23**
Wilanów Tulip	Warsaw	Q3 2021	149	9,574	149	147	2	1,456	-	-	-
Total including JV			**1,818**	**109,714**	**1,804**	**1,774**	**21**	**12,721**	**9**	**14**	**23**

Business highlights during the three months ended 31 March 2023

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 m^2) of the units sold and net value (without VAT) of the preliminary sales agreements (including also parking places and storages) sold by the Group during the three months ended 31 March 2023:

Project name	**Location**	**Total Project Saleable area** (m2)	**Total project units**	**Units sold until 31 December 2022**	**Units sold during 3 months ended 31 March 2023**	**Net Sold area** (m2)	**Value of the preliminary sales agreements** *(in PLN thousands)*	**Units for sale as at 31 March 2023**
Ursus Centralny IIb[1]	Warsaw	11,758	206	154	40	2,408	22,927	12
Osiedle Vola[2]	Warsaw	4,851	84	14	30	1,536	21,691	40
Viva Jagodno IIb[2]	Wrocław	8,876	152	64	46	2,332	19,467	42
Ursus Centralny IIc[2] [4]	Warsaw	11,124	219	74	22	1,686	17,604	123
Miasto Moje VI[1]	Warsaw	11,722	227	127	26	1,741	16,926	74
Między Drzewami[2]	Poznań	5,803	117	24	17	868	8,846	76
Miasto Moje V	Warsaw	8,559	170	160	10	795	6,742	-
Nova Królikarnia 4b1 (Thame) [2]	Warsaw	2,566	11	-	1	217	4,776	10
Nowe Warzymice IV[2]	Szczecin	3,818	75	31	11	477	3,960	33
Nowa Północ Ia[2]	Warsaw	5,230	110	14	8	345	2,722	88
Grunwaldzka[2]	Poznań	3,351	70	52	3	194	1,888	15
Viva Jagodno IIa	Wrocław	4,329	76	63	2	200	1,607	11
Nowe Warzymice III	Szczecin	3,537	62	58	3	225	1,561	1
Eko Falenty I[2]	Warsaw	4,304	42	4	1	77	593	37
Nowe Warzymice I	Szczecin	3,234	54	51	1	82	556	2
Construction	Szczecin	54	1	-	1	54	428	-
Moko II	Warsaw	12,624	167	167	-	-	59	-
Sakura I-IV	Warsaw	30,290	515	515	-	-	46	-
Sakura Idea	Warsaw	1,854	26	25	-	-	38	1
Nowe Warzymice II	Szczecin	3,492	66	64	-	-	31	2
Miasto Moje IV	Warsaw	8,938	176	176	-	-	28	-
Viva Jagodno I	Wrocław	6,241	121	120	-	-	16	1
Moko I	Warsaw	11,238	178	178	-	-	6	-
Vitalia III	Wrocław	6,790	81	81	-	-	6	-
Miasto Moje I	Warsaw	10,917	205	205	-	-	4	-
Miasto Moje VII	Warsaw	11,725	255	2	-	-	-	253
Ursus Centralny 2e	Warsaw	16,246	291	5	-	-	-	286
Viva Jagodno III	Wrocław	3,140	58	3	-	-	-	55
Other old projects		-	2	-	-	-	-	2
Total excluding JV		**216,612**	**3,815**	**2,431**	**222**	**13,235**	**132,528**	**1,164**
Wilanów Tulip[1]/[3]	Warsaw	9,574	149	148	1	69	697	-
Total including JV		**226,185**	**3,964**	**2,579**	**223**	**13,304**	**133,225**	**1,164**

(1) For information on the completed projects see "Business highlights during the three months ended 31 March 2023 – A. Results breakdown by project".
(2) For information on current projects under construction, see "Outlook for the remaining period of 2023 – 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 121 units of an aggregate floor space of 4,935 m^2.

Business highlights during the three months ended 31 March 2023

B. Units sold during the period

The table below presents further information on the value of the preliminary sales agreements (with a breakdown per city, without VAT) executed by the Group:

Location	Value of the preliminary sales agreements sold during the year ended		Increase/(deacrease)	
In thousands of Polish Zlotys (PLN)	**31 March 2023**	**31 March 2022**	**In PLN**	**%**
Warsaw	94,859	33,371	61,489	184%
Wrocław	21,096	6,089	15,007	245%
Szczecin	6,536	5,177	1,358	26%
Poznań	10,734	585	10,149	1,735%
other	-	341	(341)	-100%
Total	**133,225**	**45,563**	**87,662**	**192%**

C. 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 2023:

Location	Type of agreement	Signed date	Agreement net value *(PLN million)*	Paid net till 31 March 2023 *(PLN million)*	Number of units	Potential PUM
Warsaw, Dobosza	final	10 Aug 2022, 2 Mar 2023	7.1	7.1	67	3,700
Total			**7.1**	**7.1**	**67**	**3,700**

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 2023 *(PLN million)*	Number of units	Potential PUM
Warsaw, Białołęka	preliminary	23 Nov 2020	1.5	1.5	n/a	n/a
Warsaw, Ursus	preliminary	17 Jan 2021	140.0	10.0	1,860	85,000
Warsaw, Włochy	preliminary	29 Dec 2021	16.0	2.0	142	8,400
Warsaw, Bielany(1)	preliminary	21 Mar 2022	11.0	1.0	242	4,559
Total			**168.5**	**14.6**	**2,244**	**97,959**

1) *The land designated for PRS activity*

Selected financial data

	Exchange rate of Polish Zloty versus Euro			
PLN/EUR	**Average exchange rate**	**Minimum exchange rate**	**Maximum exchange rate**	**Period end exchange rate**
2023 (3 months)	**4.7100**	**4.6688**	**4.7895**	**4.6755**
2022 (3 months)	4.6259	4.4879	4.9647	4.6525
2022 (12 months)	4.6876	4.4879	4.9647	4.6899

Source: National Bank of Poland ("NBP")

Selected financial data

Selected financial data	EUR		PLN	
	(thousands, except per share data)			
	For the period ended 31 March			
	2023	2022	2023	2022
Revenues	**4,635**	24,294	**21,831**	112,385
Gross profit	**1,400**	5,447	**6,596**	25,199
Profit/(loss) before taxation	**504**	2,917	**2,375**	13,493
Net profit/(loss) for the period attributable to the equity holders of the parent	**104**	2,072	**490**	9,586
Cash flows from/(used in) operating activities	**1,210**	(7,864)	**5,700**	(36,380)
Cash flows from/(used in) investing activities	**107**	35	**502**	161
Cash flows from/(used in) financing activities	**(1,390)**	16,129	**(6,546)**	74,613
Increase/(decrease) in cash and cash equivalents	**(73)**	8,300	**(342)**	38,394
Average number of equivalent shares (basic)	**162,442,859**	162,442,859	**162,442,859**	162,442,859
Net earnings/(loss) per share (basic and diluted)	**0.001**	0.013	**0.003**	0.059

Selected financial data	EUR		PLN	
	(thousands)			
	As at			
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Inventory and Land designated for development	**179,222**	157,778	**837,951**	768,348
Total assets	**227,015**	205,779	**1,061,407**	1,002,103
Advances received	**41,307**	28,730	**193,132**	139,911
Long term liabilities	**38,836**	37,493	**181,577**	182,583
Short term liabilities (including advances received)	**91,422**	75,593	**427,445**	368,124
Equity attributable to the equity holders of the parent	**96,757**	92,693	**452,386**	451,396

Overview of results

The net profit attributable to the equity holders of the parent company for the three months ended 31 March 2023 was PLN 490 thousand and can be summarized as follows:

	For the period of 3 months ended 31 March		change	
	2023	2022		
	PLN (thousands, except per share data)		nominal	%
Revenue from sales of residential units	21,831	112,385	(90,554)	-80.6%
Revenue from sale of services				
Revenues	**21,831**	**112,385**	**(90,554)**	**-80.6%**
Cost of sales of residential units	(15,235)	(87,186)	71,951	-82.5%
Cost of sales	**(15,235)**	**(87,186)**	**71,951**	**-82.5%**
Gross profit	**6,596**	**25,199**	**(18,603)**	**-73.8%**
Changes in the value of investment property				
Selling and marketing expenses	(1,354)	(905)	(449)	49.6%
Administrative expenses	(6,355)	(6,237)	(118)	-1.9%
Share of profit/(loss) from joint venture	(647)	695	(1,342)	-193.1%
Other Incomes /(expense)	257	(830)	1,087	-131.0%
Result from operating activities	**(1,503)**	**17,922**	**(19,425)**	**-108.4%**
Finance income	356	1,290	(934)	-72.4%
Finance expense	(2,118)	(1,343)	(775)	57.6%
Gain/loss in fair value of financial instrument at fair value through profit and loss	5,640	(4,376)	10,016	-228.9%
Net finance income/(expense)	**3,878**	**(4,429)**	**8,309**	**-187.6%**
Profit/(loss) before taxation	**2,375**	**13,493**	**(11,116)**	**-82.4%**
Income tax benefit/(expenses)	(1,885)	(3,907)	2,022	-51.8%
Net profit/(loss) for the period before non-controlling interests	**490**	**9,586**	**(9,096)**	**-94,9%**
Net profit/(loss) for the period attributable to the equity holders of the parent	**490**	**9,586**	**(9,096)**	**-94,9%**
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)	**0,003**	**0.059**	**(0.056)**	**-94,9%**

Overview of results

Revenue from sales of residential units

The revenue from sales in residential units decreased by PLN 90.6 million (80.6%) from PLN 112.4 million during the three months ended 31 March 2022 to PLN 21.8 million during the three months ended 31 March 2023, which is explained by lower amount of units delivered – 42 units delivered to the customers during the three months ended 31 March 2023, comparing to the 268 units delivered during the three months ended 31 March 2022 (in terms of project 100% owned by the Group).

Cost of sales of residential units

Cost of sales of residential units decreased by PLN 72.0 million (82.5%) from PLN 87.2 million during the three months ended 31 March 2022 to PLN 15.2 million during the three months ended 31 March 2023. The decrease relates to a lower amount of delivered units in projects fully owned by the Group from 268 units during the three months ended 31 March 2022 compared to 42 units delivered to customers during the three months ended 31 March 2023.

Gross margin

The gross margin from sales of residential units during the three months ended 31 March 2023 was 30.2% which increased comparing to 22.4% during the three months ended 31 March 2022. 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 2023 compared to the mix of projects delivered to customers during the three months ended 31 March 2022.

During three months ended 31 March 2023 the projects that significantly impacted revenues and profitability of the Group were Miasto Moje VI, Miasto Moje V and Viva Jagodno IIb (contributed respectively PLN 10.3 million, PLN 7.4 million and PLN 1.3 million to the gross profit representing a gross profit margin of 32.3%, 31.2% and 19.1%). 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%).

Selling and marketing expenses

Selling and marketing expenses increased by PLN 0.4 million (49.6%) from PLN 0.9 million during the three months ended 31 March 2022 to PLN 1.3 million during the three months ended 31 March 2023, is reflecting the higher invested marketing resources in the company running projects and new starting stages, in order to achieve higher sales. as a result higher number of units sold during the reporting period increase of 125% (223 units sold during the period ended 31 March 2023 comparing to 99 units sold during the period ended 31 March 2022).

Administrative expenses

Administrative expenses increased by PLN 0.1 million (2%) from PLN 6.24 million in the period ended 31 March 2022 to PLN 6.35 million ended 31 March 2023, which is primarily explained by increase in remuneration costs, and increase in taxes and charges due to non-deductable VAT costs and property taxed on project where final notary deeds were not signed.

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. In the three months period ended 31 March 2023. The Group recorded a net income on financial operations of PLN 3.9 million compared to a Net expenses of PLN 4.4 million in the corresponding period of 2022. This variation is mainly due to a net profit on fair value measurement of a financial instrument generated as well as a gain on foreign exchange rates totalling 5.7 million, compared to a loss of 4.4 million on this account in the corresponding period of 2022.

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 2023	As at 31 December 2022
	PLN (thousands)	
Inventory and Residential landbank	837,951	768,348
Investment properties	63,707	63,139
Advances received	193,132	139,911
Loans and borrowings	214,217	219,667
Financial liability measured at FVPL	64,866	70,506

Inventory and residential landbank

The value of inventories and residential landbank at 31 March 2023 amounted to PLN 837.9 million compared to PLN 768.6 million at 31 December 2022. The increase is mainly due to direct construction costs occurred in the total amount of PLN 53.4 million, land purchase costs amounted PLN 7.7 million and capitalized finance costs totaling PLN 6.3 million. This increase was partly offset by recognised costs of sales in the total amount of PLN 15.0 million.

Investment properties

The balance of Investment properties is PLN 63.7 million as at 31 March 2023 compared to PLN 63.1 million as at 31 December 2022. The increase is primarily explained by expenditures incurred on the realization of investments in the total amount of PLN 0.6 million. As at 31 March 2023 the balance consists of property held for long-term rental yields and capital appreciation as well as investment lands purchased to build investment property for long-term so-called institutional rental and capital appreciation.

Advances received

The balance of advances received is PLN 193.1 million as at 31 March 2023 compared to PLN 139.9 million as at 31 December 2022. The increase is explained by advances received from clients regarding sales of units during the period ended 31 March 2023 for a total amount PLN 68.9 million which was offset by the revenues recognized from the sale of residential units for a total amount of PLN 21.8 million during the three months ended 31 March 2023, .

Loans and Bonds

The total of short-term and long-term loans and bonds is PLN 214.2 million as at 31 March 2023 compared to PLN 219.7 million as at 31 December 2022. The decrease in loans and bonds is primarily explained by change in bank loans of PLN 5.7 million (loans received and the use of credit lines in the amount of PLN 27.8 million with a simultaneous bank loans repayments of PLN 33.9 million and interests accrued of PLN 0.5 million). Average level of debt from bond loans as at 31 March 2023 amounted to PLN 203.6 million, out of which an amount of PLN 45.2 million comprises facilities maturing no later than 31 March 2024. The balance of bond loans comprises of: principal amount of PLN 200.0 million plus accrued interest of PLN 5.2 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 1.6 million). For additional information see Note 15 of the Interim Condensed Consolidated Financial Statements.

Financial liability measured at FVPL

On 1 February 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 million, equivalent of PLN 64.9 million as at 31 March 2023 comparing to the value of PLN 70.5 million as at 31 December 2022. The decrease is related to valuation decrease of PLN 5.6 million . For further information regarding the SAFE agreement and valuation method used please see Note 14 of the Interim Condensed Consolidated Financial Statements.

Overview of cash flow results

The Group funds its day-to-day operations principally with funds generated from sales, as well as proceeds from loans and borrowings and bonds.

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

	For the period of three months ended 31 March	
	2023	2022
	PLN (thousands)	
Cash flows from/(used in) operating activities	5,700	(36,380)
Cash flow from/(used in) investing activities	502	161
Cash flow (used in)/from financing activities	(6,546)	74,613

Cash flow from/(used in) operating activities

The Company's positive net cash flow from operating activities for the three months ended 31 March 2023 amounted to PLN 5.7 million compared to negative net cash flows from these activities in the corresponding period ended 31 March 2022 of PLN 36.4 million. The increase of PLN 42.1 million is primarily explained by:

- an increase in cash inflow of PLN 16.1 million due to an increase in advances received from customers from PLN 58.0 million in the 3 months ended 31 March 2022 to PLN 74.7 million received in the 3 months ended 31 March 2023;
- decrease in cash outflow related to land purchase and advances for land purchase of PLN 28.9 Million during the 3 months ended on 31 March 2022 , comparing to no purchase of land during the 3 months of 31 March 2023.
- decrease in cash outflow related to corporate income tax payment in the amount of PLN 2.7 million from PLN 4.4 million for the 3 months ended on 31 march 2022 to PLN 1.6 million during the 3 months ended on 31 march 2023

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

- increase of cash outflow in the amount of PLN 4 million related to interest payments in the amount of PLN 6.3 million in the 3 month ended on 31 March 2023 comparing to interest payment of PLN 2.3 million during the 3 months ended on 31 March 2022.

Cash flow from investing activities

The Company's net cash inflow used in investing activities amounted to PLN 0.5 million during the three months ended 31 March 2023 compared to net inflow from investing activities in comparative period in the amount of PLN 0.2 million. The change is primarily explained by net cash inflow due to dividends received from joint ventures in the total amount of PLN 1.1 million.

Cash flow from financing activities

The Company's net cash outflow from financing activities amounted to PLN 6.5 million during the three months ended 31 March 2023 compared to a net cash inflow from financing activities amounted to PLN 74.6 million during the three months ended 31 March 2022. The change is primarily explained by:

- the absence in three months period ended 31 March 2023 of net inflow of proceeds received from the SAFE agreement in the amount of PLN 74.6 million;
- net cash outflow related to repayments of bank loans during the period of three months ended 31 March 2023 in the total amount of PLN 5.6 million compared to PLN 1.0 million net inflow during analogical period ended on 31 March 2022;
- proceeds from bank loans amounting to PLN 27.8 million in the three months ended March 31, 2023, compared to PLN 11.2 million in the same period in 2022

Outlook for the remaining period of 2023

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 2023:

		Number of residential units delivered (1)			Number of residential units expected to be delivered (1)			
Project name	**Location**	**Until 31 December 2022**	**During the period ended 31 March 2023**	**Total units delivered**	**Units sold not delivered as at 31 March 2023**	**Units for sale as at 31 March 2023**	**Total units expected to be delivered**	**Total project**
Nova Królikarnia 1d	Warsaw	11	-	11	-	1	1	12
City Link III	Warsaw	367	-	367	1	-	1	368
Miasto Moje IV	Warsaw	174	1	175	1	-	1	176
Miasto Moje V	Warsaw	155	13	168	2	-	2	170
Miasto Moje VI	Warsaw	-	23	23	130	74	204	227
Ursus Centralny IIb	Warsaw	-	-	-	194	12	206	206
Viva Jagodno I	Wrocław	120	-	120	-	1	1	121
Viva Jagodno IIa	Wrocław	59	3	62	3	11	14	76
Nowe Warzymice I	Szczecin	51	-	51	1	2	3	54
Nowe Warzymice II	Szczecin	64	-	64	-	2	2	66
Nowe Warzymice III	Szczecin	57	1	58	3	1	4	62
Moko I	Warsaw	177	1	178	-	-	-	178
Młody Grunwald I	Poznań	146	-	146	2	-	2	148
Młody Grunwald III	Poznań	107	-	107	-	1	1	108
Verdis I-IV	Warsaw	440	-	440	1	-	1	441
Verdis Idea	Warsaw	10	-	10	1	-	1	11
Sakura Idea	Warsaw	25	-	25	-	1	1	26
Construction	Warsaw	89	-	89	1	-	1	90
Total excluding JV		**2,052**	**42**	**2,094**	**340**	**106**	**446**	**2,540**
Wilanów Tulip(2)	Warsaw	147	2	149	-	-	-	149
Total including JV		**2,199**	**44**	**2,243**	**340**	**106**	**446**	**2,689**

(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 2023- A. Results breakdown by project".

Outlook for the remaining period of 2023

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 2023, and for the years 2024-2025. 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 2023	Units for sale as at 31 March 2023	Total units	Total area of units (m^2)	Expected completion of construction
Między Drzewami	Poznań, Smardzewska st.	Q2 2022	41	76	117	5,803	Q3 2024
Grunwaldzka	Poznań, Grunwaldzka st.	Q1 2021	55	15	70	3,351	Q2 2023
Ursus Centralny IIe	Warsaw, Ursus, Gierdziejewskiego st.	Q2 2022	5	286	291	16,246	Q2 2025
Ursus Centralny IIc(1)	Warsaw, Ursus, Gierdziejewskiego st.	Q4 2021	96	123	219	11,124	Q2 2023
Miasto Moje VII	Warsaw, Bialoleka, Marwilska st.	Q2 2022	2	253	255	11,725	Q4 2024
Eko Falenty I	Falenty Nowe, Droga Hrabska st.	Q2 2022	5	37	42	4,304	Q3 2023
Nowe Warzymice IV	Szczecin, Do Rajkowa st.	Q1 2022	42	33	75	3,818	Q2 2023
Nowa Północ Ia	Szczecin, Bogusława Świątkiewicza st.	Q2 2022	22	88	110	5,230	Q4 2023
Viva Jagodno III	Wrocław, Jagodno, Buforowa st.	Q2 2022	3	55	58	3,140	Q4 2024
Viva Jagodno IIb	Wrocław, Jagodno, Buforowa st.	Q1 2022	110	42	152	8,876	Q3 2023
Osiedle Vola	Warsaw, Wola, Studzienna st.	Q2 2022	44	40	84	4,851	Q4 2023
Nova Królikarnia 4b1 (Thame)(3)	Warsaw, Srebrnych Świerków	Q2 2023	1	10	11	2,566	Q2 2024
Subtotal			**426**	**1,058**	**1,484**	**81,034**	

(1) Part of the stage of Ursus Centralny IIc project is designated for PRS activity – comprises 121 units of an aggregate floor space of 4,935 m^2.
(2) The sales on the projects started, the construction start and completion date are expected dates based on current Management estimations.

C. Projects for which construction work is planned to commence during the remaining period of 2023

During the remaining period of 2023, the Company is considering the commencement of the further projects:

Project name	Location	Total units	Total area of units (m^2)
Nova Królikarnia 3d	Warsaw	15	2,191
Zielono Mi I	Warsaw	92	5,440
Skyline	Poznań	48	4,100
Total		**155**	**11,731**

Outlook for the remaining period of 2023

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 of units (without VAT) executed with the Company's clients 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 IIb	Warsaw	194	104,967	Completed
Miasto Moje VI	Warsaw	130	57,005	Completed
Viva Jagodno IIa	Wrocław	3	2,404	Completed
Miasto Moje V	Warsaw	2	1,917	Completed
Nowe Warzymice III	Szczecin	3	1,522	Completed
Młody Grunwald I	Poznań	2	964	Completed
Miasto Moje IV	Warsaw	1	958	Completed
City Link III	Warsaw	1	580	Completed
Nowe Warzymice I	Szczecin	1	556	Completed
Verdis Idea	Warsaw	1	437	Completed
Construction	Szczecin	1	428	Completed
Verdis I-IV	Warsaw	1	277	Completed
Ursus Centralny IIa	Warsaw	0	78	Completed
Miasto Moje III	Warsaw	0	39	Completed
Moko II	Warsaw	0	37	Completed
Nowe Warzymice II	Szczecin	0	31	Completed
Sakura I-IV	Warsaw	0	24	Completed
Moko I	Warsaw	0	22	Completed
Sakura Idea	Warsaw	0	10	Completed
Miasto Moje I	Warsaw	0	4	Completed
Subtotal completed projects		**340**	**172,259**	
Ursus Centralny IIc	Warsaw	96	52,169	2023
Viva Jagodno IIb	Wrocław	110	46,086	2023
Osiedle Vola	Warsaw	44	32,057	2023
Grunwaldzka	Poznań	55	22,901	2023
Między Drzewami	Poznań	41	19,456	2023
Nowe Warzymice IV	Szczecin	42	16,032	2023
Nowa Północ Ia	Warsaw	22	6,744	2024
Nova Królikarnia 4b1 (Thame)	Warsaw	1	4,776	2024
Eko Falenty I	Szczecin	5	4,426	2023
Ursus Centralny IIe	Warsaw	5	1,550	2023
Viva Jagodno III(3)	Wrocław	3	923	2025
Miasto Moje VII	Warsaw	2	569	2024
Subtotal ongoing projects		**426**	**207,689**	
Total		**766**	**379,947**	

(1) For information on the completed projects see "Business highlights during the three months ended 31 March 2023–A. Results breakdown by project".
(2) For information on current projects under construction and/or on sale, see under "B".
(3) Projects where the Company started the sales but did not start construction process suntil 31 March 2023

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 consolidation level.

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

	Exchange rate of Polish Zloty versus Euro			
PLN/EUR	**Average exchange rate**	**Minimum exchange rate**	**Maximum exchange rate**	**Period end exchange rate**
2023 (3 months)	**4.7100**	**4.6688**	**4.7895**	**4.6755**
2022 (3 months)	4.6259	4.4879	4.9647	4.6525
2022 (12 months)	4.6876	4.4879	4.9647	4.6899

Source: National Bank of Poland ("NBP")

Selected financial data	**EUR**		**PLN**	
	(thousands, except per share data)			
	For the 3 months ended 31 March			
	2023	**2022**	**2023**	**2022**
Revenues from management services	**149**	178	**704**	824
Financial income (Wise majority from loans granted to subsidiaries)	**1,435**	956	**6,757**	4,424
Financial expences (Wise majority from Interest on bonds and fair value measurement of the financial instrument)	**(80)**	(730)	**(376)**	(3,376)
Profit including results from subsidiaries	**104**	1,840	**490**	8,510
Cash flows from/(used in) operating activities	**(1,116)**	(886)	**(5,257)**	(4,100)
Cash flows from/(used in) investing activities	**425**	(7,179)	**2,000**	(33,212)
Cash flows from/(used in) financing activities	**-**	16.132	**-**	74,626
Increase/(decrease) in cash and cash equivalents	**(691)**	8,321	**(3,257)**	38,491
Average number of equivalent shares (basic)	**162,442,859**	162,442,859	**162,442,859**	162,442,859
Net earnings/(loss) per share (basic and diluted)	**0.001**	0.011	**0.003**	0.052

Selected financial data	**EUR**		**PLN**	
	(thousands)			
	As at			
	31 March 2023	**31 December 2022**	**31 March 2023**	**31 December 2022**
Investment in subsidiaries	**94,624**	94,943	**442,413**	445,275
Loan granted to subsidiaries	**59,591**	58,974	**278,618**	276,581
Total assets	**155,434**	155,582	**726,734**	729,664
Long term liabilities	**35,092**	34,421	**164,074**	161,433
Short term liabilities	**23,816**	25,142	**111,353**	117,914
Equity	**96,526**	96,019	**451,307**	450,317

Additional information to the report

Major shareholders and disclosure obligations of controlling shareholder

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.

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 are available here: http://maya.tase.co.il (some of which are only available in Hebrew), may contain certain information relating to the Company.

To the best of the Company's knowledge, as at 15 May 2023, there were no changes in the Company's shareholders structure.

The total number of own shares held by the Company as at 31 March 2023 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 in the period three months ended 31 March 2023 and until the publication date.

Changes in the Management and Supervisory Board during the three months ended 31 March 2023 and until the date of publication of this report

During the period ended 31 March 2023 and until the date of publication of this report, there were no changes in the Company's Management Board or Supervisory Board.

Changes in ownership of shares and rights to shares by Management and Supervisory Board members during the three months ended 31 March 2023 and until the date of publication of this report

Mr Amos Luzon (Member of the Supervisory Board) holds a majority (99%) of the shares in a private company under Israeli law, A. Luzon Properties and Investments Ltd.. A. Luzon Properties and Investments Ltd, according to publicly available information, holds a majority (in addition to 60%, this number is variable and as of the date prior to the publication of this report was 66.45%) of the shares and votes in A. Luzon Group.

A. Luzon Group, holds 100% of the Company's shares - directly and indirectly through I.T.R Dori B.V. and the Company (own shares).

Based on the above structure, Mr Amos Luzon controls the Company and is its sole beneficial owner.

Changes in the Company's group structure

1) On the 27 January 2023 the following companies were mereged into Ronson Development South Sp. z o.o:
   - Ronson Development Sp. z o.o. – Home sp. k.,
   - Ronson Development Sp. z o.o. – Idea sp. k.,
   - Ronson Development Sp. z o.o. – Impressio sp. k.,
   - Ronson Development Sp. z o.o. – Gemini 2 sp. k.,
   - Ronson Development Sp. z o.o. – 2011 sp. k.,
   - Ronson Development Sp. z o.o. – Verdis sp. k.,
   - Ronson Development Partner 2 Sp. z o.o. – Capital 2011 sp. k.,
   - Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 sp. k.,
   - Ronson Development Partner 2 Sp. z o.o. – Enterprise 2011 sp. k.,
   - Ronson Development Partner 3 Sp. z o.o. – Sakura sp. k.,
   - Ronson Development Partner 4 Sp. z o.o. – Panoramika sp. k.,

Additional information to the report

Changes in the Company's group structure

2) On the 16 March 2023 the following companies were merged into Wrocław 2016 Sp. z o.o:
   - Darwen Sp. z o.o.
   - Truro Sp. z o.o.
   - Totton Sp. z o.o

The Company's group structure as at 31 March 2023 and 31 December 2022 is presented in the Note 7 to the Interim Condensed Consolidated Financial Statements.

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 2023 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 3 month period ended 31 March 2023 company paid PLN 173 thousand.

Option program

On November 28, 2022, A. Luzon Group announced a private issuance of options for shares of A. Luzon Group ("Options"). According to the allocation, Mr. Boaz Haim received 9,817,868 Options. Options were allotted free of charge. Each Option entitles to one ordinary share of A. Luzon Group of NIS 0.01 par value, for an exercise price of 0,2 NIS (which however will be settled on a net basis, i.e. final number of received shares will be decreased by a number of shares which market value is equal to full exercise price to be paid).

Mr Haim will be entitled to exercise the Options as follows:

(i) after 24 months from the allotment date - up to 40% of allocated Options
(ii) after 36 months from the allotment date - up to 20% of allocated Options
(iii) after 48 months from the allotment date - up to 20% of allocated Options
(iv) after 60 months from the allotment date - up to 20% of allocated Options

The Options can be exercised until the end of 7 years from the date of their allocation. Options that were not exercised within the above mentioned period, expire. Assuming all the Options are exercised, Mr. Haim will hold c.a. 2.38% of the issued and paid-up capital of A. Luzon Group and about 1.89% of the issued and paid-up capital of A. Luzon Group on a full dilution basis. The Option program envisages adjustments in case of various corporate events in A. Luzon Group (such as the issuance of shares or other options, merger, dividend distribution, etc.).

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/audit. 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 bondholders. The Company prepared this Interim Financial Report for the three months ended 31 March 2023 in both English and Polish languages, while the Polish version is binding.

Additional information to the report

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 2023, 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 2023 was 65 during comparing to 72 during the three months ended 31 March 2022. There were no personnel employed in the Company.

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 2023 was prepared and approved by the Management Board of the Company on 15 May 2023.

The Management Board

Boaz Haim
President of the Management Board

Yaron Shama
Finance Vice-President of the Management Board

Andrzej Gutowski
Sales Vice-President of the Management Board,

Karolina Bronszewska
Member of the Management Board
for Marketing and Innovation

Warsaw, 15 May 2023

Interim Condensed Consolidated Statement of Financial Position

In thousands of Polish Zlotys (PLN)	*Note*	As at 31 March 2023 (Reviewed/Unaudited)	As at 31 December 2022 (Audited)
Assets			
Property and equipment		7,369	7,556
Investment property	*9*	63,707	63,139
Intangible fixed assets		615	686
Investments in joint ventures	*25*	583	2,331
Deferred tax assets	*18*	7,612	8,830
Land designated for development	*10*	30,128	21,094
Total non-current assets		**110,015**	**103,636**
Inventory	*10*	807,823	747,254
Trade and other receivables and prepayments	*11*	66,929	65,620
Advances for Land	*12*	13,550	20,650
Income tax receivable		406	691
Loans granted to third parties		1,740	1,717
Loans granted to joint ventures	*25*	136	133
Other current financial assets		9,966	11,217
Cash and cash equivalents		50,843	51,185
Total current assets		**951,393**	**898,467**
Total assets		**1,061,407**	**1,002,103**
Equity			
Share capital		12,503	12,503
Share premium		150,278	150,278
Share based payment		500	-
Treasury shares		(1,732)	(1,732)
Retained earnings		290,837	290,347
Total equity/Equity attributable to equity holders of the parent		**452,386**	**451,396**
Liabilities			
Floating rate bond loans	*15*	158,386	158,110
Deferred tax liability	*18*	22,528	23,809
Lease liabilities related to perpetual usufruct of investment properties	*13*	663	663
Total non-current liabilities		**181,577**	**182,583**
Trade and other payables and accrued expenses	*16*	79,008	75,055
Floating rate bond loans	*15*	40,000	40,000
Other payables - accrued interests on bonds	*15*	5,193	5,260
Secured bank loans	*15*	10,638	16,297
Advances received	*19*	193,132	139,911
Income tax payable		77	70
Provisions		3,836	3,704
Lease liabilities related to perpetual usufruct of land	*13*	30,695	17,322
Financial liability measured at FVPL	*14*	64,866	70,506
Total current liabilities		**427,445**	**368,124**
Total liabilities		**609,022**	**550,707**
Total equity and liabilities		**1,061,407**	**1,002,103**

The notes included on pages 23 to 54 are an integral part of these Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Comprehensive Income

PLN (thousands, except per share data and number of shares)	*Note*	For the 3 months ended 31 March 2023 (Reviewed/Unaudited)	For the 3 months ended 31 March 2022 (Reviewed/Unaudited)
Revenue from residential projects	*20*	21,831	112,385
Revenue from sale of services		-	-
Revenue		**21,831**	**112,385**
Cost of sales	*20*	**(15,235)**	**(87,186)**
Gross profit		**6,596**	**25,199**
Selling and marketing expenses		(1,354)	(905)
Administrative expenses		(6,355)	(6,237)
Share of profit/(loss) in joint ventures		(647)	695
Other expenses		(347)	(1,215)
Other income		604	385
Result from operating activities		**(1,503)**	**17,922**
Finance income		356	1,290
Finance expense		(2,118)	(1,343)
Gain(loss) in fair value of financial instrument at fair value through profit and loss	*14*	5,640	(4,376)
Net finance income/(expense)		**3,878**	**(4,429)**
Profit/(loss) before taxation		**2,375**	**13,493**
Income tax (expense)	*17*	(1,885)	(3,907)
Profit for the period		**490**	**9,586**
Other comprehensive income		-	-
Total comprehensive income/(expense) for the period, net of tax		**490**	**9,586**
Total profit/(loss) for the period attributable to:			
Equity holders of the parent		490	9,586
Non-controlling interests			-
Total profit/(loss) for the period, net of tax		**490**	**9,586**
Total profit/(loss) for the period attributable to:			
equity holders of the parent		490	9,586
Non-controlling interests		-	-
Total comprehensive income/(expense) for the period, net of tax		**490**	**9,586**
Weighted average number of ordinary shares (basic and diluted)		**162,442,859**	**162,442,859**
In Polish Zlotys (PLN)			
Net earnings/(loss) per share attributable to the equity holders of the parent basic		**0.003**	**0.059**
Net earnings/(loss) per share attributable to the equity holders of the parent diluted		**0.003**	**0.059**

The notes included on pages 23 to 54 are an integral part of these Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Changes in Equity

In thousands of Polish Zlotys (PLN)	Attributable to the Equity holders of parent					
	Share capital	Share premium	Share based payment	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2023	**12,503**	**150,278**	**-**	**(1,732)**	**290,347**	**451,396**
Comprehensive income:						
Profit for the three months ended 31 March 2023	-	-	-	-	490	490
Total comprehensive income/(expense)	**-**	**-**	**-**	**-**	**490**	**490**
Share based payment		-	500			500
Balance at 31 March 2023 (Reviewed/ Unaudited)	**12,503**	**150,278**	**500**	**(1,732)**	**290,837**	**452,386**

In thousands of Polish Zlotys (PLN)	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**
Total comprehensive income/(expense)	**-**	-	-	9,586	**9,586**
Balance at 31 March 2022 (Reviewed/ Unaudited)	**12,503**	**150,278**	**(1,732)**	**268,582**	**429,631**

The notes included on pages 23 to 54 are an integral part of these Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Cash Flows

For the three months ended 31 March		**2023**	**2022**
In thousands of Polish Zlotys (PLN)	***Note***		
Cash flows from/(used in) operating activities			
Profit/(loss) for the period		490	9,586
Adjustments to reconcile profit for the period to net cash used in operating activities			
Depreciation		258	232
Write-down of inventory		-	484
Finance expense		2,096	1,343
Finance income		(342)	(79)
Purchase of land		-	(28,879)
Foreign exchange rates differences gain/loss		6	(1,177)
Gain/loss in fair value of financial instrument at fair value through profit and loss	*14*	(5,640)	4,376
Share of loss /(profit) from joint ventures		675	(723)
Share based payment		500	-
Income tax expense/(benefit)		1,885	3,907
Subtotal		***(73)***	***(10,930)***
Decrease/(increase) in inventory and land designated for development		(48,213)	36,412
Decrease/(increase) in trade and other receivables and prepayments		2,875	(15,059)
Decrease/(increase) in other current financial assets		1,251	2,920
Increase/(decrease) in trade and other payables and accrued expenses		4,219	11,016
Increase/(decrease) in provisions		132	-
Increase/(decrease) in advances received	*19*	53,221	(54,010)
Subtotal		**13,412**	**(29,651)**
Interest paid		(6,300)	(2,299)
Interest received		242	-
Income tax received/(paid)		(1,655)	(4,429)
Net cash from/(used in) operating activities		**5,700**	**(36,380)**
Cash flows from/(used in) investing activities			
Acquisition of property and equipment		-	(63)
Payments for investment property	*9*	(571)	(32)
Loans repayment/ (garnet) to JV		-	257
Dividends received from joint ventures		1,073	
Net cash from investing activities		**502**	**161**
Cash flows (used in)/from financing activities			
Proceeds from bank loans, net of bank charges	*15*	27,763	11,193
Repayment of bank loans	*15*	(33,422)	(10,285)
Payment of perpetual usufruct rights	*13*	(887)	(922)
SAFE Agreement	*14*	-	74,626
Net cash (used in)/from financing activities		**(6,546)**	**74,613**
Net change in cash and cash equivalents		**(344)**	**38,394**
Cash and cash equivalents at beginning of period		51,185	133,434
Effects of exchange rate changes on cash and cash equivalents		2	1,177
Cash and cash equivalents at end of period*		**50,843**	**173,005**

** including restricted cash that amounted to PLN 21,820 thousand and PLN 45,079 thousand as 31 March 2023 and as 31 March 2022, respectively.*

The notes included on pages 23 to 54 are an integral part of these interim condensed consolidated Financial Statements

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

The Company together with its subsidiaries ("the Group") is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. In 2021 the Management Board of the Company decided to start developing a new activity, so-called Private Rent Sector (PRS). PRS is sector of Poland’s residential market in which buildings are designed and built specifically for renting.

As at 31 March 2023 and the date of publication of these financial statements, Amos Luzon Development and Energy Group Ltd. ("A. Luzon Group"), the ultimate parent company, holds indirectly, through its subsidiary I.T.R. Dori B.V., 66.06% of the Company's shares and owns 32.98% directly. The remaining 0.96% of the shares are treasury shares. The beneficial owner of the Company is Mr Amos Luzon, Chairman of the Supervisory Board.

The Interim Condensed Consolidated Financial Statements of the Company have been prepared for the three months ended 31 March 2023 and contain comparative data for the three months ended 31 March 2022 and as at 31 December 2022. The Interim Condensed Consolidated Financial Statements of the Company for the three months ended 31 March 2023 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 2023 were authorized for issuance by the Management Board on 15 May 2023 in both English and Polish languages, while the Polish version is binding.

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

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

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022 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 2022 are available upon request from the Company’s registered office at Al. Komisji Edukacji Narodowej 57, Warsaw, Poland or at the Company’s website: 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 2023 are included in the Management Board Report on pages 2 through 18.

Notes to the Interim Condensed Consolidated Financial Statements

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 2022.

The following standards and amendments became effective as of 1 January 2023:

- Amendments to IAS 1 - "Presentation of Financial Statements" and the IFRS Board's guidance on disclosure of accounting policies in practice;
- Amendments to IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors";
- Amendments to IAS 12 – “Income Taxes”,
- IFRS 17 “Insurance contracts” and changes to IFRS 17.

The impact of the above amendments and improvements to IFRSs was analyzed by the Management. Based on the assessment the amendments do not impact the annual consolidated financial statements of the Group nor the interim condensed consolidated financial statements of the Groups.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity or the Group in the current or future reporting periods and on foreseeable future transactions.

Note 4 – The use of estimates and judgments

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

In preparing these Interim Condensed Consolidated Financial Statements, the significant judgments made by the Management Board in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the Consolidated Financial Statements for the year ended 31 December 2022.

Notes to the Interim Condensed Consolidated Financial Statements

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.

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 2023	31 December 2022
a.	**held directly by the Company:**			
1	Ronson Development Management Sp. z o.o.	1999	100%	100%
2	Ronson Development Sp. z o.o.	2006	100%	100%
3	Ronson Development Construction Sp. z o.o.	2006	100%	100%
4	City 2015 Sp. z o.o.	2006	100%	100%
5	Ronson Development Village Sp. z o.o. (1)	2007	100%	100%
6	Ronson Development Skyline Sp. z o.o.	2007	100%	100%
7	Ronson Development Universal Sp. z o.o. (1)	2007	100%	100%
8	Ronson Development South Sp. z o.o.(4)	2007	99,66%	100%
9	Ronson Development Partner 5 Sp. z o.o.	2007	100%	100%
10	Ronson Development Partner 4 Sp. z o.o.	2007	100%	100%
11	Ronson Development Providence Sp. z o.o.	2007	100%	100%
12	Ronson Development Finco Sp. z o.o.	2009	100%	100%
13	Ronson Development Partner 2 Sp. z o.o.	2009	100%	100%
14	Ronson Development Partner 3 Sp. z o.o.	2012	100%	100%
15	Ronson Development Studzienna Sp. z o.o.	2019	100%	100%
16	Ronson Development SPV1 Sp. z o.o.	2021	100%	100%
17	Ronson Development SPV2 Sp. z o.o.	2021	100%	100%
18	Ronson Development SPV3 Sp. z o.o.	2021	100%	100%
19	Ronson Development SPV4 Sp. z o.o.	2021	100%	100%
20	Ronson Development SPV5 Sp. z o.o.	2021	100%	100%
21	Ronson Development SPV6 Sp. z o.o.	2021	100%	100%
22	Ronson Development SPV7 Sp. z o.o.	2021	100%	100%
23	Ronson Development SPV8 Sp. z o.o.	2021	100%	100%
24	Ronson Development SPV9 Sp. z o.o.	2021	100%	100%
25	Ronson Development SPV10 Sp. z o.o.	2021	100%	100%
26	Ronson Development SPV11 Sp. z o.o.	2021	100%	100%
27	Ronson Development SPV12 Sp. z o.o. (5)	2022	100%	100%
28	Ronson Development SPV13 Sp. z o.o. (6)	2022	100%	100%

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 2023	31 December 2022
b.	**held indirectly by the Company :**			
29	Ronson Development Partner 4 Sp. z o.o. – Panoramika Sp.k.(2)	2007	-	100%
30	Ronson Development Sp z o.o. - Estate Sp.k.	2007	100%	100%
31	Ronson Development Sp. z o.o. - Home Sp.k.(2)	2007	-	100%
32	Ronson Development Sp z o.o. - Horizon Sp.k.	2007	100%	100%
33	Ronson Development Partner 3 Sp. z o.o. - Sakura Sp.k.(2)	2007	-	100%
34	Ronson Development Partner 3 sp. z o.o. – Viva Jagodno sp. k.	2009	100%	100%
35	Ronson Development Sp. z o.o. - Apartments 2011 Sp.k.	2009	100%	100%
36	Ronson Development Sp. z o.o. - Idea Sp.k.(2)	2009	-	100%
37	Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 Sp.k.(2)	2009	-	100%
38	Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k.(2)	2009	-	100%
39	Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k.	2009	100%	100%
40	Ronson Development Partner 5 Sp. z o.o - Vitalia Sp.k.	2009	100%	100%
41	Ronson Development Sp. z o.o. - 2011 Sp.k.(2)	2009	-	100%
42	Ronson Development Sp. z o.o. - Gemini 2 Sp.k.(2)	2009	-	100%
43	Ronson Development Sp. z o.o. - Verdis Sp.k.(2)	2009	-	100%
44	Ronson Development Sp. z o.o. - Naturalis Sp.k.	2011	100%	100%
45	Ronson Development Sp. z o.o. - Impressio Sp.k.(2)	2011	-	100%
46	Ronson Development Partner 3 Sp. z o.o.- Nowe Warzymice Sp. k	2011	100%	100%
47	Ronson Development Sp. z o.o. - Providence 2011 Sp.k.	2011	100%	100%
48	Ronson Development Partner 2 Sp. z o.o. - Capital 2011 Sp. k.(2)	2011	-	100%
49	Ronson Development Partner 5 Sp. z o.o. - Miasto Marina Sp.k.	2011	100%	100%
50	Ronson Development Partner 5 Sp. z o.o. - City 1 Sp.k.	2012	100%	100%
51	Ronson Development Partner 2 Sp. z o.o. - Miasto Moje Sp. k.	2012	100%	100%
52	Ronson Development sp. z o.o. – Ursus Centralny Sp. k.	2012	100%	100%
53	Ronson Development Sp. z o.o. - City 4 Sp.k.	2016	100%	100%
54	Ronson Development Partner 2 Sp. z o.o. – Grunwald Sp.k.	2016	100%	100%
55	Ronson Development Sp. z o.o. Grunwaldzka" Sp.k.	2016	100%	100%
56	Ronson Development Sp. z o.o. - Projekt 3 Sp.k.	2016	100%	100%
57	Ronson Development Sp. z o.o. - Projekt 4 Sp.k.	2017	100%	100%
58	Ronson Development Sp. z o.o. - Projekt 5 Sp.k.	2017	100%	100%
59	Ronson Development Sp. z o.o. - Projekt 6 Sp.k.	2017	100%	100%
60	Ronson Development Sp. z o.o. - Projekt 7 Sp.k.	2017	100%	100%
61	Ronson Development Sp. z o.o. - Projekt 8 Sp.k.	2017	100%	100%
62	Bolzanus Limited *(Company with the registered office in Cyprus)*	2013	100%	100%
63	Park Development Properties Sp. z o.o. - Town Sp.k.	2007	100%	100%
64	Tras 2016 Sp. z o.o.	2011	100%	100%
65	Park Development Properties Sp. z o.o.	2011	100%	100%
66	Wrocław 2016 Sp. z o.o.	2016	100%	100%
67	Darwen Sp. z o.o.(3)	2018	-	100%
68	Truro Sp. z o.o.(3)	2017	-	100%
69	Tregaron Sp. z o.o.	2017	100%	100%
70	Totton Sp. z o.o.(3)	2017	-	100%
71	Tring Sp. z o.o.	2017	100%	100%
72	Thame Sp. z o.o.	2017	100%	100%
73	Troon Sp. z o.o.	2017	100%	100%
74	Tywyn Sp. z o.o.	2018	100%	100%
c.	**other entities not subject to consolidation:**			
75	Coralchief sp. z o.o.	2018	50%	50%
76	Coralchief sp. z o.o. - Projekt 1 sp. k.	2016	50%	50%
77	Ronson IS sp. z o.o.	2009	50%	50%
78	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 merged with Ronson Development South Sp. z o.o. on 27 January 2023*
3) *Companies merged with Wrocław 2016 Sp. z o.o. on 16 March 2023*
4) *99.66% of shares in the company are held by Ronson Development SE, the remaining 0.34% of shares are held by: Ronson Development sp. z o.o. (0.19%), Ronson Development Partner 2 sp. z o.o. (0.09%), Ronson Development Partner 3 sp. z o.o. (0.03%) and Ronson Development Partner 4 sp. z o.o. (0.03%) all of this companies are held 100% by Ronson Development SE.*
5) *The company's business name has been changed to LivinGO Ursus sp. z o.o., which will be effective on the date of its entry into the National Court Register, an application in this case has been submitted and we are waiting for registration.*
6) *The company's current business name is LivinGO Holding sp. z o.o.*

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 development (apartments, of houses). Moreover, for 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 Consolidated Financial Statements. There is no aggregation of the revenues 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 fixed assets and income tax assets. Unallocated liabilities comprise mainly income tax liabilities, deferred tax liabilities, bond loans and financial liability measured at FVPL. The unallocated result (loss) comprises mainly head office expenses. IFRS adjustments represent the elimination of the Joint venture segment for reconciliation of the profit (loss), assets and liabilities to the consolidated numbers as well as the effect of measurement of liability at fair value. Joint ventures are accounted using the equity method.

The Group evaluates its performance on a segment basis mainly based on sale revenues, own cost of sales from residential projects and rental activity, allocated 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 segments.

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 2023												
	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Segment assets	575,556	105,352	1,202	71,445	127,330	9,005	63,574	-	92,234	-	-	(484)	1,045,215
Unallocated assets	-	-	-	-	-	-	-	-	-	-	16.192	-	16.192
Total assets	**575,556**	**105,352**	**1,202**	**71,445**	**127,330**	**9,005**	**63,574**	**-**	**92,234**	**-**	**16.192**	**(484)**	**1,061,407**
Segment liabilities	210,814	5,799	36	24,349	26,891	18	24,579	-	21,738	-	-	(36)	314,189
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	294.833	-	284.833
Total liabilities	**210,814**	**5,799**	**36**	**24,349**	**26,891**	**18**	**24,579**	**-**	**21,738**	**-**	**294.833**	**(36)**	**609,022**

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 – Segment reporting

In thousands of Polish Zlotys (PLN) — **As at 31 December 2022**

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Segment assets	530,898	100,278	5,570	70,605	122,968	8,953	58,431	-	86,801	-	-	(3,123)	981,382
Unallocated assets	-	-	-	-	-	-	-	-	-	-	20,721	-	20,721
Total assets	**530,898**	**100,278**	**5,570**	**70,605**	**122,968**	**8,953**	**58,431**	**-**	**86,801**	**-**	**20,721**	**(3,123)**	**1,002,103**
Segment liabilities	160,174	5,216	955	24,376	24,320	(0)	17,278	-	17,050	-	-	(955)	248,414
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	302,293	-	302,293
Total liabilities	**160,174**	**5,216**	**955**	**24,376**	**24,320**	**(0)**	**17,278**	**-**	**17,050**	**-**	**302,293**	**(955)**	**550,707**

In thousands of Polish Zlotys (PLN) — **For the three months ended 31 March 2023**

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS Adjust-ments	Total
	Apartments	Houses	Joint venture	Rental[2]	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue/Revenue from external services[1]	19,619	-	1,456	235	-	-	1,327	-	651	-	-	(1,457)	21,831
Segment result	5,171	(224)	(1,632)	156	6	(0)	103	-	(23)	-	-	1,632	5,188
Unallocated result	-	-	-	-	-	-	-	-	-	-	(6,507)	-	(6,507)
Depreciation	(50)	-	-	-	-	-	-	-	-	-	(134)	-	(185)
Result from operating activities	**5,121**	**(224)**	**(1,632)**	**156**	**6**	**(0)**	**103**	**-**	**(25)**	**-**	**(6,641)**	**1,632**	**(1,502)**
Net finance income/expenses	68	(12)	46	(6)	(13)	(1)	(31)	-	(6)	-	(1,761)	(46)	(1,760)
Gain/loss in fair value of financial instrument at fair value through profit and loss	-	-	-	-	-	-	-	-	-	-	5,640	-	5,640
Profit/(loss) before tax	**5,189**	**(236)**	**(1,586)**	**150**	**(7)**	**(1)**	**73**	**-**	**(30)**	**-**	**(2,762)**	**1,586**	**2,375**
Income tax expenses													(1,885)
Profit/(loss) for the period													**490**

(1) *Revenue is recognized when the customer takes control of the premises, i.e. on the basis of a signed protocol of technical acceptance, handover of keys to the purchaser of the premises and receipt of full payment.*

(2) *Performance obligation fulfilled over time.*

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	Rental(2)	Apartments	Houses	Apartments	Houses	Apartments	Houses			
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**	**(2,351)**	**1,376**	**(56)**	**-**	**614**	**-**	**(6,220)**	**(1,951)**	**17,922**
Net finance income/ (expenses)	(1,430)	(1,689)	(41)	699	(922)	(197)	556	-	(1,109)	-	(268)	41	(4,429)
Gain/loss in fair value of financial instrument at fair value through profit and loss	-	-	-	- -	-	- -	-	- -	-	-	-	-	-
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 customer takes control of the premises, i.e. on the basis of a signed protocol of technical acceptance, handover of keys to the purchaser of the premises and receipt of full payment.
(2) Performance obligation fulfilled over time.

Note 9 – Investment properties

In thousands of Polish Zlotys (PLN)	**For the 3 months ended 31 March 2023**	**For the year ended 31 December 2022**
Balance at 1 January	63,139	28,595
IFRS 16 adjustment	9	128
Purchase of investment property land	-	34,113
Investment expenditures incurred	560	-
Change in fair value during the year	-	303
Balance as at 31 March, including:	**63,707**	**63,139**
Cost at the time of purchase	***58,255***	***57,695***
IFRS 16	***682***	***673***
Fair value adjustments	***4,771***	***4,771***

As at 31 March 2023, the investment property balance included:

- property held for long-term rental yields and capital appreciation, and were not occupied by the Group;
- four investment land purchased to build investment property for long-term so-called institutional rental and capital appreciation.

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Investment properties

Measurement of the fair value

Investment properties and investment properties under construction are measured initially at cost, including transaction costs.

At the end of each reporting period, the Management Board conducts an assessment of the fair value of each property, taking into account the most up-to-date appraisals. Profits or losses resulting from changes in the fair value of investment properties are recognized in the statement of comprehensive income in the period in which they arise. The result on the valuation of investment properties is presented in the profit / loss on investment property item.

The Management Board determines the value of the property within the range of reasonable estimates of the fair value. The best evidence to determine the fair value is the current prices of similar properties in an active market.

In the absence of such information, management analyzes information from various sources, including:

- current prices from an active market for other types of real estate or recent prices of similar properties from a less active market, adjusted to take account of these differences (comparison method),
- discounted cash flow forecasts based on reliable estimates of future cash flows (income approach),
- capitalized income forecasts based on net market income and capitalization rate estimates derived from market data analysis.

All fair value estimates of real estate determined in this way, except for investment land, are included in level 3. In this method, the key input data are prices per square meter of comparable (in terms of location and size) plots in the same region obtained in sales transactions in the current year (Level 2 of the fair value hierarchy). The unobservable input data on the Level 3 was average period of comparable transactions. For the comparison approach the external appraiser used the transactions from the period 2021-2023 to perform the valuation.

Note 10 – Inventory and Residential landbank

Inventory

Movements in Inventory during the three months ended 31 March 2023 were as follows:

In thousands of Polish Zlotys (PLN)	**As at 31 December 2022**	**Transferred to finished units**	**Additions**	**As at 31 March 2023**
Land and related cost	421,324	(18,157)	565	403,732
Construction costs	205,595	(107,105)	53,363	151,853
Planning and permits	22,322	(2,814)	48	19,556
Borrowing costs	48,453	(3,167)	5,533	50,819
Borrowing costs on lease and depreciation perpetual usufruct right [(1)]	3,923	(2,394)	1,038	2,567
Other	3,755	(3,320)	2,375	2,809
Work in progress	**705,372**	**(136,957)**	**62,921**	**631,336**

In thousands of Polish Zlotys (PLN)	**As at 31 December 2022**	**Transferred from work in progress**	**Recognized in the statement of comprehensive income**	**As at 31 March 2023**
Finished goods	**28,059**	**136,957**	**(14,480)**	**150,176**

In thousands of Polish Zlotys (PLN)	**As at 31 December 2022**	**Revaluation write-down recognized in statement of comprehensive income**		**As at 31 March 2023**
		Increase	**Utilization/ Reversal**	
Write-down	**(2,970)**	**-**	**2**	**(2,968)**

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Inventory and Residential landbank

Inventory

In thousands of Polish Zlotys (PLN)	As at 31 December 2022	Recalculation adjustment (2)	Depreciation	Transferred to Land designated for development	Transfer to Other receivables	As at 31 March 2023
Perpetual usufruct right (2)	**16,793**	**14,412**	**(52)**	**(1,674)**	**(200)**	**29,278**
Inventory, valued at lower of - cost and net realisable value	**747,254**					**807,823**

(1) For additional information see note 13.
(2) Relates to change in the perpetual usufruct payments from 2023 and purchased land with perpetual usufruct. Amount of PLN 13,916 thousand of the recalculation adjustments is described in Note 22 (iv) Litigation- Ursus Centralny.

For the year ended 31 December 2022:

In thousands of Polish Zlotys (PLN)	As at 1 January 2022	Transferred to finished goods	Additions	As at 31 December 2022
Land and related expense	358,975	(17,261)	79,610	421,324
Construction costs	115,557	(111,696)	201,734	205,595
Planning and permits	17,131	(3,412)	8,604	22,322
Borrowing costs (2)	38,432	(5,310)	15,331	48,453
Borrowing costs on lease and depreciation perpetual usufruct right (1)	3,039	(350)	1,234	3,923
Other	3,647	(2,263)	2,371	3,755
Work in progress	**536,780**	**(140,293)**	**308,884**	**705,372**

In thousands of Polish Zlotys (PLN)	As at 1 January 2022	Transferred from work in progress	Recognized in the statement of comprehensive income	As at 31 December 2022
Finished goods	**105,681**	140,293	(217,915)	**28,059**

In thousands of Polish Zlotys (PLN)	As at 1 January 2022	Revaluation write-down recognized in statement of comprehensive income		As at 31 December 2022
		Increase	Utilization/Reversal	
Write-down	**(4,118)**	-	1,148	**(2,970)**

In thousands of Polish Zlotys (PLN)	As at 1 January 2022	Recalculation adjustment (3)	Depreciation	Transfer to Other receivables	As at 31 December 2022
Perpetual usufruct right (2)	**17,199**	1,447	(215)	(1,638)	**16,793**
Inventory, valued at lower of cost and net realisable value	**655,542**				**747,254**

(1) For additional information see Note 24.
(2) Borrowing costs are capitalized to the value of inventory with 9.912% average effective capitalization interest rate.
(3) Relates to change in the perpetual usufruct payments from 2022

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – 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:

In thousands of Polish Zloty (PLN)	For the 3 months ended 31 March 2023	For the year ended 31 December 2022
Opening balance	**21,094**	**10,041**
Sold land	-	-
Moved from inventory	1,674	-
Additions	7,360	12.335
Write-down adjustment	-	(1,282)
Total closing balance	**30,128**	**21,094**
Closing balance includes:		
Book value	38,718	29,681
Write-down	(8,589)	(8,587)
Total closing balance	**30,128**	**21,094**

During the period ended 31 March 2023, the Group decided to reclassify from the inventory line to land designated for development line the perpetual usufruct assets related to KEN project with a total value of PLN 1,674 thousand. In the period ended 31 March 2023 the company finalized the purchase of a plot in Ochota district in Warsaw on the total amount of PLN 7,100 thousand which resulted in the movement from the advances for Land to Land designated for development.

Note 11 - Trade and other receivables and prepayments

In thousands of Polish Zlotys (PLN)	As at 31 March 2023	As at 31 December 2022
Value added tax (VAT) receivables	37,212	39,204
Trade receivables	3,745	1,565
Other receivables	13,750	13,689
Trade and other receivables - IFRS 16 (impact of perpetual usufruct)	712	980
Notary's deposit	1,100	1,100
Prepayments(1)	10,410	9,082
Total trade and other receivables and prepayments	**66,929**	**65,620**

(1) The capitalized costs relating to obtaining the contracts have been presented in this line and amounted to PLN 1.2 million for the 3 months ended 31 March 2023 year and PLN 1.6 million for the year ended 31 December 2022.

Notes to the Interim Condensed Consolidated Financial Statements

Note 11 - Trade and other receivables and prepayments

During the period ended 31 March 2023 and the year ended 31 December 2022, the Group booked allowance for doubtful accounts in the amount of PLN 378 thousand and PLN 518 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 balance of the deposit related to preliminary purchase agreement of land, as notarial deposit for the purchase of land in Warsaw, located in Bielany.

VAT receivables balance decrease by PLN 2.0 million due to VAT return on previously purchased lands The VAT return process takes up to 180 days. 31 March 2023 (signed preliminary and final purchase agreements), partially compensated by VAT return in the total amount of PLN 10.2 million.

As at 31 March 2023 and at the time of preparing the financial statements there are two ongoing customs and revenue tax inspections in the companies: Ronson Development Sp. z o.o. - Projekt 3 Sp. k. ("Projekt 3") and Ronson Development Sp. z o.o. - Projekt 6 Sp. k. ("Projekt 6").

On 17 January 2022 Projekt 6 received an authorization to carry out a tax inspection in terms of the accuracy of the declared tax as well as for the correctness of calculating and paying the tax on goods and services for the month August 2021. The amount of VAT audited by the tax authorities amounts to PLN 2.6 million.

On 3 February 2022, Projekt 3 received an authorization to carry out a tax inspection in terms of the accuracy and correctness of the declared VAT return for the months from February to April 2021. The amount of VAT audited by the tax authority amounts to PLN 2.6 million.

Since 2021, the above mentioned companies have completed purchases of land in Warsaw. The purchase agreements were concluded with group IŁ Capital. As a result the Companies have applied for a VAT refund on the above transactions. By order dated 6 February 2023, the scheduled date for completion of the tax inspection at Project 3 was set for 8 May 2023. By order of 13 April 2023, the planned date for the completion of the tax inspection at Project 6 was set for 17 July 2023. The indicated dates for the completion of the inspections are not binding and are subject to change.

Other receivables are related to the advances for land which the transaction from this agreements was not finalized in the amount of PLN 4.9 million (including VAT) in subsidiary Ronson Development sp. z o.o. - Project 4 sp. k.. Additionally, Ronson Development sp. z o.o.- Project 3 sp.k. an amount of PLN 6.4 million (including VAT) as a refund of part of the deposits paid towards the purchase price of the property at Epopei Street in Warsaw.

Note 12 – Advances for land

The table below presents the lists of advances for land paid as at 31 March 2023 and 31 December 2022:

Investment location *In thousands of Polish Zlotys (PLN)*	**As at 31 March 2023**	**As at 31 December 2022**
Warsaw, Białołęka	1,450	1,450
Warsaw, Ursus	10,000	10,000
Warsaw, Ursynów	2,100	2,100
Warsaw, Ochota	-	7,100
Total	**13,550**	**20,650**

For more information about purchase of plots during the period ended 31 March 2023 please refer to Note 26 to the Interim Condensed Consolidated Financial Statements.

Notes to the Interim Condensed Consolidated Financial Statements

Note 13 – Right-of-use assets and lease liabilities (IFRS 16)

The movement on the right-of-use assets and lease liabilities during the period ended 31 March 2023 is presented below:

In thousands of Polish Zlotys (PLN)	1 January 2023	Transferred to Land designated for development	Depreciation charge	Fair value adjustment	Recalculation adjustment (1)	Transfer to trade receivables	31 March 2023
Right of use assets related to inventory	16,793	(1,674)	(52)	-	14,412	(200)	**29,278**
Right of use assets related to investment property	673	-	-	9	-	-	**682**
Right of use assets related to land designated for development	-	1,674	-	-	-	-	**1,674**
Right of use assets related to fixed assets	364	-	(23)	-	-	-	**341**

In thousands of Polish Zlotys (PLN)	1 January 2023	Transferred to Land designated for development	Finance expense	Payments	Recalculation adjustment (1)	Transfer to trade payables	31 March 2023
Lease liabilities related to inventory	16,888	-	274	(922)	14,221	(200)	**30,260**
Lease liabilities related to fixed assets	434	-	2	-	-	-	**436**
Lease liabilities related to investment property	663	-	(35)	35	-	-	**663**

(1) Relates to change in the perpetual usufruct payments from 2023

The movement on the right of use assets and lease liabilities during the period ended 31 December 2022 is presented below:

In thousands of Polish Zlotys (PLN)	1 January 2022	Additions	Depreciation charge	Fair value adjustment	Recalculation adjustment (1)	Transfer to trade receivables	31 December 2022
Right of use assets related to inventory	17,199	1,674	(215)	-	(227)	(1,638)	16,793
Right of use assets related to investment property	545	-	(10)	-	138	-	673
Right of use assets related to fixed assets	296	154	(86)	-	-	-	364

In thousands of Polish Zlotys (PLN)	1 January 2022	Additions	Finance expense	Payments	Recalculation adjustment (1)	Transfer to trade payables	31 December 2022
Lease liabilities related to inventory	17,231	1,674	1,049	(1,162)	(265)	(1,639)	16,888
Lease liabilities related to fixed assets	292	142	-	-	-	-	434
Lease liabilities related to investment property	553	-	34	(45)	121	-	663

(1) Relates to change in the perpetual usufruct payments from 2023

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Investors agreement ("SAFE Agreement")

On 1 February 2022 and 22 February 2022, the Group and Amos Luzon Development and Energy Group Ltd., the Group'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 million 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 the Company.

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

The above agreements do not impose any restrictive covenants or onerous undertakings on the part of the Group as well as it does not bear any interest. The respective instrument should be classified as a financial liability because it includes the obligation to deliver cash to investors in the event of change of control and it includes a conversion option that does not meet the fixed-for-fixed criteria. The Group designated the financial liability as measured at FVPL entirely, on initial recognition. No amount was recognized through the other comprehensive income.

As at 31 March 2023 the fair value of the SAFE is ILS 54,601 thousand (PLN 64,866 thousand) based on the arm's-length transactions made as of the valuation date. The profit in fair value valuation in the amount of PLN 5,640 thousand has been recognized in profit and loss, no value was recognized in other comprehensive income. The liability is due in August 2023, with the possibility for the investors to decide about the extension for the next 12 months.

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 2023:

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 31.12.2022 [in PLN]	Fair value 31.03.2023 [in PLN]	Gain/(loss) in fair value of financial instrument at fair value through profit and loss [in PLN]
EJS Galatee Holdings	1,500,000	23 February 2022	413,232	1,876,734	1,773,104	1,631,266	141,838
Sphera Master Fund L.P	26,500,000	18 February 2022	7,264,254	32,753,070	30,944,513	28,469,135	2,475,378
Sphera Small Cap L.P	2,000,000	18 February 2022	551,953	2,488,646	2,351,228	2,163,144	188,084
Moore Provident Funds	15,000,000	23 February 2022	-	18,656,716	17,626,531	16,216,513	1,410,018
Klirmark Opportunity Fund III L.P	15,000,000	24 February 2022	-	18,851,326	17,810,395	16,385,668	1,424,727
Total	**60,000,000**		**8,229,439**	**74,626,492**	**70,505,771**	**64,865,727**	**5,640,044**

Valuation process and valuation techniques

The valuations of the SAFE agreements 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 Practice Aid, Valuation of Privately-Held-Group Equity Securities Issued as Compensation, (the "AICPA Practice Aid") and according to the principles of valuation of equity securities of private companies issued as part of compensation. The assumptions used in the valuation model are based on the future expectations combined with the Group'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 following factors:

a) the prices, rights, preferences and privileges of the preferred shares;

b) current business and market conditions and projections;

c) the Group'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 Group, given prevailing market conditions.

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Investors agreement ("SAFE Agreement")

For valuation purposes, each SAFE agreement has two components: equity (assuming a public offering of the Company's shares in Israel and a listing of the Company's shares on the Tel Aviv Stock Exchange (collectively "IPO")) and debt. As of the valuation date, i.e. March 31, 2023, the Company's Management Board estimates that the probability of an IPO has decreased to 0%, due to significant formal complications, particularly tax complications (the obligation to pay taxes for capital gains; the obligation to pay taxes on dividend distribution; the registration for tax purposes in Poland and to have taxpayer number; the obligation to report on tax incomes on a yearly basis) for potential shareholders acquiring the Company's shares on the Tel Aviv Stock Exchange.

Based on the above, Group's management does not anticipate an IPO on the Israeli Stock Exchange before finding possible solutions to these problems. Therefore, valuation was focused on the valuation of the debt component only.

In order to estimate the fair value of the SAFE, the investors' loss was reduced from the original SAFE Amount. SAFE Amount, which is reflected in gain from fair value of SAFE Liabilities amounted PLN 5,640 thousand recognized in the Consolidated Statement of Comprehensive Income. Change of YTM of Luzon bond (series 10) from 6.54% as at 31 December 2022 to 9.3% as at 31 March 2023 was the main factor resulting in change of fair value of the financial liability. In comparison during the first quarter of the year 2022 loss in fair value amounted to PLN 4,376 thousand recognized in the period ended 31 March 2022, which resulted from conversion of the liability in ILS to PLN.

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

	Fair Value as at			**Range of input (probability weighted average)**		
Description	**31 March 2023** *[PLN thousands]*	**31 December 2022** *[PLN thousands]*	**Unobservable input**	**31.03.2023**	**31.12.2022**	**Relationship of unobservable inputs to fair value**
Financial liability measured at FVPL (SAFE agreements)	64,866	70,506	YTM (Yield to Maturity) discount rate	3%-9.3%	3%-6.54%	A shift of the YMT rate by +1 p.p. results in a lower value of 768 thousands PLN (2022: change in default rate by +1 p.p. decreased FV by PLN ('000) 1,168) A shift of the YMT rate by -1 p.p. results in a higher in value of 768 thousands PLN (2022: change in default rate by - 1 p.p. increased FV by PLN('000) 1,168)

Changes in the other factors do not materially affect the valuation, as it is linked to the observable transaction that was the transfer of cash by Investors.

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Loans and Bonds

Bond loans

The table below presents the movements in bond loans during the three months ended 31 March 2023 and during the year ended 31 December 2022 as well as the Current and Non-currents balances as at the end of respective periods:

In thousands of Polish Zloty (PLN)	**For the period ended 31 March 2023 (Reviewed/ Unaudited)**	**For the year ended 31 December 2022 (Audited)**
Opening balance	**203,370**	**249,238**
Repayment of bond loans	-	(50,000)
Issue cost amortization	276	1,349
Accrued interest	5,727	18,086
Interest repayment	(5,794)	(15,303)
Total closing balance	**203,579**	**203,370**
Closing balance includes:		
Current liabilities	45,193	45,260
Non-current liabilities	158,386	158,110
Total Closing balance	**203,579**	**203,370**

Bonds as at 31 March 2023:

In thousands of Polish Zlotys (PLN)	**Currency**	**Nominal interest rate**	**Year of maturity**	**Capital**	**Accrued interest**	**Charges and fees**	**Carrying value**	**Fair value[3]**
Bonds loans series V[1]	PLN	6 month Wibor + 4.30%	2024	100,000	0	(656)	99,344	98,000
Bonds loans series W[2]	PLN	6 month Wibor + 4.00%	2025	100,000	5,193	(958)	104,235	94,010
Total				**200,000**	**5,193**	**(1,614)**	**203,579**	**192,010**

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.
3) The fair value is set based on the bond price on Catalyst as at 31 March 2023.

Bonds as at 31 December 2022:

In thousands of Polish Zlotys (PLN)	**Currency**	**Nominal interest rate**	**Year of maturity**	**Capital**	**Accrued interest**	**Charges and fees**	**Carrying value**	**Fair value[3]**
Bonds loans series V[1]	PLN	6 month Wibor + 4.30%	2024	100,000	2,865	(817)	102,049	95,480
Bonds loans series W[2]	PLN	6 month Wibor + 4.00%	2025	100,000	2,394	(1,073)	101,321	89,200
Total				**200,000**	**5,260**	**(1,890)**	**203,370**	**184,680**

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.
3) The fair value is set based on the bond price on Catalyst as at 31 December 2022, classified as level 1 of fair value hierarchy.

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Loans and Bonds

Financial ratio covenants

Based on the conditions of bonds 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 2023 and as at 31 December 2022 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 2023 and 31 December 2022:

In thousands of Polish Zlotys (PLN)	**As at 31 March 2023**	**As at 31 December 2022**
Loans and Bonds	203,579	203,370
Secured bank loans	10,638	16,297
Financial liability measured at FVPL	64,866	70,506
IFRS 16 - Lease liabilities related to cars	363	363
Less: cash on individual escrow accounts (other current financial assets)	(9,969)	(11,217)
Less: Cash and cash equivalents	(50,843)	(51,185)
Net Debt	**218,634**	**228,134**
Equity	452,386	451,396
Ratio	**48.3%**	**50.5%**
Max Ratio	**80.0%**	**80.0%**

Other covenants

Based on the conditions of bonds 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 period ended 31 March 2023 and year ended 31 December 2022, the consulting fees related to A. Luzon Group amounted to PLN 235 thousand and PLN 900 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: umowy leasingu finansowego) should be included in calculation of the financial indebtedness. Those T&C's do not provide that the indebtedness resulting from finance lease agreements shall also include other financial indebtedness which is recognized as lease liability in accordance with IFRS 16.

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

For additional information about IFRS 16 see Note 13.

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Loans and Bonds

Secured bank loans

In thousands of Polish Zloty (PLN)	For the period ended 31 March 2023 (Reviewed/ Unaudited)	For the year ended 31 December 2022 (Audited)
Opening balance	**16,297**	**1,568**
New bank loan drawdown	27,763	97,934
Bank loans repayments	(33,422)	(83,205)
Bank charges paid	-	(2,150)
Bank charges presented as prepayments	318	1,273
Bank charges amortization (capitalized on Inventory)	(318)	876
Total closing balance	**10,638**	**16,297**
Closing balance includes:		
Current liabilities	10,638	16,297
Non-current liabilities	-	-
Total closing balance	**10,638**	**16,297**

Bank loans as at 31 March 2023:

Investment	Currency	Nominal interest rate	Year of maturity	Credit line amount in ('000 PLN)	Unpaid amount as at 31 March 2023 ('000 PLN)	Balance as at 31 March 2023 ('000 PLN)
Grunwaldzka	PLN	3 Month Wibor + 2.90%	2026	20,880	361	361
Miasto Moje VI	PLN	3 Month Wibor + 2.50%	2023	59,600	17	17
Ursus IIC	PLN	3 Month Wibor + 2.50%	2023	61,900	5,156	5,156
Nowe Warzymice IV	PLN	3 Month Wibor + 2.20%	2023	20,000	5,095	5,095
Viva Jagodno IIB	PLN	3 Month Wibor + 2.20%	2023	38,850	10	10
Total				**201,230**	**10,638**	**10,638**

Bank loans as at 31 December 2022:

Investment	Currency	Nominal interest rate	Year of maturity	Credit line amount in ('000 PLN)	Unpaid amount as at 31 December 2022 ('000 PLN)	Balance as at 31 December 2022 ('000 PLN)
Grunwaldzka	PLN	3 Month Wibor + 2.90%	2025	20,880	11	11
Miasto Moje VI	PLN	3 Month Wibor + 2.50%	2023	59,600	11,755	11,755
Ursus IIC	PLN	3 Month Wibor + 2.50%	2023	61,900	-	-
Nowe Warzymice IV	PLN	3 Month Wibor + 2.20%	2023	20,000	2,604	2,604
Viva Jagodno IIB	PLN	3 Month Wibor + 2.20%	2023	38,850	1,928	1,928
Total				**201,230**	**16,297**	**16,297**

In the case of bank loans, the fair value does not differ significantly from the carrying amount because the interest payable on these liabilities is close to the current market rates or the liabilities are short-term. For unquoted financial instruments, the discounted cash flow model was used and classified to the second level of the fair value hierarchy.

Secured bank loans

All credit bank loans are secured. For additional information about unutilized credit loans see Note 22. The bank loans are presented as short-term due to the fact that those are the credit lines used by the Group and repaid during normal course of business (up to 12 months). .

Notes to the Interim Condensed Consolidated Financial Statements

Note 16 – Trade and other payables and accrued expenses

In thousands of Polish Zlotys (PLN)	**As at 31 March 2023**	**As at 31 December 2022**
Trade payables	20,076	22,681
Trade payable related to purchase of land(1)	23,450	23,450
Accrued expenses	30,142	24,020
Guarantees for construction work	1,487	1,472
Value added tax (VAT) and other tax payables	2,015	1,778
Non-trade payables	1,124	674
Other trade payables - IFRS 16	715	981
Total trade and other payables and accrued expenses	**79,008**	**75,055**

(1) The balance relates to land purchase transaction held on 19 September 2022 in which the Group via its subsidiary signed final agreement for the purchase of the land on Wolska Street Warsaw, the payment is deferred to 31 July 2023.

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

Note 17 – Income tax

In thousands of Polish Zlotys (PLN)	**For the 3 months ended 31 March 2023 (Unreviewed) / (unaudited)**	**For the 3 months ended 31 March 2022 (Unreviewed) / (unaudited)**
Current tax expense		
Current period	1,835	676
Taxes in respect of previous periods	118	860
Total current tax expense	**1,953**	**1,536**
Deferred tax expense		
Origination and reversal of temporary differences	656	3,375
Deffered tax asset recognized from the tax losses	(724)	(1,107)
Total deferred tax (benefit)/expense	**(67)**	**2,268**
Total income tax expense	**1,885**	**3,804**

The effective income tax rate in the period ended 31 March 2023 amounted to 79% (29% in comparative period). The higher effective tax rate for the period of three months ended 31 March 2023 was the result of higher non-taxable expenses resulting from exceeding the limits on debt financing and intangible services under the Corporate Income Tax Act and CIT adjustments from previous years.

Notes to the Interim Condensed Consolidated Financial Statements

Note 18 – Deferred tax assets and liabilities

Movements in Deferred tax assets and liabilities during the three months ended 31 March 2023 were as follows:

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2023	Recognized in the statement of comprehensive income	Closing balance 31 March 2023
Deferred tax assets			
Tax loss carry forward	5,704	724	6,428
Difference between tax and accounting basis of inventory	33,963	(5,658)	28,305
Accrued interest	1,100	(13)	1,087
Accrued expense	1,067	(328)	738
Write-down on work in progress	2,635	-	2,635
Fair value valuation of SAFE agreement	871	(148)	722
Other	750	(27)	724
Total deferred tax assets	**46,090**	**(5,450)**	**40,640**
Deferred tax liabilities			
Difference between tax and accounting revenue recognition	48,641	(7,166)	41,475
Difference between tax base and carrying value of capitalized finance costs on inventory	9,129	681	9,809
Accrued interest	567	-	567
Fair value gain on investment property	1,611	(126)	1,485
Exchange rates difference on valuation of an agreement	783	1,072	1,855
Other	338	22	361
Total deferred tax liabilities	**61,068**	**(5,517)**	**55,551**
Total deferred tax benefit (see Note 17)		**(67)**	
Deferred tax assets	46,090		40,640
Deferred tax liabilities	61,068		55,551
Offset of deferred tax assets and liabilities for individual companies	(37,260)		(33,023)
Deferred tax assets reported in the statement of financial position	**8,830**		**7,617**
Deferred tax liabilities reported in the statement of financial position	**23,809**		**22,528**

Notes to the Interim Condensed Consolidated Financial Statements

Note 19 – 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).

In thousands of Polish Zlotys (PLN)	**As at 31 March 2023**	**As at 31 December 2022**
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	139,911	198,047
- increase (advances received)	69,213	242,123
- decrease (revenue recognized)	(21,832)	(300,258)
Total advances received	**187,293**	**139,911**
Other (deferred income)*	5,839	-
Total	**193,132**	**139,911**

** Deferred income from invoices issued for premises delivered but not fully paid as well as reservation fees for apartments paid at 31 March 2023.*

Additional information regarding contracted proceeds not yet received which are a result of signed agreements with the clients, please see Note 22.

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 6 months from the completion of construction stage.

Note 20 - Sales revenue and cost of sales

In thousands of Polish Zlotys (PLN)	**For the 3 months ended 31 March 2023 (Unreviewed) / (unaudited)**	**For the 3 months ended 31 March 2022 (Unreviewed) / (unaudited)**
Sales revenue		
Revenue from residential projects	21,831	112,385
Total sales revenue	**21,831**	**112,385**
Cost of sales		
Cost of finished goods sold	(15,235)	(87,311)
Inventory write down to the net realisable value		125
Total cost of sales	**(15,235)**	**(87,186)**
Gross profit on sales	**6,596**	**25,199**
Gross profit on sales %	**30%**	**22%**

Notes to the Interim Condensed Consolidated Financial Statements

Note 21 – Impairment losses and provisions

During the three months period ended 31 March 2023, the Group analysed inventories for valuation to net realisable value and did not identify indications of an impairment of inventories and the necessity to recognise inventory write-downs.

Note 22 – 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:

	Commitments			
In thousands of Polish Zlotys (PLN)	**Contracted amount as at 31 March 2023**	**As at 31 March 2023**	**Contracted amount as at 31 December 2022**	**As at 31 December 2022**
Karmar S.A.	141,159	25,490	142,891	41,143
Hochtief Polska S.A.	124,891	73,838	51,380	1,819
TechBau Budownictwo Sp. z o.o.	116,068	104,457	19,150	9,610
EBUD - Przemysłówka Sp. z o.o.	43,216	19,007	44,161	28,286
Leancon Sp. z o.o.	32,500	19,311	32,500	24,073
W.P.I.P. - Mardom Sp. z o.o.	36,000	30,535	36,600	35,357
Totalbud S.A.	17,434	17,434	-	-
Total	**511,268**	**290,073**	**326,683**	**140,288**

(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:

In thousands of Polish Zlotys (PLN)	**As at 31 March 2023**	**As at 31 December 2022**
Miasto Moje VI	15,217	16,242
Ursus Centralny IIc*	38,583	61,900
Grunwaldzka	6,430	10,884
Viva Jagodno IIB	13,920	17,846
Nowe Warzymice IV	7,960	12,757
Total	**82,112**	**119,630**

Notes to the Interim Condensed Consolidated Financial Statements

Note 22 – Commitments and contingencies

(iii) Contracted proceeds not yet received:

The table below shows the amounts that the Group is expected to receive from clients under signed agreements for the sale of apartments, i.e. expected payments under signed agreements with clients up to 31 March 2023, net of amounts received up to the balance sheet date (which are presented in the Interim Condensed Consolidated Statement of Financial Position as advances received):

		As at 31 March 2023 (Reviewed/Unaudited)			**As at 31 December 2022 (Audited)**		
In thousands of Polish Zlotys (PLN)	**Completion date***	**Total value of preliminary sales agreements signed with clients**	**Advances received from Clients until 31 March 2023**	**Contracted payments not received yet as at 31 March 2023**	**Total value of preliminary sales agreements signed with clients**	**Advances received from Clients until 31 December 2022**	**Contracted payments not received yet as at 31 December 2022**
Ursus Centralny IIb	Q2 2023	104,967	72,348	32,619	82,039	57,579	24,460
Ursus Centralny IIc	Q2 2023	52,169	18,772	33,398	34,565	12,856	21,709
Ursus Centralny IIe	Q2 2025	1,550	126	1,423	1,550	126	1,423
Miasto Moje IV	Q4 2021	958	453	505	1,492	500	993
Miasto Moje V	Q3 2022	1,917	411	1,506	2,526	1,539	987
Miasto Moje VI	Q1 2023	57,005	37,963	19,042	50,367	28,080	22,286
Miasto Moje VII	Q4 2024	569	57	512	569	61	508
Viva Jagodno IIa	Q4 2022	2,404	14	2,391	2,087	1,706	381
Viva Jagodno IIb	Q3 2023	46,086	20,791	25,294	26,461	10,364	16,098
Viva Jagodno III	Q4 2024	923	92	831	923	92	831
Nowe Warzymice II	Q2 2022	31	19	12	-	6	(6)
Nowe Warzymice III	Q3 2022	1,522	651	871	612	61	551
Nowe Warzymice IV	Q2 2023	16,032	5,990	10,043	12,072	3,906	8,167
Nowa Północ Ia	Q1 2024	6,744	1,348	5,396	4,022	694	3,328
Osiedle Vola	Q1 2024	32,057	5,870	26,187	10,366	2,511	7,854
Eko Falenty I	Q3 2023	4,426	1,082	3,344	3,833	798	3,034
Między Drzewami	Q3 2024	19,456	3,101	16,355	10,610	1,933	8,677
Grunwaldzka	Q2 2023	22,901	16,683	6,218	21,014	14,499	6,514
Nova Królikarnia 4b1 (Thame)	Q2 2024	4,776	478	4,299	-	-	-
Other (old) projects		3,454	1,044	2,410	3,708	2,561	1,147
Total (excluding JV)		**379,947**	**187,293**	**192,654**	**268,814**	**139,874**	**128,941**
Wilanów Tulip	Q3 2021	-	-	-	8.833	5,023	3,810
Total (including JV)		**379,947**	**187,293**	**192,654**	**277,647**	**144,896**	**132,751**

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

(iv) Litigations:

Ursus Centralny

On 19 November 2021, the State Treasury (Skarb Państwa) – President of the Capital City of Warsaw notified Ronson Development sp. z o.o. – Ursus Centralny Sp. k. ("the Ursus Centralny Company") on the termination of the annual fee for perpetual usufruct of land owned by the State Treasury, located in Warsaw at 6 and 6A Taylor st. The Ursus Centralny Company received a decision to pay the annual fee in the new amount from 1 January 2022, i.e .:

- for 2022 in the amount of PLN 476 thousands
- for 2023 in the amount of PLN 2,034 thousands
- for 2024 and subsequent years in the amount of PLN 3,591 thousands

Notes to the Interim Condensed Consolidated Financial Statements

Note 22 – Commitments and contingencies

(iv) Litigations:

Ursus Centralny

The Ursus Centralny Company submitted an application to the Local Government Boards of Appeal (Samorządowe Kolegium Odwoławcze) in Warsaw for a determination that the increase in the fee for perpetual usufruct was unjustified.

On 7 April 2022, the Local Government Boards of Appeal in Warsaw received a letter from the State Treasury – the President of the Capital City of Warsaw, which showed that there was no possibility of reaching a settlement in the above case.

On 1 July 2022 the Ursus Centralny Company received a judgment of 25 May 2022 from the Local Government Boards of Appeal dismissing the company's application. Therefore, on 13 July 2022, the Ursus Centralny Company submitted an objection to the District Court in Warsaw.

It should be emphasised that, already after the President of the City of Warsaw terminated the amount of the annual fee for perpetual usufruct of the real estate constituting plot of land No. 98/2 within precinct 1465128.2-09-09 of the total area of 65,203 m2 (hereinafter: "Property"), which was made by letter dated19.11.2021, the Property – on the basis of division decision No. 335/2022 dated 22.07.2022 - was divided into investment plots Nos. 98/7, 98/8, 98/9, 98/10 and 98/11, a plot designated for a city square No. 98/14 as well as plots designated for public roads marked with Nos. 98/12, 98/13 and 98/15. Thus, on the day on which the above-mentioned division decision became final (i.e. on 1.09.2022) the above-mentioned road plots with a total area of 15,140 m2 became the ownership of the City of Warsaw, which means that the area of the property covered by the administrative procedure described above was reduced from 65,203 m2 to 50,063 m2. The above means that if the Company's objection against the decision of the Local Government Board of Appeal in Warsaw of May 25, 2022 is dismissed, the perpetual usufruct fee in the new, increased amount will be calculated on the entire area of the Property for the period from 1.01.2022 to 1.09.2022, and from 2.09.2022 it will be calculated from the area of 50,063 m2.

In addition, as of 28.10.2022, the perpetual usufruct right of the newly separated investment plot marked with No. 98/7 with an area of 8,686 m2 developed with residential buildings was transformed into ownership, which will also affect the amount of the perpetual usufruct fee calculated after 28.10.2022.

Furthermore, on the basis of the agreement concluded between the Company and the State Treasury on 27.10.2022, Rep. A. 16373/2022, on change of the purpose of perpetual usufruct of a part of the property, it was established that with regard to real estate constituting plots No. 98/8 (with an area of 7,441 m2), 98/9 (with an area of 7,062 m2) and 98/10 (with an area of 9,880 m2), the annual fee rate for perpetual usufruct of land will be, starting from 1 January 2023, 1% in accordance with Article 73(2f) and Article 72(3)(4) of the Real Estate Management Act.

The resolution of this case is not expected in 2023 and as a result any assessment of the outcome of this case cannot be reliable enough at this stage. However, considering progress in changing the condition of the land and current market practices in similar cases, the Group decided to reassessed lease liability and asset from right of use, which resulted in recognition of additional right of use assets related to inventory and the lease liabilities for perpetual usufruct right related to inventory amounted to PLN 13,916 thousand.

In case the litigation would be lost in the court, the result would affect the value of the right of use asset related to inventory and lease liabilities related to inventory.

Notes to the Interim Condensed Consolidated Financial Statements

Note 22 – Commitments and contingencies

(iv) Litigations:

Galileo

On 3 February 2023, in the case against Ronson Development Sp. z o. o. – Estate Sp. k., a subsidiary of the Company which ran the Galileo development project (the "Galileo Company"), a judgment was issued obliging the Galileo Company to pay the plaintiff (the buyer of the premises in this project) the amount of PLN 80,000 with statutory interest from the date of filing the lawsuit (May 28, 2013) as a reduction in the price of the premises due to its defects. The judgment was issued by the court of second instance and is final and has been executed. Galileo is a defendant in 10 similar cases that are being considered by the court of first instance. In connection with the above judgment, the Company decided to create a provision for other similar cases in the total amount of PLN 2.1 million as at 31 December 2022 and released in amount of PLN 376 thousand in Q1 2023.

At the same time, Galileo is the plaintiff in the case against Eiffage Polska Budownictwo S.A. the general contractor of the Galileo development project ("Eiffage"), its insurer and other entities involved in the implementation of the investment and their insurers, the subject of which is recognition of the liability of Eiffage and others for damage to the Galileo Company related to the improper implementation of this project and compensation. In addition, Galileo has already obtained partial compensation from the insurers of some entities involved in the implementation of the Galileo project.

In January 2023, the Company's subsidiaries submitted payment demands addressed to several related companies that were sellers (or were otherwise involved in the sale) to Ronson group companies of certain properties:

- Ronson Development sp. z o.o. Project 3 sp.k submitted a demand for payment of PLN 6,462,113 (six million four hundred sixty two thousand one hundred thirteen zlotys) as a refund of part of the deposits paid towards the price of the property at Epopei Street in Warsaw. The claim results from the payment of the total price for these plots in the amount of PLN 25,253,750 net instead of the net amount of PLN 20,000,000.00, agreed in the preliminary agreements. This claim was accepted by the seller. Ronson Development sp. z o.o. Project 3 sp.k submitted a demand for payment to the seller and two other related companies, which guaranteed the repayment of this debt.
- Ronson Development SPV4 sp. z o.o. submitted a demand for payment of PLN 1,600,000 (one million six hundred thousand zlotys) as a repayment of a loan granted to the entity from which the property at Dobosza Street in Warsaw was purchased (the loan was granted for purposes related to this acquisition). Ronson Development SPV4 sp. z o.o. submitted a demand for payment to the seller and three other related companies, which guaranteed the return of this debt.
- Ronson Development sp. z o.o. Project 4 sp.k withdrew from the preliminary purchase agreement of real estate at Wysockiego Street in Warsaw due to non-performance of the conditions for concluding the final agreement and made a demand for payment of PLN 9,840,000 (nine million eight hundred and forty thousand zlotys) as a refund of the deposit in double amount.
- Ronson Development sp. z o.o. Project 4 sp.k submitted a demand for payment of PLN 861,000 (eight hundred and sixty one thousand zlotys) as a refund of the deposit for the property at Kasprzaka Street in Warsaw.
- In connection with the purchase of real estate at Komisji Edukacji Narodowej Avenue in Warsaw, Ronson Development SPV3 sp. z o.o. filed a demand for payment of compensation in the amount of PLN 25,000,000 (twenty-five million zlotys) or for a delivery of a statement of the mortgage creditor (who is an entity related to the seller's entity) on the expiration of the claim secured by a contractual mortgage together with his consent to delete the contractual mortgage from the land and mortgage register.

Notes to the Interim Condensed Consolidated Financial Statements

Note 22 – Commitments and contingencies

(iv) Litigations:

Demands also include calls for payment of contractual or statutory interest for delay or reservation of the right to seek payment of these amounts, together with statutory interest for delay and court and enforcement costs, in court proceedings and the use of established securities, if any.

Due to the non-payment of the above amounts, these companies commenced pursuing their claims through court and enforcement proceedings:

- 9 enforcement proceedings were instituted, under which the debtors' bank accounts, receivables from debtors, as well as real estate or a share in their part, were seized,
- On February 21, 2023, a lawsuit was filed by Ronson Development sp. z o.o. - Projekt 4 sp. k., for the payment of PLN 861,000, which is the equivalent of the unsettled part of the down payment, resulting from the preliminary agreement between the parties.
- On April 24, 2023, a lawsuit was filed by Ronson Development SPV3 sp. z o.o. for reconciliation of the land and mortgage register kept for the property located at Komisji Edukacji Narodowej Avenue No. 81 with the actual legal status.

Note 23 – 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 and inflation risk), credit risk, liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance. The Management Board reviews and 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. Throughout the year ended 31 December 2022, which continued into the period ended 31 March 2023, the Group's policy was not to trade in (derivative) financial instruments.

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 2023.

Foreign currency risk

Entities within the Group are exposed to foreign exchange risk in relation to receivables, payables and financial instrument measured trough profit and loss denominated in currencies other than the Polish zloty.

The Group does not hedge its investments or liabilities in foreign operations.

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management

Foreign currency risk

The Group's functional currency is polish zloty, as at 31 March 2023 the group has a monetary liabilities evaluated in the amount of 54.6 million ILS which represent the equivalent value of PLN 64.8 million (2022: PLN 70.5 million) which is evaluated every reporting period by independent valuator. For more information see note 14.

As at 31st March 2021, if the Israeli ILS had weakened or strength by 5% against the Polish zloty with all other variables held constant, the profit/Loss attributable to shareholders of the Group would have been PLN 3.2 million (as at 31 December 2022: 3.5 million) higher/Lower, arising from foreign exchange gains/Loss taken to the profit and loss account on translation. The sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. There are no other significant monetary balances held by Group entities at 31st March 2023 that are denominated in a non-functional currency and have material effect on the Group results .

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 2022 (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.

(i) 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).

The Company's and the Group's ability to raise such funds depends on a number of factors, particularly market conditions that are beyond the Company's and the Group's control. In case of difficulties in obtaining financing, the scale of Company's and Group's development and achievement of strategic objectives may differ from initial assumptions. It is uncertain whether the Company and the Group will be able to obtain the required financing, or whether the funds will be obtained on terms favorable to the Company and the Group.

In May 2022 the Group repaid the bonds with the value of PLN 50 million and has not attempted to refinance them due to the poor situation on the financial markets and related outflows in investment funds. On the other hand, the Group managed to sign SAFE agreements and raise NIS 60 million (equivalent to PLN 64.9 million as of 31 March 2023) from institutional investors on favorable conditions. The Group constantly looks for other opportunities to obtain funds which will ensure necessary financing and their favorable conditions.

The significance of the above risk factor is defined by the Company as medium, because in the event of its occurrence, the scale of the negative impact on business activity and financial situation of the Company could be significant. The Company estimates the probability of occurrence of this risk as medium.

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management

(ii) Fair value measurement

The Investment properties and financial liabilities (the SAFE agreement) are valued at fair value determined by an independent appraiser (please refer to Note 10 and Note 14). During the three months ended 31 March 2023 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.

(iii) Interest rate risk

The vast majority of loans and bonds (including under issued bonds) obtained by the Group bear interest at a floating rate based on WIBOR plus a margin. As of March 31, 2023, the WIBOR6M was 6.95% (as of December 31, 2022, it was 7.14%). The Company's bonds are based on WIBOR6M plus a margin, while bank loans are based on WIBOR3M plus a margin. Changes in the WIBOR rate will have a significant impact on the Group's cash flow and profitability.

The table below presents the sensitivity analysis and its impact on net assets and income statement assuming if the variable interest rate changes by 10% assuming that all other variables remain unchanged:

	31 March 2023		**31 December 2022**	
In thousands of Polish Zlotys (PLN)	**Increase by 10%**	**decrease by 10%**	**Increase by 10%**	**decrease by 10%**
Income statement				
Variable interest rate assets	542	(542)	377	(377)
Variable interest rate liabilities	(5,356)	5,356	(21,967)	21,967
Total	**(4,813)**	**4,813**	**(21,590)**	**21,590**
Net assets				
Variable interest rate assets	542	(542)	377	(377)
Variable interest rate liabilities	(5,356)	5,356	(21,967)	21,967
Total	**(4,813)**	**4,813**	**(21,590)**	**21,590**

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

In the Company's operations to date, the above risk has materialized, as the bonds issued so far by the Company have borne floating interest rate. Significance of the above risk factor is assessed by the Company as medium. The Company estimates the probability of occurrence of this risk as high.

(iv) Legislation and administrative risk

During the year 2023 several changes in the polish legislation in particularly: contemplated deletion of open escrow accounts as well as introduction of compulsory contributions to the developer guarantee fund starting from 1 July 2022, the new construction law and the new local regulations related to road and infrastructure participation costs, 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 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, its 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.

The Polish legislation environment is characterized in frequent amendments, incoherence, lack of unified interpretation of legislation and tax legislations which are subject to frequent changes all which is contributing to the risks factors in which the Company and the Group operate.

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management

(iv) Legislation and administrative risk

All the above changes and lack of unified judicial decision can have negative consequences on the Group's business, its performance, its financial standing and the development prospects.

The above changes demonstrates the dynamic environment in which the Group operates and as such requiring in some cases quick response in order to adjust its activity accordingly.

In the Company's operations to date, the above risk has materialized, as the company entered number of road agreements related to its ongoing projects in process of obtaining building permits. Significance of the above risk factor is assessed by the Company as medium to low. The Issuer estimates the probability of occurrence of this risk as high.

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 Group operations.

(v) Effect of the War Conflict on the polish economy and real estate industry

During Q1 2023 the global economy continued to be weakened by the war through significant disruptions in trade in food and fuel price shocks, all of which are contributing to high inflation and subsequent tightening in global financing conditions. Activity in the euro area has deteriorated in the second half of 2022, due to distressed supply chains, increased financial strains and declines in consumer and business confidence. The most damaging effects of the invasion, however, are surging energy prices amid large reductions in Russian energy supply. This unprecedented crisis has implications for consumers and governments alike – constraining fiscal affordability, firm productivity, and household welfare.

According to last publication update by the Worlds Bank, Poland's economic growth is expected to slow down in 2023 more markedly than initially expected because the ongoing war in Ukraine has dimmed prospects of a post-pandemic economic recovery across Europe.

The war in Ukraine has a strong impact on the Polish economy in a number of ways. Since the beginning of the year and in the coming months and quarters, Poland is facing rising inflation and related interest rate increases, rising fuel, energy and food prices, a slowdown in high economic growth and a weakening of the Polish currency. The major challenge will also be the enormous pressure on the state apparatus and the national system of education, medical and social services, associated with the inflow of refugees from Ukraine. The new geopolitical situation also requires Poland to significantly increase expenditures on military expansion. The consequence is likely to be an increase in the national debt.

The war in Ukraine has had a big impact on the economy and the functioning of the construction industry, a key part of which is the housing sector. The supply chains of materials from eastern markets have been disrupted, while demand for workers at construction sites from Ukraine has increased.

The increase in inflation rates due to higher energy prices, product prices and the sharp increase of interests rates in the financial markets caused that the current availability of mortgages for clients reduced dramatically. In terms of the residential market the Company witness significant shift to cash buyers from mortgage buyers. On the other hand based on the Management observation high interest rates will also force more people into the rental market as they can no longer afford a mortgages, applying even more pressure on the available rental stock. The War Conflict will be influenced by factors such as high inflation, increased construction costs and a more restrictive financing policy towards new developments and Client mortgages due to the growing geopolitical and economic risks caused by this conflict.

Significance of the above risk factor is assessed by the Company as high, because its occurrence has had a significant, negative impact on business activity and financial situation of the Group and may have such negative impact in the future. The Issuer estimates the probability of occurrence of this risk as high.

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management

(v) Effect of the War Conflict on the polish economy and real estate industry

A similar situation with an armed conflict did not occur in the past, or the scale of the impact of other armed conflicts did not have a significant influence on the operations of the Group.

The Company is continuously observing the situation in order to assess the impact on the business operations. As part of its strategy the Company will assess its current planned projects and will start the projects which will be secured by bank financing and are most likely to succeed in the near future, all in order to mitigate as much as possible the impact of this crisis on the Company's operations.

(vi) Inflation risk

According to the Statistical office of Poland (GUS) consumer prices in March 2023, compared with the corresponding month of the previous year, increased by 16,1% , the main factors contributing to the high inflation rate are the increase of prices of goods – by 17,1% and services – by 13,3%. As related to the previous month consumer prices increased by 1,1% (of which goods ‑ by 1,2% and services ‑ by 0,8%).

The inflation growth and with it the interbank interest growth affects 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.

In the third quarter of 2022, there was an increase in sales in the six largest cities by 34.5% comparing to previous quarter and as much as 9% increase comparing to the same period in 2022.

The increase in sales is mainly due to a concern by apartment buyers for potential increase in sale prices of apartments mainly due to increase of demand of buyers taking advantage of the 2% loans subsidized by the government.

Additionally the increase of credit demand due to slight decrease in the banks prudential buffer from 5% to 2.5% for loans with periodically fixed rates as well as taking advantage of the opportunity to expand individual investors portfolio of apartments before the entry of new regulations limiting the purchase of more units.

The Management Board understand that the inflation process and its stabilization 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 possible the effect of the inflation and interest rates increase on the Company's operations and strategy.

Despite of the above results the significance of the above risk factor is assessed by the Company as high, because its occurrence has had a significant, negative impact on business activity and financial situation of the Company and may have such negative impact in the future. The Company estimates the probability of occurrence of this risk as high.

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, row 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 2022 (Note 31). There have been no changes in the risk management measurements and risk management performed by the Company's Management since year end.

Notes to the Interim Condensed Consolidated Financial Statements

Note 24 – Related party transactions

During the three months ended 31 March 2023 the Company and /or subsidiaries owned by it executed the following transactions and balances with related parties: remuneration of Management Board, share based payment program, 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 2023 and 31 March 2022 the total amount of costs from A. Luzon Group amounted PLN 235 thousand and PLN 222 thousand respectively.

Note 25 – Investment in joint ventures

Share of profit/(loss) of joint venture

In thousands of Polish Zlotys (PLN)	**As at 31 March 2023**	**As at 31 December 2022**
Loans granted	136	133
Share in net equity value of joint ventures	583	2,331
The Company's carrying amount of the investment	**719**	**2,464**
Presented as Loans granted to joint ventures (current assets)	(136)	(133)
Investment in joint ventures	**583**	**2,331**

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

In thousands of Polish Zlotys (PLN)	**As at 31 March 2023**	**As at 31 December 2022**
Opening balance	**133**	**319**
Loans repaid	-	(195)
Accrued interest	3	12
Interest paid	-	(4)
Total closing balance	**136**	**133**

As at 31 March 2023 the total amount of loans granted to joint ventures was presented as a short-term assets. The loans granted to joint venture were bear at fixed interests at the level of 5%.

Notes to the Interim Condensed Consolidated Financial Statements

Note 26 – Other events during the period

Purchase of land

The below table presents signed final agreements for purchase of plots signed in the period ended 31 March 2023:

Location	Type of agreement	Signed date	Agreement net value *(PLN million)*	Paid net till 31 March 2023 *(PLN million)*	Number of units	Potential PUM
Warsaw, Ochota	Final	11 Aug 2022, 2 March 2023	7.1	7.1	67	3,700
Total			**7.1**	**7.1**	**67**	**3,700**

On 2 March 2023 the Company (via its subsidiary) signed a final agreement concerning the purchase of the ownership rights of a plot of land located in Warsaw, Ochota district, with an area of c.a. 0.2484 ha. Net price was preliminary established in amount of PLN 7.1 million.

The below table presents signed preliminary agreements for purchase of plots signed until 31 March 2023 including advances paid:

Location	Type of agreement	Signed date	Agreement net value *(PLN million)*	Paid net till 31 March 2023 *(PLN million)*	Number of units	Potential PUM
Warsaw, Białołęka(1)	preliminary	23 Nov 2020	1.5	1.5	n/a	n/a
Warsaw, Ursus	preliminary	17 Jan 2022	140.0	10.0	1,860	85,000
Warsaw, Wlochy	preliminary	30 Dec 2021	16.0	2.0	142	8,400
Warsaw, Bielany(2)	preliminary	21 Mar 2022	11.0	1.0	242	4,559
Total			**168.5**	**14.5**	**2,244**	**97.959**

1) *The remaining plot to be purchased in Epopei project.*
2) *The land designated for PRS activity*

Occupancy permits

Project name	Location	Occupancy permit date	Number of units	Area of units (m^2)
Miasto Moje VI	Warsaw	7 February 2023	227	11,722
Ursus Centralny IIB	Warsaw	30 March 2023	206	11,758
Total			**433**	**23,480**

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
Miasto Moje VII	Warsaw	253	Hochtief Polska Sp. z o.o.	1 March 2023	70.4	none
Nova Królikarnia 4b1	Warsaw	11	Totalbud S.A.	10 March 2023	17.4	none
Ursus IIE	Warsaw	286	Techbau Budownictwo Sp. z o.o.	10 March 2023	96.9	none
Total		**550**			**94.5**	

Building permits

Project name	Location	Building permit date	Number of units	Area of units (m^2)
Miasto Moje VIII	Warsaw	20 January 2023	147	7,687
Total			**147**	**7,687**

Notes to the Interim Condensed Consolidated Financial Statements

Note 27 – Subsequent events

Occupancy permits

Project Name	Location	Occupancy Permit Date	Number of units	Area of units (m^2)
Nowe Warzymice IV	Szczecin	28 Apr 2023	75	3,818
Viva Jagodno IIb	Wrocław	11 May 2023	152	8,875
Razem			**227**	**12,693**

Loan agreements

On April 12, 2023, a loan agreement was signed for financing the Osiedle VOLA project with a total value of PLN 44,779 thousand

Group Structure changes

On 19 April 2023, shares in Ronson Development SPV12 sp. z o.o. were sold and its current sole shareholder is LivinGO Holding sp. z o.o. (previous name: Ronson Development SPV13 sp. z o.o.).

On 12 May 2023, Ronson Development SPV12 sp. z o. o. has been registered in the National Court Register. – currently it is called LivinGO Ursus sp. z o.o.

The Management Board

Boaz Haim
President of the Management Board

Yaron Shama
Finance Vice-President of the Management Board

Andrzej Gutowski
Sales Vice-President of the Management Board,

Karolina Bronszewska
Member of the Management Board
Marketing and Innovation Director

Tomasz Kruczyński
Person responsible for financial statements preparation

Warsaw, 15 May 2023

Interim Condensed Standalone Statement of Financial Positions

In thousands of Polish Zlotys (PLN)	*Note*	As at 31 March 2023 (Reviewed/Unaudited)	As at 31 December 2022 (Audited)
Assets			
Intangible assets		-	2
Investment in subsidiaries	*6*	442,413	445,275
Loans granted to subsidiaries	*7*	268,300	266,441
Total non-current assets		**710,713**	**711,717**
Trade and other receivables and prepayments		1,697	1,410
Receivable from subsidiaries		866	-
Loan granted to subsidiaries	*7*	10,318	10,140
Cash and cash equivalents		3,140	6,397
Total current assets		**16,021**	**17,947**
Total assets		**726,734**	**729,664**
Equity			
Share capital		12,503	12,503
Share premium reserve		150,278	150,278
Share based payment		500	-
Treasury shares		(1,732)	(1,732)
Retained earnings		289,758	289,268
Total shareholders' equity		**451,307**	**450,317**
Liabilities			
Long-term liabilities			
Bond loans	*8*	158,386	158,110
Deferred tax liabilities		5,688	3,323
Total long-term liabilities		**164,074**	**161,433**
Current liabilities			
Bond loans	*8*	40,000	40,000
Other payables - accrued interests on bonds	*8*	5,193	5,260
Trade and other payables and accrued expenses		1,294	2,148
Financial liability measured at FVPL	*11*	64,866	70,506
Total current liabilities		**111,353**	**117,914**
Total liabilities		**275,426**	**279,347**
Total shareholders' equity and liabilities		**726,734**	**729,664**

The notes included on pages 59 to 64 are an integral part of these Interim Condensed Company Financial Statements

Interim Condensed Standalone Statement of Comprehensive Income

In thousands of Polish Zlotys (PLN)	*Note*	For the 3 months ended 31 March 2023 (Reviewed) / (unaudited)	For the 3 months ended 31 March 2022 (Reviewed) / (unaudited)
Revenues from consulting services		704	824
General and administrative expense		(1,359)	(1,139)
Other revenues/(expenses)		(9)	(824)
Net impairment losses on financial assets		-	(1,075)
Operating profit		**(664)**	**(2,214)**
Result from subsidiaries after taxation		(2,862)	13,097
Operating profit after result from subsidiaries		**(3,526)**	**10,883**
Finance income	*9*	6,757	4,424
Finance expense	*9*	(6,016)	(3,378)
Gain/loss in fair value of financial instrument at fair value through profit and loss	*11*	5,640	(4,376)
Net finance income/(expense)		**6,380**	**(3,329)**
Profit/(loss) before taxation		**2,854**	**7,554**
Income tax benefit/(expense)		(2,364)	956
Profit for the period		**490**	**8,510**
Other comprehensive income		**-**	-
Total comprehensive income/(expense) for the period, net of tax		**490**	**8,510**
Weighted average number of ordinary shares (basic and diluted)		**162,442,859**	**162,442,859**
In Polish Zlotys (PLN)			
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)		**0.003**	**0.052**

The notes included on pages 59 to 64 are an integral part of these Interim Condensed Company Financial Statements

Interim Condensed Standalone Statement of Changes in Equity

In thousands of Polish Zlotys (PLN)	Attributable to the Equity holders of parent					
	Share capital	**Share premium**	**Share based payment**	**Treasury shares**	**Retained earnings**	**Total Equity/ Equity attributable to the Equity holders of the parent**
Balance at 1 January 2023	**12,503**	**150,278**	**-**	**(1,732)**	**289,268**	**450,317**
Net profit for the period ended 31 March 2023	-	-	-	-	490	**490**
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(expense)	-	-	-	-	**490**	**490**
Share based payment	-	-	500	-	-	**500**
Balance at 31 March 2023	**12,503**	**150,278**	**500**	**(1,732)**	**289,758**	**451,307**

In thousands of Polish Zlotys (PLN)	Attributable to the Equity holders of parent				
	Share capital	**Share premium**	**Treasury shares**	**Retained earnings**	**Total Equity/ Equity attributable to the Equity holders of the parent**
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	**12,503**	**150,278**	**(1,732)**	**267,506**	**428,555**

The notes included on pages 59 to 64 are an integral part of these Interim Condensed Company Financial Statements

Interim Condensed Standalone Statement of Cash Flows

For the 3 months period ended 31 March *In thousands of Polish Zlotys (PLN)*	*Note*	2023	2022
Cash flows from operating activities			
Profit for the year		490	8,510
Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:			
Finance income		(6,726)	(3,247)
Finance expense		6,016	3.378
Depreciation		2	5
Gain/loss in fair value of financial instrument at fair value through profit and loss		(5,640)	3,199
Foreign exchange rates differences gain/loss		(13)	-
Income tax expense		2,365	(956)
Impairment on financial assets		-	1,076
Share based payment		500	-
Net results subsidiaries during the year		2,862	(13,097)
Subtotal		**(144)**	**(1,133)**
Decrease/(increase) in trade and other receivables and prepayments		(287)	3
Decrease/(increase) in receivable from subsidiaries		(866)	(1,010)
Increase/(decrease) in trade and other payable and accrued expense		(854)	387
Subtotal		**(2,151)**	**(1,753)**
Interest paid		(5,795)	(2,347)
Interest received		2,689	-
Net cash used in operating activities		**(5,257)**	**(4,100)**
Cash flows from investing activities			
Loans granted to subsidiaries, net of issue cost		(4,000)	(42,150)
Repayment of loans granted to subsidiaries		6,000	6,450
Dividend from subsidiary		-	2,500
Investment in subsidiaries		-	(12)
Net cash used in investing activities		**2,000**	**(33,212)**
Cash flows from financing activities			
SAFE Agreement		-	74,626
Net cash from financing activities		**-**	**74,626**
Net change in cash and cash equivalents		**(3,257)**	**37,314**
Cash and cash equivalents at 1 January		6,397	12,556
Effects of exchange rate changes on cash and cash equivalents		-	1,177
Cash and cash equivalents at the end of the period		**3,140**	**51,047**

The notes included on pages 59 to 64 are an integral part of these Interim Condensed Company Financial Statements

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

The Company together with its subsidiaries ("the Group") is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. In 2022 the Management Board of the Company decided to start developing a new activity, so-called Private Rent Sector (PRS). PRS is sector of Poland's residential market in which buildings are designed and built specifically for renting.

As at 31 March 2023 and the date of publication of these financial statements, Amos Luzon Development and Energy Group Ltd. ("A. Luzon Group"), the ultimate parent company, holds indirectly, through its subsidiary I.T.R. Dori B.V., 66.06% of the Company's shares and owns 32.98% directly. The remaining 0.96% of the shares are treasury shares. The beneficial owner of the Company is Mr Amos Luzon, Chairman of the Supervisory Board.

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 2022, 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 15 May 2023 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.

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.

Notes to the Interim Condensed Standalone Financial Statements

Note 3 – The use of estimates and judgments

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 2022, 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 2023 and during the year ended 31 December 2022:

In thousands of Polish Zlotys (PLN)	**For the 3 months ended 31 March 2023**	**For the 12 months ended 31 December 2022**
Balance at beginning of the period	445,275	458,449
Investments in subsidiaries	-	10
Sale of shares	-	-
Net result subsidiaries during the period	(2,862)	31,660
Dividend from subsidiary	-	(44,845)
Balance at end of the period	**442,413**	**445,275**

The Company holds and owns (directly and indirectly) 60 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 as well as in development of the rental industry, so-called Private Rental Sector. For additional information see Note 7 to the Interim Condensed Consolidated Financial Statements.

The net result of the investments in subsidiaries in the period of three months ended 31 March 2023 amounted PLN 2,862 thousand.

Notes to the Interim Condensed Standalone 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 2023 and during the year ended 31 December 2022:

In thousands of Polish Zloty (PLN)	**For the 3 months ended 31 March 2023 (Reviewed/ Unaudited)**	**For the 12 months ended 31 December 2022 (Audited)**
Opening balance	**276,581**	**199,828**
Loans granted	4,000	106,725
Loans repayment during the year	(6,000)	(43,702)
Impairment	-	(1,076)
Accrued interest	6,699	18,886
Repayment of interest	(2,662)	(4,080)
Total closing balance	**278,617**	**276,581**
Current assets	10,318	10,140
Non-current assets	268,300	266,441
Total closing balance	**278,617**	**276,581**

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 2022 (additional information was presented in Note 10).

Note 8 – Bonds loans

The table below presents changes in bonds loans during the period ended 31 March 2023 and during the period ended 31 December 2022:

In thousands of Polish Zloty (PLN)	**For the period ended 31 March 2023 (Reviewed/ Unaudited)**	**For the year ended 31 December 2022 (Audited)**
Opening balance	**203,370**	**249,238**
Repayment of bond loans	-	(50,000)
Issue cost amortization	276	1,349
Accrued interest	5,727	18,086
Interest repayment	(5,794)	(15,303)
Total closing balance	**203,579**	**203,370**
Closing balance includes:		
Current liabilities	45,193	45,260
Non-current liabilities	158,386	158,110
Total Closing balance	**203,579**	**203,370**

For information about bond covenants, reference is made to Note 15 to the Interim Condensed Consolidated Financial Statements.

Notes to the Interim Condensed Standalone Financial Statements

Note 9 – Finance costs and income

In thousands of Polish Zlotys (PLN)	For the period of 3 months ended 31 March 2023	For the period of 3 months ended 31 March 2022
Interests and fees on granted loans to subsidiaries	6,717	3,247
Interest income on bank deposits	27	-
Foreign exchange gain	13	1,177
Finance income	**6,757**	**4,424**
Interest expense on bonds measured at amortized cost	(5,727)	(2,895)
Interests and fees on received loans from subsidiaries	(11)	-
Foreign exchange loss	-	-
Commissions and fees	(276)	(479)
Other	(2)	(3)
Finance expense	**(6,016)**	**(3,377)**
Gain/loss in fair value of financial instrument at fair value through profit and loss	5,640	(4,376)
Net finance income/(expense)	**6,380**	**(3,329)**

Note 10 – Related parties transactions

During the three months ended 31 March 2023 the Company and /or subsidiaries owned by it executed the following transactions and balances with related parties: remuneration of Management Board, share based payment program, 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 2023 and 31 March 2022 the total amount of costs from A. Luzon Group amounted PLN 235 thousand and PLN 222 thousand thousand respectively.

Note 11 – Investors agreement ("SAFE Agreement")

On 1 February 2022 and 22 February 2022, the Group and Amos Luzon Development and Energy Group Ltd., the Group'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 million (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.

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

The above agreements do not impose any restrictive covenants or onerous undertakings on the part of the Group as well as it does not bear any interest. The respective instrument should be classified as a financial liability because it includes the obligation to deliver cash to investors in the event of change of control and it includes a conversion option that does not meet the fixed-for-fixed criteria. The Group designated the financial liability as measured at FVPL entirely, on initial recognition. No amount was recognized through the other comprehensive income.

Notes to the Interim Condensed Standalone Financial Statements

Note 11 – Investors agreement ("SAFE Agreement")

As at 31 March 2023 the fair value of the SAFE is ILS 54,601 thousand (PLN 64,866 thousand) based on the arm's-length transactions made as of the valuation date. The profit in fair value valuation in the amount of PLN 5.640 thousand has been recognized in profit and loss. The liability is due in August 2023, with the possibility for the investors to decide about the extension for the next 12 months.

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 2023:

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 31.03.2023 [in PLN]	Fair value 31.03.2023 [in PLN]	Gain/(loss) in fair value of financial instrument at fair value through profit and loss [in PLN]
EJS Galatee Holdings	1,500,000	23 February 2022	413,232	1,876,734	1,773,104	1,631,266	141,838
Sphera Master Fund L.P	26,500,000	18 February 2022	7,264,254	32,753,070	30,944,513	28,469,135	2,475,378
Sphera Small Cap L.P	2,000,000	18 February 2022	551,953	2,488,646	2,351,228	2,163,144	188,084
Moore Provident Funds	15,000,000	23 February 2022	-	18,656,716	17,626,531	16,216,513	1,410,018
Klirmark Opportunity Fund III L.P	15,000,000	24 February 2022	-	18,851,326	17,810,395	16,385,668	1,424,727
Total	**60,000,000**		**8,229,439**	**74,626,492**	**70,505,771**	**64,865,727**	**5,640,044**

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-Group Equity Securities Issued as Compensation, (the "AICPA Practice Aid") and according to the principles of valuation of equity securities of private companies issued as part of compensation. The assumptions used in the valuation model are based on the future expectations combined with the Group'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 and market conditions and projections;
c) the Group'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 Group, given prevailing market conditions.

For valuation purposes, each SAFE agreement has two components: equity (assuming a public offering of the Company's shares in Israel and a listing of the Company's shares on the Tel Aviv Stock Exchange (collectively "IPO")) and debt. As of the valuation date, i.e. December 31, 2022, the Company's Management Board estimates that the probability of an IPO has decreased to 0%, due to significant formal complications, particularly (the obligation to pay taxes for capital gains; the obligation to pay taxes on dividend distribution; the registration for tax purposes in Poland and to have taxpayer number; the obligation to report on tax incomes on a yearly basis) tax complications for potential shareholders acquiring the Company's shares on the Tel Aviv Stock Exchange.

Notes to the Interim Condensed Standalone Financial Statements

Note 11 – Investors agreement ("SAFE Agreement") (continued)

Based on the above, Group's management does not anticipate an IPO on the Israeli Stock Exchange before finding possible solutions to these problems. Therefore, valuation was focused on the valuation of the debt component only.

In order to estimate the fair value of the SAFE, the investors' loss was reduced from the original SAFE Amount. SAFE Amount, which is reflected in gain from fair value of SAFE Liabilities amounted PLN 5,640 thousand recognized in the Consolidated Statement of Comprehensive Income. Change of YTM of Luzon bond (series 10) from 6.54% as at 31 December 2022 to 9.3% as at 31 March 2023 was the main factor resulting in change of fair value of the financial liability. In comparison during the first quarter of the year 2022 loss in fair value amounted to PLN 4,376 thousand recognized in the period ended 31 March 2022, which resulted from conversion of the liability in ILS to PLN.

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

	Fair Value as at			Range of input (probability weighted average)		
Description	**31 March 2023** ***[PLN thousands]***	**31 December 2022** ***[PLN thousands]***	**Unobservable input**	**31.03.2023**	**31.12.2022**	**Relationship of unobservable inputs to fair value**
Financial liability measured at FVPL (SAFE agreements)	64,866	70,506	YTM(Yield to Maturity) discount rate	3%-9.3%	3%-6.54%	A shift of the YMT rate by +1 p.p. results in a lower value of 768 thousands PLN (2022: change in default rate by +1 p.p. decreased FV by PLN ('000) 1,168)

Taking into consideration the requirements, the SAFE agreement has been classified as financial liability measured at fair value through profit and loss.

Note 12 – Subsequent events

For further subsequent events, reference is made to Note 27 to the Interim Condensed Consolidated Financial Statements.

The Management Board

Boaz Haim
President of the Management Board

Yaron Shama
Financial Vice-President of the Management Board

Andrzej Gutowski
Sales Vice-President of the Management Board,

Karolina Bronszewska
Member of the Management Board
Marketing and Innovation Director

Tomasz Kruczyński
Person responsible for financial statements preparation

Warsaw, 15 May 2023