Ronson Development SE

Interim Financial Report for the nine months ended 30 September 2023

Including the Interim Condensed Consolidated Financial Statements of Ronson Development SE for the nine months ended 30 September 2023 and the Interim Condensed Company Financial Statements of Ronson Development SE for the nine months ended 30 September 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 business 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 30 September 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 nine months ended 30 September 2023, the Group realized sales of 801 units with the total value of PLN 453.2 million, which is an increase of 169% (in number of units) comparing to sales of 298 units with the total value PLN 134.9 million during the nine months ended 30 September 2022.

Until 30 September 2023 the Group delivered 665 units in 100% owned projects which represent a total revenue of PLN 318.9 million comparing to delivery of 466 units in 100% owned projects with a total revenue value of PLN 199.4 million during nine months ended 30 September 2022.

As at 30 September 2023, the Group has 590 units available for sale in 13 locations, of which 520 units are in ongoing projects and the remaining 70 units are in completed projects. The ongoing projects comprise a total of 968 units, with an aggregate floor space of 53 247 m^2. The construction of 42 units with a total area of 4 304 m^2 is expected to be completed during remaining period of 2023.

The Group has a pipeline of 16 projects in different stages of preparation, representing approximately 4 834 units with an aggregate floor space of approximately 268 288 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 two projects comprising 104 units with a total area of 6 449 m^2.

In addition to the above as at 30 September 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 97 959 m^2 with an estimated 2 244 units for construction for a total purchase price of PLN 168.5 million.

Business highlights during the nine months ended 30 September 2023

A. *Results breakdown by project*

The following table specifies revenue, cost of sales, gross profit and gross margin during the nine months ended 30 September 2023 on a project by project basis:

Project	Information on the delivered units		Revenue (1)		Cost of sales (2)		Gross profit	Gross margin
	Number of units	Area of units (m2)	PLN thousands	%	PLN thousands	%	PLN thousands	%
Ursus Centralny IIb	198	11 209	107 391	33,7%	68 226	32,4%	39 165	36,5%
Miasto Moje VI	194	9 474	88 889	27,9%	57 264	27,2%	31 625	35,6%
Viva Jagodno IIb	119	6 177	50 848	15,9%	30 706	14,6%	20 142	39,6%
Grunwaldzka	61	2 760	26 262	8,2%	20 996	10,0%	5 266	20,1%
Nowe Warzymice IV	54	2 543	21 589	6,8%	15 351	7,3%	6 238	28,9%
Miasto Moje V	14	981	8 069	2,5%	6 375	3,0%	1 694	21,0%
Viva Jagodno IIa	8	629	4 960	1,6%	3 709	1,8%	1 251	25,2%
Ursus Centralny IIc	6	300	3 012	0,9%	1 870	0,9%	1 142	37,9%
Nowe Warzymice III	3	225	1 682	0,5%	1 179	0,6%	503	29,9%
Others	8	562	6 196	1,9%	4 577	2,2%	1 619	26,1%
Total / Average	**665**	**34 860**	**318 898**	**100%**	**210 253**	**100%**	**108 646**	**34,1%**
Impairment recognized	n.a.	n.a.	n.a.				n.a.	n.a.
Results after write-down adjustment	**665**	**34 860**	**318 898**		**210 253**		**108 646**	**34,1%**
Wilanów Tulip(3)	2	144	1 473		3 114		(1 641)	-111,4%
Economic results	**667**	**35 004**	**320 371**		**213 367**		**107 005**	**33,4%**

(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 takes control of the unit, i.e. when the technical acceptance protocol is signed, the keys to the unit are handed over and full payment is received. Revenue from sales of apartments and service units of residential projects recognized during the nine months ended 30 September 2023 amounted to PLN 318.9 million, whereas cost of sales before write-down adjustment amounted to PLN 210.2 million. Resulting in a gross profit before write-down adjustment amounting to PLN 108.6 million and a gross margin of 34,1%. Total economic revenue from sales of residential projects, when results from joint ventures are presented on a fully consolidated basis, amounted to PLN 320.4 million, whereas cost of sales amounted to PLN 213.4 million, that resulted in a gross profit amounting to PLN 107 million and a gross margin of 33,4%.

Projects completed during the nine months ended on 30 September 2023

The table below presents information on the projects that were completed (i.e. completing all construction works and receiving occupancy permit) during the nine months ended 30 September 2023:

Project name	Location	Number of units	Area of units (m2)	Total units sold until 30 September 2023	Units delivered in 2023	Units sold not delivered as at 30 September 2023
Miasto Moje VI	Warsaw	227	11 722	220	194	26
Ursus Centralny IIc	Warsaw	223	11 124	187	6	181
Ursus Centralny IIb	Warsaw	206	11 758	205	198	7
Viva Jagodno IIb	Wrocław	152	8 876	141	119	22
Nowe Warzymice IV	Szczecin	75	3 818	74	54	20
Grunwaldzka	Poznań	70	3 351	64	61	3
Total		**953**	**50 649**	**891**	**632**	**259**

Business highlights during the nine months ended 30 September 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 nine months ended 30 September 2023:

Project name	Location	Completion date	Total Project Units	Total Area of units (m2)	Total units sold until 30 September 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 30 September 2023	Units for sale as at 30 September 2023	Left to sale/ deliver after 30 September 2023
Miasto Moje V	Warsaw	Q3 2022	170	8 559	169	155	14	8 069	-	1	1
Viva Jagodno IIa	Wrocław	Q4 2022	76	4 329	73	59	8	4 960	6	3	9
Nowe Warzymice III	Szczecin	Q4 2021	62	3 537	62	57	3	1 682	2	-	2
Moko I	Warsaw	Q4 2016	178	11 238	178	177	1	1 159	-	-	-
Miasto Moje IV	Warsaw	Q4 2021	176	8 938	176	174	2	1 103	-	-	-
Viva Jagodno I	Wrocław	Q3 2021	121	6 241	121	120	1	618	-	-	-
City Link III	Warsaw	Q4 2019	368	18 763	368	367	1	580	-	-	-
Nowe Warzymice I	Szczecin	Q2 2021	54	3 234	53	51	1	570	1	1	2
Nowe Warzymice II	Szczecin	Q2 2022	66	3 492	66	64	1	546	1	-	1
Panoramika I	Szczecin	Q4 2012	90	5 328	90	89	1	462	-	-	-
Moko II	Warsaw	Q4 2016	167	12 624	167	167	0	169	-	-	-
Sakura I-IV	Warsaw	Q3 2015	515	30 290	515	515	0	53	-	-	-
Sakura Idea	Warsaw	Q3 2015	26	1 854	25	25	0	38	-	1	1
Ursus Centralny IIa	Warsaw	Q4 2021	251	13 509	251	251	0	27	-	-	-
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	-	-	-
Nova Królikarnia 1d	Warsaw	Q2 2018	12	1 488	11	11	0	-	-	1	1
Verdis I-IV	Warsaw	Q4 2015	441	26 062	441	440	0	-	1	-	1
Verdis Idea	Warsaw	Q4 2015	11	772	11	10	0	-	1	-	1
Młody Grunwald	Poznań	Q2 2014	148	8 575	148	146	0	-	2	-	2
Młody Grunwald III	Poznań	Q4 2017	108	7 091	107	107	0	-	-	1	1
Total excluding JV			**3 218**	**188 454**	**3 210**	**3 163**	**33**	**20 065**	**14**	**8**	**22**
Wilanów Tulip	Warsaw	Q3 2021	149	9 574	149	147	2	1 473	-	-	-
Total including JV			**3 367**	**198 028**	**3 359**	**3 310**	**35**	**21 538**	**14**	**8**	**22**

Business highlights during the nine months ended 30 September 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 nine months ended 30 September 2023:

Project name	Location	Total Project Saleable area (m2)	Total project units	Units sold until 31 December 2022	Units sold during 9 months ended 30 September 2023	Net Sold area (m2)	Value of the preliminary sales agreements *(in PLN thousands)*	Units for sale as at 30 September 2023
Ursus Centralny IIc	Warsaw	11 124	223	74	113	2 458	69 068	36
Ursus Centralny IIe	Warsaw	15 628	291	5	99	1 964	56 170	187
Miasto Moje VI	Warsaw	11 722	227	127	93	4 777	55 513	7
Osiedle Vola	Warsaw	4 851	84	14	61	2 341	49 853	9
Miasto Moje VII	Warsaw	11 725	255	2	97	1 795	44 691	156
Viva Jagodno IIb	Wrocław	8 876	152	64	77	3 844	37 601	11
Między Drzewami	Poznań	5 803	117	24	60	2 335	30 450	33
Ursus Centralny IIb	Warsaw	11 758	206	154	51	3 110	29 925	1
Nowe Warzymice IV	Szczecin	3 818	75	31	43	1 712	18 457	1
Nowa Północ Ia	Szczecin	5 230	110	14	46	678	17 501	50
Eko Falenty I	Warsaw	4 304	42	4	18	639	12 946	20
Grunwaldzka	Poznań	3 351	70	52	12	313	7 060	6
Viva Jagodno IIa	Wrocław	4 329	76	63	10	200	6 614	3
Miasto Moje V	Warsaw	8 559	170	160	9	795	6 099	1
Nova Królikarnia 4b1	Warsaw	2 566	11	-	1	217	4 776	10
Nowe Warzymice III	Szczecin	3 537	62	58	4	225	2 121	-
Nowe Warzymice I	Szczecin	3 234	54	51	2	171	1 302	1
Nowe Warzymice II	Szczecin	3 492	66	64	2	-	1 054	-
Viva Jagodno I	Wrocław	6 241	121	120	1	63	602	-
Panoramika	Szczecin	54	1	-	1	54	462	-
Moko II	Warsaw	12 624	167	167	-	-	59	-
Miasto Moje IV	Warsaw	8 938	176	176	-	-	56	-
Sakura I-IV	Warsaw	30 290	515	515	-	-	46	-
Sakura Idea	Warsaw	1 854	26	25	-	-	38	1
Vitalia III	Wrocław	6 790	81	81	-	-	6	-
Miasto Moje I	Warsaw	10 917	205	205	-	-	4	-
Moko I	Warsaw	11 238	178	178	-	-	3	-
Viva Jagodno III	Wrocław	3 140	58	3	-	-	-	55
Nova Królikarnia 1d	Warsaw	1 488	12	11	-	-	-	1
Młody Grunwald III	Poznań	7 091	108	107	-	-	-	1
Total excluding JV		**224 572**	**3 939**	**2 549**	**800**	**27 690**	**452 477**	**590**
Wilanów Tulip	Warsaw	9 574	149	148	1	69	714	-
Total including JV		**234 145**	**4 088**	**2 697**	**801**	**27 759**	**453 191**	**590**

(1) For information on the completed projects see "Business highlights during the nine months ended 30 September 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%.

Business highlights during the nine months ended 30 September 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)	**30 September 2023**	**30 September 2022**	**In PLN**	**%**
Warsaw	329 961	85 268	244 693	287%
Szczecin	40 897	20 226	20 671	102%
Wrocław	44 823	23 615	21 208	90%
Poznań	37 510	5 141	32 369	630%
other	-	621	(621)	-
Total	**453 191**	**134 872**	**318 320**	**236%**

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 30 September 2023:

Location	Type of agreement	Signed date	Agreement net value *(PLN million)*	Paid net till 30 September 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 30 September 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**	**14.5**	**2 244**	**97 959**

1) The land designated for PRS activity

Selected financial data

PLN/EUR	Exchange rate of Polish Zloty versus Euro			
	Average exchange rate	**Minimum exchange rate**	**Maximum exchange rate**	**Period end exchange rate**
2023 (9 months)	**4.5845**	**4.4135**	**4.7895**	**4.6356**
2022 (9 months)	4.6740	4.4879	4.9647	4.8698
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 30 September			
	2023	2022	2023	2022
Revenues	**69 561**	42 664	**318 898**	199 414
Gross profit	**23 699**	10 449	**108 646**	48 837
Profit/(loss) before taxation	**16 427**	3 967	**75 308**	18 540
Net profit/(loss) for the period attributable to the equity holders of the parent	**13 003**	2 583	**59 610**	12 072
Cash flows from/(used in) operating activities	**30 739**	(16 086)	**140 924**	(75 187)
Cash flows from/(used in) investing activities	**83**	(2 203)	**381**	(10 297)
Cash flows from/(used in) financing activities	**7 142**	5 993	**32 741**	28 011
Increase/(decrease) in cash and cash equivalents	**37 962**	(11 995)	**174 035**	(56 063)
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)	**0,080**	0,016	**0,367**	0,074

Selected financial data	EUR		PLN	
	(thousands)			
	As at			
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Inventory and Land designated for development	**168 924**	157 778	**783 066**	768 348
Total assets	**250 681**	205 779	**1 162 057**	1 002 103
Advances received	**33 300**	28 730	**154 366**	139 911
Long term liabilities	**45 377**	37 493	**210 351**	182 583
Short term liabilities (including advances received)	**94 803**	75 593	**439 468**	368 124
Equity attributable to the equity holders of the parent	**110 501**	92 693	**512 238**	451 396

Overview of results

The net profit attributable to the equity holders of the parent company for the nine months ended 30 September 2023 was PLN 59.6 million and can be summarized as follows:

	For the period of 9 months ended 30 September		change	
	2023	2022		
	PLN (thousands, except per share data)		nominal	%
Revenue from sales of residential units	318 898	199 414	119 484	60%
Revenue from sale of services	-	-	-	100%
Revenues	**318 898**	**199 414**	**119 484**	**60%**
Cost of sales of residential units	(210 253)	(150 576)	(59 677)	40%
Cost of sales	**(210 253)**	**(150 576)**	**(59 677)**	**40%**
Gross profit	**108 646**	**48 837**	**59 809**	**122%**
Changes in the value of investment property	(842)	(413)	(429)	-104%
Selling and marketing expenses	(4 196)	(2 864)	(1 332)	47%
Administrative expenses	(19 239)	(18 863)	(376)	2%
Share of profit/(loss) from joint venture	(729)	1 222	(1 951)	-160%
Other Incomes /(expense)	(4 897)	115	(5 012)	-4358%
Result from operating activities	**78 743**	**28 034**	**50 709**	**181%**
Finance income	2 729	2 847	(118)	-4%
Finance expense	(12 587)	(6 619)	(5 968)	90%
Gain/(loss) on a financial instrument measured at fair value through profit and loss	6 422	(5 722)	12 144	-212%
Net finance income/(expense)	**(3 436)**	**(9 494)**	**6 058**	**-64%**
Profit/(loss) before taxation	**75 308**	**18 540**	**56 768**	**306%**
Income tax benefit/(expenses)	(15 698)	(6 468)	(9 230)	143%
Net profit/(loss) for the period before non-controlling interests	**59 610**	**12 072**	**47 538**	**394%**
Net profit/(loss) for the period attributable to the equity holders of the parent	**59 610**	**12 072**	**47 538**	**394%**
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)	**0,367**	**0,074**	**0,293**	**396%**

Overview of results

Revenue from sales of residential units

The revenue from sales in residential units increased by PLN 119.5 million (60%) from PLN 199.4 million during the nine months ended 30 September 2022 to PLN 318.9 million during the nine months ended 30 September 2023, which is explained by higher amount of units delivered – 665 units delivered to the customers during the nine months ended 30 September 2023, comparing to the 466 units delivered during the nine months ended 30 September 2022 (in terms of project 100% owned by the Group), as well as increase in sale prices over the period.

Cost of sales of residential units

Cost of sales of residential units increased by PLN 59.7 million (40%) from PLN 150.6 million during the nine months ended 30 September 2022 to PLN 210.3 million during the nine months ended 30 September 2023. The increase relates to a higher amount of delivered units in projects fully owned by the Group from 466 units during the nine months ended 30 September 2022 compared to 665 units delivered to customers during the nine months ended 30 September 2023.

Gross margin

The gross margin from sales of residential units during the nine months ended 30 September 2023 was 34,1% which increased comparing to 24,5% during the nine months ended 30 September 2022. The change in gross margin relates to higher sales prices and different mix of projects delivered to the customers characterized by a different profitability during the nine months ended 30 September 2023 compared to the mix of projects delivered to customers during the nine months ended 30 September 2022.

During nine months ended 30 September 2023 the projects that significantly impacted profitability of the Group were Ursus Centralny IIb, Miasto Moje VI, Viva Jagodno IIb (contributed respectively PLN 39.1 million, PLN 31.6 million and PLN 20.1 million to the gross profit representing a gross margin of 36,5%, 35,6% and 39,6%).

During nine months ended 30 September 2022 the projects that significantly impacted profitability of the Group were Ursus Centralny IIa, Ursus Centralny Ib and Nowe Warzymice II (contributed respectively PLN 19.8 million, PLN 12.7 million and PLN 5.8 million to the gross profit representing a gross profit margin of 24,2%, 27,0% and 27,2%).

Selling and marketing expenses

Selling and marketing expenses increased by PLN 1.3 million (47%) from PLN 2.9 million during the nine months ended 30 September 2022 to PLN 4.2 million during the nine months ended 30 September 2023, is reflecting the higher invested marketing resources in the company running projects and opening new stages in ongoing projects, in order to achieve higher sales. As a result higher number of units sold during the reporting period, increase of 169% (801 units sold during the period ended 30 September 2023 comparing to 298 units sold during the period ended 30 September 2022).

Administrative expenses

Administrative expenses increased by PLN 0.4 million (2%) from PLN 18.9 million in the period ended 30 September 2022 to PLN 19.2 million in the period ended 30 September 2023, which is primarily explained by increase in remuneration costs, and increase in taxes and charges due to non-deductible VAT costs, property taxed and perpetual usufruct fees on project completed.

Net finance income/(expenses)

Finance income and expenses are 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 nine months period ended 30 September 2023 the Group recorded a net expense on financial operations of PLN 3.4 million compared to a net expense of PLN 9.5 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 totaling 6.4 million, compared to a loss of 5.7 million on this account in the corresponding period of 2022. For more information of Finance expenses that took place please see Note 17.

Overview of selected details from the Interim Condensed Consolidated Statement of Financial Position

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

	As at 30 September 2023	As at 31 December 2022
	PLN (thousands)	
Inventory and Residential landbank	783 066	768 348
Investment properties	62 933	63 139
Advances received	154 366	139 911
Loans, bonds and borrowings	286 088	219 667
Financial liability measured at FVPL	-	70 506
Liability to shareholder measured at amortized costs	41 604	-

Inventory and residential landbank

The value of inventories and residential landbank at 30 September 2023 amounted to PLN 783.1 million compared to PLN 768.3 million at 31 December 2022.The increase is mainly due to direct construction costs occurred in the total amount of PLN 200.7 million, transfer of land from land design for development PLN 9.4 million. This increase was partly offset by recognized costs of sales in the total amount of PLN 204.8 million.

Investment properties

The balance of Investment properties is PLN 62.9 million as at 30 September 2023 compared to PLN 63.1 million as at 31 December 2022. The decrease is primarily explained by new valuation of real estate at ul. Gwiaździsta, where a company from the Group (Ronson Development Horizon) has offices for lease - a decrease in value by PLN 0.8 million, which is compensated with expenditures incurred mainly related to planning process of investments in the total amount of PLN 0.6 million. As at 30 September 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 154.4 million as at 30 September 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 30 September 2023 for a total amount PLN 330.6 million which was offset by the revenues recognized from the sale of residential units for a total amount of PLN 318.1 million during the nine months ended 30 September 2023.

Loans, bonds and borrowings

The total of short-term and long-term loans and bonds is PLN 286.1 million as at 30 September 2023 compared to PLN 219.7 million as at 31 December 2022. The increase in loans and bonds is primarily explained by issuance of bonds series X in amount of PLN 60 million and accrued interest on bonds of PLN 11.7 million in comparison to PLN 5.3 million interests on bonds as at 31 December 2022. The level of debt from bond loans as at 30 September 2023 amounted to PLN 269.8 million, out of which an amount of PLN 111.7 million comprises facilities maturing no later than 30 September 2024. The balance of bond loans comprises of: principal amount of PLN 260.0 million plus accrued interest of PLN 11.7 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 1.8 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 Agreements”) raising a total amount of ILS 60 million, equivalent of PLN 61.5 million in FVPL as at 25 May 2023 and equivalent of PLN 70.5 million in FVPL as at 31 December 2022.

Overview of selected details from the Interim Condensed Consolidated Statement of Financial Position

Financial liability measured at FVPL

On the 25 May 2023 the company and its main shareholder (A. Luzon Development Group Ltd.) signed a settlement agreement which together with original SAFE Agreements resulted in derecognition of financial liability measured at FVPL.

Following to the signing of the SAFE settlement agreement by Ronson and A. Luzon Group with consent of the SAFE investors on 25 May 2023, Ronson recognized new financial liability at amortized cost from its shareholder and made partial repayment of the liability in the amount of PLN 25 million. For further information regarding the SAFE agreement as well as the settlement agreement and valuation method used please see Note 14 of the Interim Condensed Consolidated Financial Statements.

On the 12 September 2023 the Company signed agreement which result is that Ronson cease being a party to the SAFE Agreements due to assignment of obligations from Ronson to ITR Dori.

Liability to shareholder measured at amortized costs

On the basis of the separate agreement relating to the SAFE agreement, the Company undertook to return to A. Luzon Group the financing received from Investors in the total amount of ILS 60 million (sixty million Israeli shekels), to satisfy A. Luzon Group's claims against the Company under the SAFE Agreements and applicable Israeli law. Payments to A. Luzon Group in the total amount of PLN 25 million (approx. ILS 21.7 million) were made in May 2023 resulting in the balance of Liability to shareholder measured at amortized costs in amount of PLN 41.6 million. For more information 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 nine months ended 30 September	
	2023	2022
	PLN (thousands)	
Cash flows from/(used in) operating activities	140 924	(75 187)
Cash flow from/(used in) investing activities	381	(10 298)
Cash flow (used in)/from financing activities	32 741	28 011

Cash flow from/(used in) operating activities

The Company's positive net cash flow from operating activities for the nine months ended 30 September 2023 amounted to PLN 140.9 million compared to negative net cash flows from these activities in the corresponding period ended 30 September 2022 of PLN 75.2 million. The increase of PLN 216.1 million is primarily explained by:

- an increase in cash inflow of PLN 146.4 million due to an increase in advances received from customers in the total amount of PLN 330.6 million for the 9 months ended 30 September 2023 comparing to PLN 184.2 million for the 9 months ended 30 September 2022;
- increase in cash inflow of PLN 15.7 million due to amounts received for VAT return during in the net total amount of 21.1 million during the 9 months ended 30 Jun 2023 comparing to VAT return of 6.0 million during the 9 month ended 30 September 2022;
- decrease in cash outflow related to land purchase and advances for land purchase of PLN 43.4 million during the 9 months ended on 30 September 2022, comparing to no purchase of land during the 9 months of 30 September 2023;
- decrease in cash outflow related to corporate income tax payment in the amount of PLN 1.7 million from PLN 7.1 million for the 9 months ended on 30 September 2022 to PLN 5.4 million during the nine months ended on 30 September 2023.

Overview of cash flow results

Cash flow from/(used in) operating activities

- increase in interest received PLN 1.2 million from PLN 1.3 million in the 9 months ended on 30 September 2022 to PLN 2.5 million in the 9 months ended on 30 September 2023.

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

- increase of cash outflow in the amount of PLN 1.6 million related to interest payments in the amount of PLN 12.5 million in the 9 month ended on 30 September 2023 comparing to interest payment of PLN 10.9 million during the 9 months ended on 30 September 2022.

Cash flow from investing activities

The Company's net cash inflow used in investing activities amounted to PLN 0.4 million during the nine months ended 30 September 2023 compared to net outflow from investing activities in comparative period in the amount of PLN 10.3 million. The increase of PLN 10.7 million is primarily explained by cash inflow due to dividends received from joint ventures in the total amount of PLN 1.1 million and purchase of investment property in the total amount of PLN 10.2 million during the 9 months ended on 30 September 2022 comparing to no land purchases occurred in 9 months ended of 30 September 2023.

Cash flows from financial activities

The Company's net cash inflow from financing activities amounted to PLN 32.7 million during the nine months ended 30 September 2023 compared to a net cash inflow from financing activities amounted to PLN 28.0 million during the nine months ended 30 September 2022.

The change of PLN 4.7 million is primarily explained by:

- Proceeds from SAFE agreement in the total amount of PLN 74.6 million compared to cash outflow repayment in the amount of PLN 25.0 million on the account of SAFE settlement agreement;
- Net cash outflow related to bank loans during the period of 9 months ended 30 September 2023 in the total amount of PLN 0.05 million compared to PLN 4.6 million net inflow during 9 months ended on 30 September 2022;
- Cash out flow in the amount of PLN 50.0 million related to repayment of Bonds during the 9 months ended on 30 September 2022 comparing to proceeds from bonds (series X) in the amounts of PLN 59.1 million during the 9 months ended on 30 September 2023.

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:

Project name	Location	Number of residential units delivered (1)			Number of residential units expected to be delivered (1)			Total project
		Until 31 December 2022	During the period ended 30 September 2023	Total units delivered	Units sold not delivered as at 30 September 2023	Units for sale as at 30 September 2023	Total units expected to be delivered	
Ursus Centralny IIb	Warsaw	-	198	198	7	1	8	206
Miasto Moje VI	Warsaw	-	194	194	26	7	33	227
Viva Jagodno IIb	Wrocław	-	119	119	22	11	33	152
Grunwaldzka	Poznań	-	61	61	3	6	9	70
Nowe Warzymice IV	Szczecin	-	54	54	20	1	21	75
Miasto Moje V	Warsaw	155	14	169	-	1	1	170
Viva Jagodno IIa	Wrocław	59	8	67	6	3	9	76
Ursus Centralny IIc	Warsaw	-	6	6	181	36	217	223
Nowe Warzymice III	Szczecin	57	3	60	2	-	2	62
Miasto Moje IV	Warsaw	174	2	176	-	-	-	176
Viva Jagodno I	Wrocław	120	1	121	-	-	-	121
City Link III	Warsaw	367	1	368	-	-	-	368
Nowe Warzymice I	Szczecin	51	1	52	1	1	2	54
Moko I	Warsaw	177	1	178	-	-	-	178
Panoramika	Szczecin	89	1	90	-	-	-	90
Nowe Warzymice II	Szczecin	64	1	65	1	-	1	66
Nova Królikarnia 1d	Warsaw	11	-	11	-	1	1	12
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
Total excluding JV		**2 052**	**665**	**2 717**	**273**	**70**	**343**	**3 060**
Wilanów Tulip(2)	Warsaw	147	2	149	-	-	-	149
Total including JV		**2 199**	**667**	**2 866**	**273**	**70**	**343**	**3 209**

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

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

For information on the completed projects see "Business highlights during the nine months ended 30 September 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 30 September 2023	Units for sale as at 30 September 2023	Total units	Total area of units (m^2)	Expected completion of construction
Ursus Centralny IIe	Warsaw, Ursus, Gierdziejewskiego st.	Q1 2023	104	187	291	15 628	Q4 2024
Miasto Moje VII	Warsaw, Bialoleka, Marwilska st.	Q1 2023	99	156	255	11 725	Q4 2024
Między Drzewami	Poznań, Smardzewska st.	Q4 2022	84	33	117	5 803	Q3 2024
Nowa Północ Ia	Szczecin, Bogusława Świątkiewicza st.	Q3 2022	60	50	110	5 230	Q1 2024
Osiedle Vola	Warsaw, Wola, Studzienna st.	Q2 2022	75	9	84	4 851	Q1 2024
Eko Falenty I	Falenty Nowe, Droga Hrabska st.	Q1 2022	22	20	42	4 304	Q4 2023
Viva Jagodno III(1)	Wrocław, Jagodno, Buforowa st.	Q1 2024	3	55	58	3 140	Q2 2025
Nova Królikarnia 4b1	Warsaw, Srebrnych Świerków	Q1 2023	1	10	11	2 566	Q2 2025
Subtotal			**448**	**520**	**968**	**53 247**	

(1) Project where the Company started the sales but did not start construction process until 30 September 2023. The construction completion date is expected date 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)
Zielono Mi I	Warsaw	92	5 524
Nowe Warzymice V	Szczecin	12	925
Total		**104**	**6 449**

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 IIc	Warsaw	181	100 620	Completed
Miasto Moje VI	Warsaw	26	16 991	Completed
Viva Jagodno IIb	Wrocław	22	13 442	Completed
Nowe Warzymice IV	Szczecin	20	8 941	Completed
Ursus Centralny IIb	Warsaw	7	4 574	Completed
Viva Jagodno IIa	Wrocław	6	3 741	Completed
Grunwaldzka	Poznań	3	1 811	Completed
Nowe Warzymice III	Szczecin	2	1 052	Completed
Młody Grunwald I	Poznań	2	964	Completed
Nowe Warzymice I	Szczecin	1	731	Completed
Miasto Moje V	Warsaw	0	556	Completed
Nowe Warzymice II	Szczecin	1	508	Completed
Miasto Moje IV	Warsaw	0	445	Completed
Verdis Idea	Warsaw	1	437	Completed
Verdis I-IV	Warsaw	1	277	Completed
Ursus Centralny IIa	Warsaw	0	51	Completed
Miasto Moje III	Warsaw	0	39	Completed
Moko I	Warsaw	0	22	Completed
Miasto Moje I	Warsaw	0	4	Completed
Sakura Idea	Warsaw	0	0	Completed
Sakura I-IV	Warsaw	0	0	Completed
City Link III	Warsaw	0	0	Completed
Panoramika	Szczecin	0	0	Completed
Moko II	Warsaw	0	0	Completed
Subtotal completed projects		**273**	**155 206**	
Osiedle Vola	Warsaw	75	60 219	2024
Ursus Centralny IIe	Warsaw	104	57 720	2024
Miasto Moje VII	Warsaw	99	45 261	2024
Między Drzewami	Poznań	84	41 061	2024
Nowa Północ Ia	Szczecin	60	21 521	2024
Eko Falenty I	Szczecin	22	16 779	2023
Nova Królikarnia 4b1	Warsaw	1	4 776	2025
Viva Jagodno III[(3)]	Wrocław	3	923	2025
Subtotal ongoing projects		**448**	**248 261**	
Total		**721**	**403 467**	

(1) For information on the completed projects see "Business highlights during the nine months ended 30 September 2023–A. Results breakdown by project".
(2) For information on current projects under construction and/or on sale, see under "B".
(3) Project where the Company started the sales but did not start construction process until 30 September 2023

Additional information about 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 (9 months)	**4.5845**	**4.4135**	**4.7895**	**4.6356**
2022 (9 months)	4.6740	4.4879	4.9647	4.8698
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 9 months ended 30 September			
	2023	2022	2023	2022
Revenues from management services	**1 050**	557	**4 814**	2 613
Financial income (Wise majority from loans granted to subsidiaries)	**5 675**	3 037	**26 019**	14 237
Financial expences (Wise majority from Interest on bonds and fair value measurement of the financial instrument)	**(4 671)**	(4 125)	**(21 414)**	(19 337)
Profit including results from subsidiaries	**13 003**	2 345	**59 614**	10 993
Cash flows from/(used in) operating activities	**(2 165)**	(2 129)	**(9 924)**	(9 981)
Cash flows from/(used in) investing activities	**6 544**	(2 451)	**30 002**	(11 488)
Cash flows from/(used in) financing activities	**7 446**	5 253	**34 137**	24 626
Increase/(decrease) in cash and cash equivalents	**11 826**	975	**54 215**	4 569
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)	**0,080**	0.015	**0,367**	0,068

Selected financial data	EUR		PLN	
	(thousands)			
	As at			
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Investment in subsidiaries	**108 526**	94 943	**503 083**	445 275
Loan granted to subsidiaries	**56 630**	58 974	**262 514**	276 581
Total assets	**178 914**	155 582	**829 373**	729 664
Long term liabilities	**39 446**	34 421	**182 857**	161 433
Short term liabilities	**29 199**	25 142	**135 353**	117 914
Equity	**110 269**	96 019	**511 163**	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, A. Luzon Group, 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), A. 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.

According to the information provided to the Company by I.T.R. Dori B.V., on all shares of the Company held by I.T.R. Dori B.V., a registered pledge has been established to secure receivables from bonds issued by A. Luzon Group, the maturity of which is scheduled for 2026. The value of these bonds is ILS 50 644 539 and the bonds are repaid gradually – ILS 9 208 000 every 9 months.

To the best of the Company’s knowledge, as at 9 November 2023, there were no changes in the Company's shareholders structure.

The total number of own shares held by the Company as at 30 September 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 nine months ended 30 September 2023 and until the publication date.

Changes in the Management and Supervisory Board during the nine months ended 30 September 2023 and until the date of publication of this report

During the period ended 30 September 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 nine months ended 30 September 2023 and until the date of publication of this report

Mr Amos Luzon (Chairman 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 67.01%) of the shares and votes in A. Luzon Group.

On 29 June, 2023, the shareholders of the Company, i.e. A. Luzon Group and I.T.R. Dori B.V. entered into an agreement to reorganize the activities of A. Luzon Group. As part of the reorganization, a new Israeli company will be created, wholly owned by A. Luzon Group, to which a separated part of the business covering the real estate area of A. Luzon Group will be transferred, including the Issuer's shares held directly by A. Luzon Group. Then, A. Luzon Group will transfer all of its shares in a newly established Israeli company to I.T.R. Dori B.V. The entry into force of the agreement is subject to obtaining corporate approvals of the bodies of A. Luzon Group and decisions of tax authorities and other relevant institutions.

The conclusion of the said agreement does not cause any changes in the manner of controlling the Company.

Additional information to the report

Changes in ownership of shares and rights to shares by Management and Supervisory Board members during the nine months ended 30 September 2023 and until the date of publication of this report

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

In the period of nine months ended September 30, 2023, the following changes took place in the structure of the Group:

1) On the 27 January 2023 the following companies were merged 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.,
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
3) On 19 April 2023, shares in Ronson Development SPV12 sp. z o.o. (current business name LivinGO Ursus Sp. z o.o.) were sold and its current sole shareholder is LivinGO Holding sp. z o.o. (previous business name: Ronson Development SPV13 sp. z o.o.).
4) On 27 April 2023, a change of business name of Ronson Development SPV13 sp. z o. o. has been registered in the register of entrepreneurs of the National Court Register. – currently it is called LivinGO Holding sp. z o.o.
5) On 12 May 2023, Ronson Development SPV12 sp. z o. o. has been registered in the register of entrepreneurs of the National Court Register. – currently it is called LivinGO Ursus sp. z o.o.

The Company’s group structure as at 30 September 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

On 25 May 2023, the Company and A. Luzon Group entered into an agreement for settling the return of the amounts received related to the SAFE Agreements and releasing the Company from its obligation towered the SAFE investors. The SAFE Agreements granted the investors certain rights applicable after the Issuer is delisted from the regulated market of the Warsaw Stock Exchange, including the right to subscribe for shares of the Company at a discounted price and for instruments convertible into shares in the Company, if the Company’s shares are admitted to trading on the Tel-Aviv Stock Exchange, secured by the right to convert their investments into shares or bonds of the A. Luzon Group if the Company’s shares were not admitted to trading on the Tel-Aviv Stock Exchange.

Additional information to the report

Related parties transactions

Due to the fact that the Company has decided that within the period specified in the SAFE Agreements it will not apply for admission of the Company's shares to trading on the Tel Aviv Stock Exchange, under a separate agreement the Company undertook to return to A. Luzon Group (with the consent of the Investors that from this date Ronson shall have no more liability towards the investors) the financing received from investors under the SAFE Agreements in the total amount of ILS 60 million (sixty million Israeli shekels). The conclusion of this agreement was intended both to satisfy A. Luzon Group's claims against the Company under the SAFE Agreements and under the applicable Israeli law and to indemnify the Company against liability to investors who are parties to the SAFE Agreements. Payments to A. Luzon Group in the total amount of PLN 25 million (approx. ILS 21.7 million) were made in May 2023, and subsequent payments will be made in accordance with the schedule agreed by the parties to the agreement, determined taking into account the capital needs of A. Luzon Group and the liquidity and financial situation of the Company, with the proviso that these payments will become due no earlier than 1 January, 2024, and the total amount of payments to A. Luzon Group in 2024 will not exceed PLN 25 million (approx. ILS 22 million) and the remaining amount will be repaid in 2025. Newest arrangements with our shareholder indicates that tranche related to year 2024 would be repaid in July 2024.
The Company points out that the financing granted on the basis of SAFE Agreements, since its receipt, has been classified in the financial statements as a financial liability of the Company.
On 7 July, 2023, the Company and A. Luzon Group signed an annex to the above agreement, on the basis of which, after conducting analyses in the field of transfer pricing, they agreed that the remaining amount to be repaid will bear interest at 3% per annum.

During the nine months ended 30 September 2023, transactions and balances with related parties consisted of the following: 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 of the Company, 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 9 month period ended 30 September 2023 company paid PLN 629 thousand.

In addition, during the period ended September 30, 2023, the Group recognized income from one apartment and one parking space sold in 2022 to Mr. Boaz Haim, President of the Management Board of the Company, for a total net price (excluding VAT) of PLN 369 thousands. The transaction was made on an arm's length basis and in accordance with the Group's policy on transactions with related parties.

There were no transactions and balances with related parties during the nine months ended 30 September 2023 other than described above.

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 ILS 0.01 par value, for an exercise price of 0,2 ILS (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. Boaz 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 39 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.

Additional information to the report

Option program

Assuming all the Options are exercised, Mr. Boaz 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.). The effect of the program was recognized in year 2023 in amount of PLN 1,2 million in Equity and Administrative costs.

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 nine months ended 30 September 2023 in both English and Polish languages, while the Polish version is binding.

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 / Securities provided by the Company or its subsidiaries

On July 3, 2023, the Company issued 60 000 series X bonds with a total value of PLN 60 000 thousand. The nominal value of one bond is PLN 1 000 and is equal to its issue value. The redemption date of the series X bonds is July 3, 2026. The interest rate on the series X bonds consists of 6-month WIBOR plus a margin of 4.2%. Interest is payable semi-annually, in January and July, until maturity. The Series X bonds are secured by an aggregate mortgage of up to rounded 90 000 thousand zlotys, established on real estate owned by the Company's subsidiaries.

The value of the collateral for the series X bonds until the redemption date may not be less than PLN 75 000 thousand.

On July 25, 2023, the Financial Supervision Commission (KNF) approved the base prospectus for the Company's Public Bond Issuance Program drawn up in connection with the public offering of bearer bonds with an aggregate nominal value of no more than PLN 175 000 000 (one hundred and seventy-five million). As of the date of publication of this report, the Company has not issued bonds under this program.

Employees

The average number of personnel employed by the Group – on a fulltime equivalent basis – during the nine months ended 30 September 2023 was 63 during comparing to 74 during the nine months ended 30 September 2022. The Company itself did not and does not employ any employees.

Responsibility statement

The Management Board of Ronson Development SE hereby declares that:

a) to the best of its knowledge, the Interim Condensed Consolidated Financial Statements and Interim Condensed Company Financial Statements and comparative data have been prepared in accordance with the applicable accounting principles and that they reflect in a true, reliable and clear manner financial position of the Company, the Group and its financial result;

b) the Management Board Report contains a true picture of the Company's and Group's development and achievements, as well as a description of the main threats and risks.

This Management Board Report of activities of the Company and the Group during the nine months period ended 30 September 2023 was prepared and approved by the Management Board of the Company on 9 November 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, 9 November 2023

Interim Condensed Consolidated Statement of Financial Position

In thousands of Polish Zlotys (PLN)	***Note***	**As at 30 September 2023 (Reviewed/Unaudited)**	**As at 31 December 2022 (Audited)**
Assets			
Property and equipment		7 469	7 556
Investment property	*9*	62 933	63 139
Intangible fixed assets		500	686
Investments in joint ventures	*25*	536	2 331
Deferred tax assets	*19*	9 909	8 830
Land designated for development	*10*	21 500	21 094
Total non-current assets		**102 847**	**103 636**
Inventory	*10*	761 566	747 254
Trade and other receivables and prepayments	*11*	48 008	65 620
Advances for Land	*12*	13 550	20 650
Income tax receivable		84	691
Loans granted to third parties		-	1 717
Loans granted to joint ventures	*25*	142	133
Other current financial assets		10 640	11 217
Cash and cash equivalents		225 220	51 185
Total current assets		**1 059 210**	**898 467**
Total assets		**1 162 057**	**1 002 103**
Equity			
Share capital		12 503	12 503
Share premium		150 278	150 278
Share based payment		1 232	-
Treasury shares		(1 732)	(1 732)
Retained earnings		349 957	290 347
Total equity/Equity attributable to equity holders of the parent		**512 238**	**451 396**
Liabilities			
Floating rate bond loans	*15*	158 155	158 110
Liability to shareholders measured at amortised cost	*14*	19 501	-
Deferred tax liability	*18*	32 032	23 809
Lease liabilities related to perpetual usufruct of investment properties	*13*	663	663
Total non-current liabilities		**210 351**	**182 583**
Trade and other payables and accrued expenses	*16*	98 947	75 055
Floating rate bond loans	*15*	100 000	40 000
Other payables - accrued interests on bonds	*15*	11 682	5 260
Secured bank loans	*15*	16 251	16 297
Advances received	*19*	154 366	139 911
Income tax payable		2 593	70
Provisions		3 169	3 704
Lease liabilities related to perpetual usufruct of land	*13*	30 354	17 322
Liability to shareholders measured at amortised cost	*14*	22 106	-
Liability to shareholders measured at FVPL	*14*	-	70 506
Total current liabilities		**439 468**	**368 124**
Total liabilities		**649 819**	**550 707**
Total equity and liabilities		**1 162 057**	**1 002 103**

The notes included on pages 27 to 64 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 9 months ended 30 September 2023 (Reviewed) / (unaudited)**	**For the 3 months ended 30 September 2023 (Unaudited) / (unreviewed)**	**For the 9 months ended 30 September 2022 (Reviewed) / (unaudited)**	**For the 3 months ended 30 September 2022 (Unaudited) / (unreviewed)**
Revenue from residential projects	*21*	318 898	142 467	199 414	61 734
Revenue from sale of services		-		-	-
Revenue		**318 898**	**142 467**	**199 414**	**61 734**
Cost of sales	*21*	**(210 253)**	**(89 994)**	**(150 576)**	**(44 500)**
Gross profit		**108 646**	**52 473**	**48 837**	**17 233**
Changes in the fair value of investment property		(842)	-	(413)	(367)
Selling and marketing expenses		(4 196)	(1 170)	(2 864)	(1 158)
Administrative expenses		(19 239)	(5 928)	(18 863)	(5 914)
Share of profit/(loss) in joint ventures		(729)	(3)	1 222	156
Other expenses		(6 075)	(1 276)	(1 919)	(207)
Other income		1 178	209	2 034	702
Result from operating activities		**78 743**	**44 306**	**28 034**	**(10 445)**
Finance income		2 729	1 401	2 847	789
Finance expense	14,17	(12 587)	(5 504)	(6 619)	(3 048)
Gain (loss) on financial instrument measured at fair value through profit and loss	*14*	6 422	46	(5 722)	(2 743)
Net finance income/(expense)		**(3 436)**	**(4 057)**	**(9 494)**	**(5 002)**
Profit/(loss) before taxation		**75 308**	**40 249**	**18 540**	**5 443**
Income tax (expense)	*18*	(15 698)	(7 104)	(6 468)	(3 196)
Profit for the period		**59 610**	**33 145**	**12 072**	**2 247**
Other comprehensive income		-	-	-	
Total comprehensive income/(expense) for the period, net of tax		**59 610**	**33 145**	**12 072**	**2 247**
Total profit/(loss) for the period attributable to:					
Equity holders of the parent		59 610	33 145	12 072	2 247
Non-controlling interests		-	-	-	
Total profit/(loss) for the period, net of tax		**59 610**	**33 145**	**12 072**	**2 247**
Total profit/(loss) for the period attributable to:					
Equity holders of the parent		59 610	33 145	12 072	2 247
Non-controlling interests		-	-	-	
Total comprehensive income/(expense) for the period, net of tax		**59 610**	**33 145**	**12 072**	**2 247**
Weighted average number of ordinary shares (basic and diluted)		**162 442 859**	**162 442 859**	**162 442 859**	**162 442 859**
In Polish Zlotys (PLN)					
Net earnings/(loss) per share attributable to the equity holders of the parent basic		**0.367**	**0.204**	**0.074**	**0.014**
Net earnings/(loss) per share attributable to the equity holders of the parent diluted		**0.367**	**0.204**	**0.074**	**0.014**

The notes included on pages 27 to 64 are an integral part of these Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to the Equity holders of parent					
In thousands of Polish Zlotys (PLN)	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 nine months ended 30 September 2023	-	-		-	59 610	59 610
Total comprehensive income/(expense)	**-**	**-**		**-**	**59 610**	**59 610**
Share based payment		-	1 232	-	-	1 232
Balance at 30 September 2023 (Reviewed/ Unaudited)	**12 503**	**150 278**	**1 232**	**(1 732)**	**349 957**	**512 238**

	Attributable to the Equity holders of parent				
In thousands of Polish Zlotys (PLN)	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 nine months ended 30 September 2022	-	-	-	12 072	12 072
Total comprehensive income/(expense)	-	-	-	12 072	12 072
Balance at 30 September 2022 (Reviewed/ Unaudited)	**12 503**	**150 278**	**(1 732)**	**271 068**	**432 117**

The notes included on pages 27 to 64 are an integral part of these Interim Condensed Consolidated Financial Statement

Interim Condensed Consolidated Statement of Cash Flows

For the nine months ended 30 September		**2023**	**2022**
In thousands of Polish Zlotys (PLN)	***Note***		
Cash flows from/(used in) operating activities			
Profit/(loss) for the period		59 610	12 072
Adjustments to reconcile profit for the period to net cash used in operating activities			
Depreciation		651	635
(Increase)/decrease in fair value of investment property		842	413
Write-down of inventory		-	482
Finance expense	*17*	11 464	5 793
Finance income		(2 700)	(1 359)
Purchase of land		-	-
Foreign exchange rates differences gain/(loss)		1 094	(1 518)
(Gain)/loss on a financial instrument measured at fair value through profit and loss	*14*	(6 422)	5 722
Share of loss /(profit) from joint ventures		730	(1 246)
Share based payment		1 232	-
Income tax expense/(benefit)		15 698	6 468
Subtotal		**82 198**	**27 462**
Decrease/(increase) in inventory and land designated for development		16 833	(17 931)
Profit on sale of property, plant and equipment		(38)	-
Purchases of land		-	(43 399)
Decrease/(increase) in advances for land		-	(1 486)
Decrease/(increase) in trade and other receivables and prepayments		20 352	(4 364)
Decrease/(increase) in other current financial assets		577	(3 211)
Increase/(decrease) in trade and other payables and accrued expenses		22 501	(6 205)
Increase/(decrease) in provisions		(535)	(513)
Increase/(decrease) in advances received	*20*	14 455	(15 293)
Subtotal		**156 342**	**(58 519)**
Interest paid		(12 517)	(10 905)
Interest received		2 522	1 329
Income tax received/(paid)		(5 423)	(7 092)
Net cash from/(used in) operating activities		**140 924**	**(75 187)**
Cash flows from/(used in) investing activities			
Acquisition of property and equipment		(163)	(299)
Payments for investment property	*9*	(583)	(10 213)
Loans repayment/ (granted) to JV		-	214
Dividends received from joint ventures		1 073	-
Proceeds from sale of property and equipment		53	-
Net cash from investing activities		**381**	**(10 298)**
Cash flows (used in)/from financing activities			
Proceeds from bank loans, net of bank charges	*15*	83 393	51 008
Repayment of bank loans	*15*	(83 439)	(46 417)
Repayment of bond loans	*15*	-	(50 000)
Proceed from bond loans, net of charges	*15*	59 137	-
Repayment of Liability to shareholders measured at amortized costs	*14*	(25 000)	-
Payment of perpetual usufruct rights	*13*	(1 351)	(1 206)
SAFE Agreement	*14*	-	74 626
Net cash (used in)/from financing activities		**32 741**	**28 011**
Net change in cash and cash equivalents		**174 045**	**(57 474)**
Cash and cash equivalents at beginning of period		51 185	133 434
Effects of exchange rate changes on cash and cash equivalents		(10)	1 411
Cash and cash equivalents at end of period*		**225 220**	**77 371**

** including restricted cash that amounted to PLN 14,313 thousand and PLN 11,464 thousand as 30 September 2023 and as 30 September 2022, respectively.*

The notes included on pages 27 to 64 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 30 September 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.

On 29 June, 2023, the shareholders of the Company, i.e. Amos Luzon Development and Energy Group Ltd. and I.T.R. Dori B.V. entered into an agreement to reorganize the activities of Amos Luzon Development and Energy Group Ltd. As part of the reorganization, a new Israeli company will be created, wholly owned by Amos Luzon Development and Energy Group Ltd., to which a separated part of the business covering the real estate area of Amos Luzon Development and Energy Group Ltd. will be transferred, including the Issuer's shares held directly by Amos Luzon Development and Energy Group Ltd. Then, Amos Luzon Development and Energy Group Ltd. will transfer all of its shares in a newly established Israeli company to I.T.R. Dori B.V. The entry into force of the agreement is subject to obtaining corporate approvals of the bodies of Amos Luzon Development and Energy Group Ltd. and decisions of tax authorities and other relevant institutions, which should take place within 90 days from the date of conclusion of the contract. The conclusion of the said agreement does not cause any changes in the manner of controlling the Company.

The Interim Condensed Consolidated Financial Statements of the Company have been prepared for the nine months ended 30 September 2023 and contain comparative data for the nine months ended 30 September 2022 and as at 31 December 2022. The Interim Condensed Consolidated Financial Statements of the Company for the nine months ended 30 September 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 nine months ended 30 September 2023 were authorized for issuance by the Management Board on 9 November 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.

Notes to the Interim Condensed Consolidated Financial Statements

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

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 nine months ended 30 September 2023 are included in the Management Board Report on pages 3 through 22.

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 Group.

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**	
			30 September 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	LivinGO Ursus sp. z o.o.(5)	2022	100%	100%
28	LivinGO Holding 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	
			30 September 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. from Ronson Development SPV12 Sp. z o.o.*
6) *The company's business name has been changed to LivinGO Holding sp. z o.o. from Ronson Development SPV13 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 30 September 2023**

	Warsaw				**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**IFRS adjustments**	**Total**
	Apartments	**Houses**	**Joint venture**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**			
Segment assets	591 402	121 262	1 703	70 847	118 746	9 513	52 650	-	97 501	-	-	(968)	1 062 657
Unallocated assets	-	-	-	-	-	-	-	-	-	-	99 400	-	99 400
Total assets	**591 402**	**121 262**	**1 703**	**70 847**	**118 746**	**9 513**	**52 650**	**-**	**97 501**	**-**	**99 400**	**(968)**	**1 162 057**
Segment liabilities	219 040	12 033	710	24 247	26 674	22	6 435	-	13 565	-	-	(710)	302 015
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	347 804	-	347 804
Total liabilities	**219 040**	**12 033**	**710**	**24 247**	**26 674**	**22**	**6 435**	**-**	**13 565**	**-**	**347 804**	**(710)**	**649 819**

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	-	17 278	-	17 050	-	-	(955)	248 414
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	302 293	-	302 293
Total liabilities	**160 174**	**5 216**	**955**	**24 376**	**24 320**	**-**	**17 278**	**-**	**17 050**	**-**	**302 293**	**(955)**	**550 707**

In thousands of Polish Zlotys (PLN)

For the nine months ended 30 September 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)]	**210 633**	**-**	**1 473**	**722**	**26 262**	**-**	**56 432**	**-**	**24 387**	**-**	**462**	**(1 473)**	**318 899**
Segment result	70 235	(713)	(1 773)	(398)	4 903	-	21 221	-	6 325	-		1 773	101 572
Unallocated result	-	-		-	-	-	-	-	-	-	(22 278)	-	(22 278)
Depreciation	(156)	-	-	-	-	-	-	-	(3)	-	(392)	-	(551)
Result from operating activities	**70 080**	**(713)**	**(1 773)**	**(398)**	**4 903**	**-**	**21 221**	**-**	**6 322**	**-**	**(22 670)**	**1 773**	**78 743**
Net finance income/expenses	908	(21)	44	41	308	(3)	217	-	12	-	(4 899)	(44)	(3 437)
Gain/loss on a financial instrument measured at fair value through profit and loss											6 422		6 422
Profit/(loss) before tax	**70 988**	**(735)**	**(1 729)**	**(357)**	**5 211**	**(3)**	**21 438**	**-**	**6 334**	**-**	**(27 569)**	**1 729**	**75 308**
Income tax expenses													(15 698)
Profit/(loss) for the period													**59 610**

(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 nine months ended 30 September 2022**

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental[2]	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue/Revenue from external services[1]	**164 336**	**-**	**14 096**	**623**	**2 325**	**-**	**176**	**-**	**31 954**	**-**	**-**	**(14 096)**	**199 414**
Segment result	40 936	1 095	2 763	63	(2 567)	1 376	(546)	-	6 407	-	-	(2 763)	46 765
Unallocated result	-	-	-	-	-	-	-	-	-	-	(18 731)	-	(18 731)
Result from operating activities	**40 936**	**1 095**	**2 763**	**63**	**(2 567)**	**1 376**	**(546)**	**-**	**6 407**	**-**	**(18 731)**	**(2 763)**	**28 034**
Net finance income/ (expenses)	142	(74)	(58)	(710)	(34)	(2)	(11)	-	79	-	(8 884)	58	(9 494)
Profit/(loss) before tax	**41 078**	**1 020**	**2 705**	**(647)**	**(2 601)**	**1 374**	**(557)**	**-**	**6 486**	**-**	**(27 615)**	**(2 705)**	**18 540**
Income tax expenses													(6 468)
Profit/(loss) for the period													**12 072**

(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 9 months ended 30 September 2023**	**For the year ended 31 December 2022**
Balance at 1 January	63 139	28 595
IFRS 16 adjustment	52	128
Purchase of investment property land	-	34 113
Investment expenditures incurred	583	-
Change in fair value during the period	(842)	303
Balance as at 30 September, including:	**62 933**	**63 139**
Cost at the time of purchase	***58 278***	***57 695***
IFRS 16	***726***	***673***
Fair value adjustments	***3 928***	***4 771***

As at 30 September 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 year-end, 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 increase/ decrease in fair value of investment property.

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 nine months ended 30 September 2023 were as follows:

In thousands of Polish Zlotys (PLN)	As at 1 January 2023	Transferred from land designated for development	Transferred to finished units	Additions	As at 30 September 2023
Land and related cost	421 324	7 442	(39 814)	2 044	390 996
Construction costs	205 595	45	(235 827)	175 666	145 480
Planning and permits	22 322	713	(7 006)	3 686	19 716
Borrowing costs	48 453	1 020	(13 309)	12 751	48 915
Borrowing costs on lease and depreciation perpetual usufruct right (1)	3 923	-	(425)	2 815	6 312
Other	3 755	185	(6 201)	4 756	2 494
Work in progress	**705 372**	**9 406**	**(302 583)**	**201 719**	**613 914**

In thousands of Polish Zlotys (PLN)	As at 1 January 2023	Transferred from work in progress	Recognized in the statement of comprehensive income	As at 30 September 2023
Finished goods	**28 059**	302 583	(204 766)	**125 876**

In thousands of Polish Zlotys (PLN)	As at 1 January 2023	Transferred from land designated for development	Revaluation write-down recognized in statement of comprehensive income		As at 30 September 2023
			Increase	Utilization/ Reversal	
Write-down	**(2 970)**	(1 608)			**(4 577)**

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Inventory and Residential landbank

Inventory

In thousands of Polish Zlotys (PLN)	As at 1 January 2023	Recalculation adjustment [2]	Depreciation	Transferred to Land designated for development	Transfer to Other receivables	As at 30 September 2023
Perpetual usufruct right [(2)]	**16 793**	14 215	(542)	(1 674)	(2 438)	**26 354**
Inventory, valued at lower of - cost and net realisable value	**747 254**					**761 566**

(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 14,215 thousand of the recalculation adjustments is described in Note 23 (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 13.
(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 Zlotys (PLN)	**For the 9 months ended 30 September 2023**	**For the year ended 31 December 2022**
Opening balance	**21 094**	**10 041**
Moved from Inventory (perpetual land use assets – IFRS 16)	1 674	-
Capital expenditure	813	-
Transferred from work in progress and advances for land to land designated for development	7 325	12 335
Transferred to Inventory	(9 406)	-
Write-down adjustment	-	(1 282)
Total closing balance	**21 500**	**21 094**
Closing balance includes:		
Book value	28 480	29 681
Write-down	(6 980)	(8 587)
Total closing balance	**21 500**	**21 094**

During the period ended 30 September 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 1.7 million. In the period ended 30 September 2023 the company finalized the purchase of a plot in Ochota district in Warsaw with a total amount of PLN 7.3 million which resulted in the movement from the advances for land to land designated for development. Due to changes in project schedule (Skyline, Poznań) PLN 9.4 million was moved to inventory.

Note 11 - Trade and other receivables and prepayments

In thousands of Polish Zlotys (PLN)	**As at 30 September 2023**	**As at 31 December 2022**
Value added tax (VAT) receivables	19 720	39 204
Trade receivables	632	1 565
Other receivables	15 422	13 689
Trade and other receivables - IFRS 16 (impact of perpetual usufruct)	2 306	980
Notary's deposit	1 100	1 100
Prepayments(1)	8 828	9 082
Total trade and other receivables and prepayments	**48 008**	**65 620**

(1) *The capitalized costs relating to signed agreements with clients have been presented in this line and amounted to PLN 2 million for the 9 months ended 30 September 2023 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 30 September 2023 and the year ended 31 December 2022, the Group booked allowance for doubtful accounts in the amount of PLN 1.8 million and PLN 0.5 million 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 decreased by PLN 19.5 million mainly due to VAT return on previously purchased lands in amount of 21.1 million. The VAT return process under Polish regulations takes up to 180 days.

As at 30 September 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 November 2023, the scheduled date for completion of the tax inspection at Project 3 was set for 8 February 2024. By order of 10 October 2023, the planned date for the completion of the tax inspection at Project 6 was set for 17 January 2024. The indicated dates for the completion of the inspections are not binding and are subject to change.

Other receivables relate to advance payments for land whose purchase transaction in the amount of PLN 4.9 million (including VAT) has not been finalized in the subsidiary company Ronson Development Sp. z o. o. – Projekt 4 sp. k. In addition, other receivables in the amount of PLN 6.4 million (including VAT) arose in the subsidiary Ronson Development Sp. z o. o. – Projekt 3 sp. k. as part of the advance payment for the purchase of the property at Epopei Street in Warsaw. Both amounts are related to Ił Capital case described in note 23.

During the period ended 30 September 2023, the Group has written off costs related to IPO, costs incurred in year 2022, which were capitalized to prepayments in amount of 1.4 million. Due to formal complicated administration issues and tax issues the Management Board decided to stop the process of IPO of Ronson Development SE on Israeli Stock Exchange.

Note 12 – Advances for land

The table below presents the lists of advances for land paid as at 30 September 2023 and 31 December 2022:

Investment location *In thousands of Polish Zlotys (PLN)*	**As at 30 September 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 30 September 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 30 September 2023 is presented below:

In thousands of Polish Zlotys (PLN)	**1 January 2023**	**Transferred to Land designated for development**	**Additions/ Disposal net**	**Depreciation charge**	**Fair value adjustment**	**Recalculation adjustment (1)**	**Transfer to trade receivables**	**30 September 2023**
Right of use assets related to inventory	16 793	(1 674)	-	(542)	-	14 215	(2 438)	26 353
Right of use assets related to investment property	673	-	-	(15)	68	-	-	726
Right of use assets related to land designated for development	-	1 674	-	(37)	0	-	-	1 637
Right of use assets related to fixed assets	364	-	262	(68)	0	-	-	558

In thousands of Polish Zlotys (PLN)	**1 January 2023**	**Transferred to Land designated for development**	**Additions/ Disposal net**	**Finance expense**	**Payments**	**Recalculation adjustment (1)**	**Transfer to trade payables**	**30 September 2023**
Lease liabilities related to inventory	16 888	-	-	2 220	(1 244)	14 225	(2 386)	29 703
Lease liabilities related to fixed assets	434	-	215	1		-	-	650
Lease liabilities related to investment property	663	-	-	46	(46)	-	-	663

(1) Relates to change in the perpetual usufruct payments from 2023 and purchased land with perpetual usufruct. Amount of PLN 14,215 thousand of the recalculation adjustments is described in Note 22 (iv) Litigation- Ursus Centralny

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**	**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**	**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

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Investors agreement ("SAFE Agreement")

On 25 May, 2023, the Company and Luzon Group entered into an agreement for settling the return of the amounts received related to the SAFE Agreements and releasing the Company from its obligation towered the SAFE Investors.

Conclusion of this agreement results from the fact that the Company has decided that within the period specified in the SAFE Agreements it will not apply for admission of the Company's shares to trading on the Tel Aviv Stock Exchange. On the basis of the agreement, the Company undertook to return to Luzon Group the financing received from Investors under the SAFE Agreements in the total amount of ILS 60 million (sixty million Israeli shekels), to satisfy Luzon Group's claims against the Company under the SAFE Agreements and applicable Israeli law. Payments to Luzon Group in the total amount of PLN 25 million (approx. ILS 21.7 million) were made in May 2023, and subsequent payments will be made in accordance with the schedule agreed by the parties to the agreement, determined taking into account the capital needs of Luzon Group and the liquidity and financial situation of the Company, with the provision that these payments will become due no earlier than 1 January, 2024, and the total amount of payments to Luzon Group in 2024 will not exceed PLN 25 million (approx. ILS 22 million) and the remaining amount will be repaid in 2025. Based on the Company's Management judgment, it was concluded that signing of the agreement of May 25, 2023 resulted in the extinguishments of the liability to investors and the recognition of a new liability to Luzon Group, which was recognized as a financial liability measured at amortized cost with a discounted cash flow rate of 7.14% per annum. The value of the liability does not differ significantly from the value measured at fair value.

The table below presents the movement on the new liability to Luzon Group for the period from May 25, 2023 to the end of the reporting period, i.e. September 30, 2023:

Investor	Liability at amortized cost [in PLN]	Liability recognition date	Repayment of liability [in PLN]	Finance expense related to discount factor reversal [in PLN]	Finance expense related to forex exchange cost [in PLN]	Value of the liability at amortized cost September 30, 2023 [in PLN]
Amos Luzon Development and Energy Group Ltd.	64 083 496	25 May 2023	25 000 000	1 479 658	1 044 198	41 607 352
					Long term part	19 501 227
					Short term part	22 106 125

The difference between the fair value of the financial liability to investors, which was derecognized, and the fair value of the new liability to Luzon Group as at the date of recognition (25 May 2023), resulted in a financial cost of PLN 2.6 million, recognized in the income statement under Gain/(loss) on a financial instrument measured at fair value through profit and loss, resulting from a change in the discount rate depending on the interest rate on Luzon bonds groups. The Company points out that the financing granted under the SAFE Agreements has been classified in the financial statements as a financial liability of the Company since it was obtained.

As at 25 May 2023, the fair value of the liability towards SAFE Investors was 54,601 thousand Israeli shekels (PLN 61,524 thousand) assuming market conditions of the transaction as at the valuation date with a discounted rate of 9.3% per annum. At the moment of derecognition of liabilities to investors, gain on fair value measurement in the amount of PLN 8.9 million was recognized in the income statement in line gain(loss) in fair value of financial instrument at fair value through profit and loss, no value was recognized in other comprehensive income.

On July 7, 2023, the Company and Luzon Group signed an annex to the above agreement, on the basis of which, after carrying out transfer pricing analyses, they agreed that the remaining amount to be repaid would bear interest at 3% per annum. Interests were already considered in initial recognition of liability towards Luzon.

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Investors agreement ("SAFE Agreement")

SAFE Agreement - description of the background of financial liability measured at fair value until derecognition

On 1 February 2022 and 22 February 2022 the Company entered into 5 separate SAFE agreements with Israeli institutional investors ("SAFE Agreements") raising a total amount of ILS 60 million, equivalent of PLN 61.5 million in FVPL as at 25 May 2023 and equivalent of PLN 70.5 million in FVPL as at 31 December 2022. On the 25 May 2023 the company and its main shareholder (Amos Luzon Development and Energy Group Ltd.) signed a settlement agreement which together with original SAFE Agreements resulted in derecognition of financial liability measured at FVPL.

The SAFE Agreements granted the Investors certain rights applicable after the Issuer is delisted from the regulated market of the Warsaw Stock Exchange, including the right to subscribe for shares of the Company at a discounted price and for instruments convertible into shares in the Company, if the shares in the Company are admitted to trading on the Tel-Aviv Stock Exchange, secured by the right to convert their investments into shares or bonds of the Luzon Group if the shares in the Company were not admitted to trading on the Tel-Aviv Stock Exchange.

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.

The table below presents payments made by Investors and the valuation of the financial liability as at the date of derecognition of the liability (May 25, 2023) and as at December 31, 2022:

Investor	Amount of the investment in Ronson [in ILS]	Date of payment	Paid to Ronson [in EUR]	Paid to Ronson on the transaction date [in PLN]	Fair value 31.12.2022 [in PLN]	Fair value 25.05.2023 [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	1 547 231	225 873
Sphera Master Fund L.P	26 500 000	18 February 2022	7 264 254	32 753 070	30 944 513	27 002 544	3 941 970
Sphera Small Cap L.P	2 000 000	18 February 2022	551 953	2 488 646	2 351 228	2 051 709	299 519
Moore Provident Funds	15 000 000	23 February 2022	-	18 656 716	17 626 531	15 381 117	2 245 414
Klirmark Opportunity Fund III L.P	15 000 000	24 February 2022	-	18 851 326	17 810 395	15 541 558	2 268 836
Razem	**60 000 000**		**8 229 439**	**74 626 492**	**70 505 771**	**61 524 159**	**8 981 612**

Valuation process and valuation techniques

The valuations of the SAFE agreements until 25 May 2023 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")

Valuation process and valuation techniques

For valuation purposes, each of the SAFE agreements consists of two components: equity (assuming a public offering of the Company's shares in Israel and listing of the Company's shares on the Tel Aviv Stock Exchange (collectively, the "IPO")) and debt. As at the valuation date, i.e. May 25, 2023, the company's Management Board estimates that the probability of an IPO has decreased to 0% due to significant formal complications, in particular tax complications (the administrative complicity of maintaining and tracing share exchange transactions without local broker and connection to polish tax authorities, the obligation to pay capital gains tax by investors; the obligation to pay dividend tax in Poland; registration for tax purposes in Poland and having a taxpayer number; submitting reports on your income on an annual basis) for potential shareholders purchasing the Company's shares on the Tel Aviv Stock Exchange. As of the date of this report, it is already confirmed that the listing of the Company's shares on the Tel Aviv Stock Exchange will not take place.

As of December 2022, accordingly, Group management does not envisage an IPO on the Israeli Stock Exchange before finding possible solutions to these issues. The valuation focused solely on the valuation of the debt component.

In order to estimate the fair value of SAFE at the date of derecognition of the liability, the investors' loss was reduced by the original amount of SAFE. This amount, which is reflected in the gain on fair value measurement of SAFE liabilities, amounted to PLN 6,376 thousand and was recognized in the Consolidated Statement of Comprehensive Income. The main factor causing the change in the fair value of the financial liability was the change in the YTM of Luzon bonds (series 10) from 6.54% as at December 31, 2022 to 9.3% as at May 25, 2023.

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	**25 May 2023** *[PLN thousands]*	**31 December 2022** *[PLN thousands]*	**Unobservable input**	**25.05.2023**	**31.12.2022**	**Relationship of unobservable inputs to fair value**
Financial liability at fair value through profit or loss (SAFE agreement)	61 524	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)

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 nine months ended 30 September 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 30 September 2023 (Reviewed/ Unaudited)**	**For the year ended 31 December 2022 (Audited)**
Opening balance	**203 370**	**249 238**
Repayment of bond loans	-	(50 000)
Proceeds from bond loans (nominal value)	60 000	-
Issue cost	(863)	-
Issue cost amortization	907	1 349
Accrued interest	17 876	18 086
Interest repayment	(11 453)	(15 303)
Total closing balance	**269 837**	**203 370**
Closing balance includes:		
Current liabilities	111 682	45 260
Non-current liabilities	158 155	158 110
Total Closing balance	**269 837**	**203 370**

Bonds as at 30 September 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	5 579	(330)	105 249	100 000
Bonds loans series W[2]	PLN	6 month Wibor + 4.00%	2025	100 000	5 017	(723)	104 294	99 880
Bonds loans series X[4]	PLN	6 month Wibor + 4.20%	2026	60 000	1 086	(792)	60 294	60 600
Total				**260 000**	**11 682**	**(1 845)**	**269 837**	**260 480**

1) Series V bonds issued on October 2020 are repayable in two tranches: 40% (PLN 40.0 million) of the value plus accrued interest will be repaid in October 2023, the remaining 60% (PLN 60.0 million) plus accrued interest will be repaid in April 2024.
2)The series W bonds issued on April 2021 are subject to repayment in 2 tranches 40% (PLN 40.0 million) of the amount together with accumulated interest to be repaid by October 2024 and the remaining amount of 60% (PLN 60.0 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 30 September 2023. classified as level 1 of fair value hierarchy.
4) The series X bonds issued on July 2023 are secured by joint mortgage up to the amount of 90.0 million Polish zlotys

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 40.0 million) of the amount together with accumulated interest to be repaid by October 2023) and the remaining amount of 60% (PLN 60.0 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 60.0 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, W and X in each reporting period the Company shall test the ratio of Net debt to Equity (hereinafter "Net Indebtedness Ratio"). The Ratio shall not exceed 80% on the Check Date.

Until the publication date, as at 30 September 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 30 September 2023 and 31 December 2022:

In thousands of Polish Zlotys (PLN)	**As at 30 September 2023**	**As at 31 December 2022**
Loans and Bonds	269 837	203 370
Secured bank loans	16 251	16 297
Liability to shareholders measured at FVPL	-	70 506
Liability to shareholders measured at amortized costs	41 607	-
IFRS 16 - Lease liabilities related to cars	363	363
Less: cash on individual escrow accounts (other current financial assets)	(10 640)	(11 217)
Less: Cash and cash equivalents	(225 220)	(51 185)
Net Debt	**92 198**	**228 134**
Equity	512 239	451 396
Ratio	**18,0%**	**50.5%**
Max Ratio	**80,0%**	**80.0%**

Other covenants

Based on the conditions of bonds V, W and X transactions with related-parties related to the purchase of services, products or assets (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 30 September 2023 and year ended 31 December 2022, the consulting fees related to A. Luzon Group amounted to PLN 638 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 30 September 2023** (Reviewed/ Unaudited)	**For the year ended 31 December 2022** (Audited)
Opening balance	**16 297**	**1 568**
New bank loan drawdown	83 393	97 934
Bank loans repayments	(83 439)	(83 205)
Interests accrued	1 073	769
Interests repayment	(1 073)	(769)
Bank charges paid	(738)	(2 150)
Bank charges presented as prepayments	695	1 273
Bank charges amortization (capitalized on Inventory)	43	876
Total closing balance	**16 251**	**16 297**
Closing balance includes:		
Current liabilities	16 251	16 297
Non-current liabilities	-	-
Total closing balance	**16 251**	**16 297**

Bank loans as at 30 September 2023:

Investment	Currency	Nominal interest rate	Year of maturity	Credit line amount in ('000 PLN)	Unpaid amount as at 30 September 2023 ('000 PLN)	Balance as at 30 September 2023 ('000 PLN)
Osiedle Vola	PLN	1 Month Wibor + 2.80%	2026	44 779	9 050	9 050
Nova Królikarnia 4b	PLN	1 Month Wibor + 2.80%	2026	29 000	-	-
Między Drzewami	PLN	1 Month Wibor + 2.80%	2026	40 500	7 201	7 201
Total				**114 279**	**16 251**	**16 251**

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.

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 30 September 2023	As at 31 December 2022
Trade payables	31 664	22 681
including a credit line from the General Contractor[(2)]	*9 378*	-
Trade payable related to purchase of land[(1)]	23 450	23 450
Accrued expenses	34 795	24 020
Guarantees for construction work	2 381	1 472
Value added tax (VAT) and other tax payables	3 506	1 778
Non-trade payables	891	674
Other trade payables - IFRS 16	2 261	981
Total trade and other payables and accrued expenses	**98 947**	**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 29 February 2024.

(2) Agreement with the General Contractor - Techbau Budownictwo Sp. z o. o. on Ursus 2E (VI) assumes the possibility of using a credit line according to which payment can be made in the amount of 50% of the net amount of the issued invoice. The line can be launched for up to 6 invoices, up to a total amount of PLN 20 million. The interest rate is WIBOR6M as at March 10, 2023. The final repayment of the debt must be made 30 days after the performance guarantee expires or 30 days after the quality guarantee is submitted

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

Note 17 – Finance expenses

The table presents the Finance expenses as at 30 September 2023 and 30 September 2022:

In thousands of Polish Zlotys (PLN)	As at 30 September 2023	As at 30 September 2022
Interests on bonds	8 524	4 507
Foreign exchange rate loss on liability measured at amortised cost	1 045	-
Reversal of discount factor on liability measured at amortised cost	1 480	-
Other	1 538	2 112
Total	**12 587**	**6 619**

Note 18 – Income tax

In thousands of Polish Zlotys (PLN)	For the 9 months ended 30 September 2023 (Unaudited) / (unreviewed)	For the 3 months ended 30 September 2023 (Reviewed) / (unaudited)	For the 9 months ended 30 September 2022 (Reviewed) / (unaudited)	For the 3 months ended 30 September 2022 (Reviewed) / (unaudited)
Current tax expense				
Current period	5 590	414	6 227	2 590
Taxes in respect of previous periods	2 963	3 226	(601)	(992)
Total current tax expense	**8 553**	**3 639**	**5 627**	**1 598**
Deferred tax expense				
Origination and reversal of temporary differences	8 360	2 801	2 988	1 817
Deffered tax asset recognized from the tax losses	(1 215)	664	(2 147)	(219)
Total deferred tax (benefit)/expense	**7 145**	**3 465**	**841**	**(1 598)**
Total income tax expense	**15 698**	**7 104**	**6 468**	**3 196**

Notes to the Interim Condensed Consolidated Financial Statements

Note 18 – Income tax

The effective income tax rate in the period ended 30 September 2023 amounted to 20.8% (34.9% in comparative period). The effective interest rate for the period of nine months ended September 30, 2023 was the result of exceeding the limits of debt financing in accordance with the provisions of the Income Tax Act, CIT and Deferred tax assets adjustments from previous years.

Note 19 – Deferred tax assets and liabilities

Movements in Deferred tax assets and liabilities during the nine months ended 30 September 2023 were as follows:

In thousands of Polish Zlotys (PLN)	**Opening balance 1 January 2023**	**Recognized in the statement of comprehensive income**	**Closing balance 30 September 2023**
Deferred tax assets			
Tax loss carry forward	5 704	1 215	6 919
Difference between tax and accounting basis of inventory	33 963	6 761	40 724
Accrued interest	1 100	1 220	2 320
Accrued expense	1 067	(197)	870
Write-down on work in progress	2 635	-	2 635
Fair value valuation of Investment property	871	(119)	752
Other	750	272	1 023
Total deferred tax assets	**46 090**	**9 152**	**55 242**
Deferred tax liabilities			
Difference between tax and accounting revenue recognition	48 641	16 649	65 290
Difference between tax base and carrying value of capitalized finance costs on inventory	9 129	367	9 496
Accrued interest	567	-	567
Fair value gain on investment property	1 611	(264)	1 347
Difference on valuation of an SAFE Agreement	783	(504)	278
Other	338	49	387
Total deferred tax liabilities	**61 068**	**16 297**	**77 366**
Total deferred tax benefit (see Note 17)		**7 145**	
Deferred tax assets	46 090		55 242
Deferred tax liabilities	61 068		77 366
Offset of deferred tax assets and liabilities for individual companies	(37 260)		(45 334)
Deferred tax assets reported in the statement of financial position	**8 830**		**9 909**
Deferred tax liabilities reported in the statement of financial position	**23 809**		**32 032**

Notes to the Interim Condensed Consolidated Financial Statements

Note 20 – Advances received

Payments from customers on account of the purchase of apartments and parking places are recorded as deferred income until the time that they are delivered to the buyer and are recognized 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 30 September 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)	331 302	242 123
- decrease (revenue recognized)	(318 054)	(300 258)
Total advances received	**153 159**	**139 911**
Other (deferred income)*	1 207	-
Total	**154 366**	**139 911**

** Deferred income from invoices issued for premises delivered but not fully paid as well as reservation fees for apartments paid at 30 September 2023.*

Additional information regarding contracted proceeds not yet received which are a result of signed agreements with the clients, please see Note 23.

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 9 months from the completion of construction stage.

Note 21 - Sales revenue and cost of sales

In thousands of Polish Zlotys (PLN)	**For the 9 months ended 30 September 2023 (Unaudited) / (unreviewed)**	**For the 3 months ended 30 September 2023 (Unreviewed) / (unaudited)**	**For the 9 months ended 30 September 2022 (Reviewed) / (unaudited)**	**For the 3 months ended 30 September 2022 (Unreviewed) / (unaudited)**
Sales revenue				
Revenue from residential projects	318 898	142 467	199 414	61 734
Total sales revenue	**318 898**	**142 467**	**199 414**	**61 734**
Cost of sales				
Cost of finished goods sold	(210 253)	(89 994)	(151 061)	(44 500)
Inventory write down to the net realizable value	-	-	485	-
Total cost of sales	**(210 253)**	**(89 994)**	**(150 576)**	**(44 500)**
Gross profit on sales	**108 646**	**52 473**	**48 838**	**17 234**
Gross profit on sales %	**34%**	**37%**	**24%**	**28%**

Notes to the Interim Condensed Consolidated Financial Statements

Note 22 – Impairment losses and provisions

During the nine months period ended 30 September 2023, the Group analysed inventories for valuation to net realizable value and did not identify indications of an impairment of inventories and the necessity to recognize inventory write-downs.

Note 23 – 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 30 September 2023	**As at 30 September 2023**	Contracted amount as at 31 December 2022	**As at 31 December 2022**
Karmar S.A.	143 368	4 732	142 891	41 143
Hochtief Polska S.A.	70 400	46 462	51 380	1 819
TechBau Budownictwo Sp. z o.o.	116 388	67 159	19 150	9 610
EBUD - Przemysłówka Sp. z o.o.	43 025	7 517	44 161	28 286
Leancon Sp. z o.o.	32 500	8 384	32 500	24 073
W.P.I.P. - Mardom Sp. z o.o.	36 600	19 500	36 600	35 357
Totalbud S.A.	17 434	13 357	-	-
Total	**459 114**	**167 112**	**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 bank loan agreements 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 30 September 2023**	**As at 31 December 2022**
Miasto Moje VI	-	16 242
Ursus Centralny IIc	-	61 900
Grunwaldzka	-	10 884
Viva Jagodno IIB	-	17 846
Nowe Warzymice IV	-	12 757
Osiedle Vola	27 629	-
Thame	29 000	-
Między Drzewami	30 354	-
Total	**86 983**	**119 630**

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Commitments and contingencies

(iii) Contracted proceeds not yet received

The table below shows the amounts that the Group expects to receive from clients under signed agreements for the sale of apartments, i.e. expected payments under signed agreements with clients up to 30 September 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 30 September 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 30 September 2023**	**Contracted payments not received yet as at 30 September 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 IIc	Q3 2023	100 620	62 733	37 887	34 565	12 856	21 709
Osiedle Vola	Q1 2024	60 219	30 850	29 369	10 366	2 511	7 854
Ursus Centralny IIe	Q4 2024	57 720	7 673	50 047	1 550	126	1 423
Miasto Moje VII	Q4 2024	45 261	8 449	36 813	569	61	508
Między Drzewami	Q3 2024	41 061	10 245	30 816	10 610	1 933	8 677
Nowa Północ Ia	Q1 2024	21 521	5 681	15 839	4 022	694	3 328
Miasto Moje VI	Q1 2023	16 991	5 754	11 237	50 367	28 080	22 286
Eko Falenty I	Q4 2023	16 779	5 894	10 885	3 833	798	3 034
Viva Jagodno IIb	Q2 2023	13 442	3 990	9 453	26 461	10 364	16 098
Nowe Warzymice IV	Q2 2023	8 941	2 666	6 274	12 072	3 906	8 167
Nova Królikarnia 4b1 (Thame)	Q2 2025	4 776	2 149	2 627	0	0	0
Ursus Centralny IIb	Q1 2023	4 574	2 380	2 194	82 039	57 579	24 460
Viva Jagodno IIa	Q4 2022	3 741	437	3 304	2 087	1 706	381
Grunwaldzka	Q2 2023	1 811	929	882	21 014	14 499	6 514
Nowe Warzymice III	Q4 2022	1 052	523	529	612	61	551
Viva Jagodno III	Q2 2025	923	92	831	923	92	831
Miasto Moje V	Q3 2022	556	298	259	2 526	1 539	987
Nowe Warzymice II	Q2 2022	508	142	366	0	6	-6
Miasto Moje IV	Q4 2021	445	275	170	1 492	500	993
Other (old) projects		2 526	2 001	525	3 708	2 561	1 147
Total (excluding JV)		**403 467**	**153 159**	**250 308**	**268 814**	**139 874**	**128 941**
Wilanów Tulip	Q3 2021	0	0	0	8 833	5 023	3 810
Total (including JV)		**403 467**	**153 159**	**250 308**	**277 647**	**144 896**	**132 751**

**from the completion date the assumed recognition of the advances as revenue is between 3-9 months*

(iv) Litigations

Ursus Centralny

In a letter dated 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 23 – 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 emphasized 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 65 198 m2 (hereinafter: "Property"), which was made by letter dated 19 November 2021, the Property was divided on the basis of division decision No. 335/2022 dated 22.07.2022. By the decision in question the Property 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) three 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. The above means that if the Ursus Centralny 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, while from 2.09.2022 it will be calculated from the area reduced as a result of the above division.

In addition, as of 28 October 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 October 2022.

Furthermore, on the basis of the agreement concluded between the Ursus Centralny 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 settlement 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.

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – 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. In connection with its issuance, 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 from which an amount of PLN 535 thousand was realised in Q2 2023.
In the first quarter of 2023 the Company entered into settlements in three cases whereby the price reduction claims were paid and the parties agreed to enter into court settlements whereby the actions would be withdrawn. Moreover Galileo is a defendant in 7 similar cases that are being considered by the court of first instance.
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 designers and their insurer for the damage caused during the construction of this project. Settlement of this litigation is not expected in 2023.

Matters relating to the acquisition of certain real estate

In January 2023, the Ronson Group companies issued calls for payment to several affiliated companies that were sellers (or otherwise involved in the sale) for the return of the deposit paid or double the amount paid, for the return of the loan granted, for the return of the remainder of the deposit and for the payment of compensation for the sale of real estate with a contractual mortgage registered in section IV of the real estate register:

- Ronson Development sp. z o.o. - Projekt 3 sp.k. ("**Projekt** 3") issued a call for payment of PLN 6 462 113 (six million, four hundred and sixty-two thousand, one hundred and thirteen złoty) as reimbursement of a portion of the down payments made towards the price of real estate on ul. Epopei in Warsaw, addressed to the seller and the guarantors. Projekt 3's claim arises from an overpayment of the price of the purchased properties. This claim was accepted by the seller in the concluded sale agreement. In connection with the failure to pay within the time limit set out in the summons, Projekt 3 applied for enforcement clauses for declarations of voluntary submission to enforcement against the seller and the guarantors;
- Ronson Development SPV4 sp. z o.o. ("**SPV4**") sent requests for payment of PLN 1 781 694 (one million seven hundred eighty one thousand six hundred ninety four zlotys) for the repayment of a loan granted with interests to the company from which the property in ul. Dobosza in Warsaw was acquired (the loan was granted for purposes related to this acquisition), as well as to three other companies related to the seller who provided a guarantee for the repayment of this debt. As a result of the failure to pay within the stipulated timeframe, SPV4 applied for enforcement clauses for the declarations of voluntary submission to enforcement against both the seller and the guarantors;

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Commitments and contingencies

(iv) Litigations

Matters relating to the acquisition of certain real estate

- Ronson Development sp. z o.o. - Projekt 4 sp.k. ("**Projekt 4**") withdrew from the preliminary agreement for the acquisition of real estate on ul. Wysockiego in Warsaw due to non-performance of the conditions for conclusion of the final agreement and demanded payment of PLN 9 840 000 (nine million eight hundred and forty thousand zlotys) as reimbursement of the double amount of the deposit. Projekt 4 sent a summons for payment and then, as a result of failure to pay within the prescribed time limit, applied for an enforceability clause to be applied to the statement on voluntary submission to enforcement;
- Projekt 4 issued a call for payment of PLN 861 000 (eight hundred and sixty-one thousand zlotys) as reimbursement of the remainder of the deposit paid under the preliminary agreement for the sale of the property at ul. Kasprzaka in Warsaw, which was ultimately not acquired by a Ronson Group company;
- in connection with the acquisition of the real estate at Al. Komisji Edukacji Narodowej in Warsaw with a contractual mortgage registered in Section IV, contrary to the preliminary sale agreement, Ronson Development SPV3 sp. z o.o. ("**SPV3**") demanded payment of damages in the amount of PLN 25 000 000 (twenty-five million zlotys) or delivery of a statement by the mortgagor (being an entity related to the seller) on the expiry of the claim secured by the contractual mortgage together with its consent to the removal of the said mortgage from the land and mortgage register. On 26 June 2023, the defendant company filed an application for the removal of the mortgage from the land and mortgage register which was rejected by court on 28 September 2023 due to in appropriate documentation submitted

The demands for payment also included calls for payment of contractual or statutory interest for late payment or reservation of the right to pursue payment of these amounts, together with court and enforcement costs, in court proceedings and information on the possibility of using the collateral established in the event of non-payment by the set deadline.

In connection with the non-payment of the above amounts, these companies proceeded to pursue their claims through court proceedings (on the basis of enforcement titles obtained) and enforcement proceedings:

- 11 enforcement proceedings were initiated, in the course of which the debtors' bank accounts, receivables due to them from other entities, as well as real estate or shares in real estate were seized; in four of the proceedings in question, minutes of description and assessment of the seized real estate were drawn up in the period from 23 May to 13 July 2023 and one minutes of description and assessment of the seized real estate was drawn up on 3 November 2023, and in addition, in two enforcement proceedings on 14 September 2023, applications were filed for the sale of the property by public auction;
- 21 February 2023. Projekt 4 filed a lawsuit for payment of the amount of PLN 861 000, being the equivalent of the unsettled part of the deposit paid under the concluded preliminary agreement;
- 24 April 2023. SPV3 filed a statement of claim for reconciliation of the land and mortgage register maintained for the property located at Al. Komisja Edukacji Narodowej with the actual legal status. On 26 June 2023, the defendant company filed an application for the removal of the mortgage from the land and mortgage register which was rejected by court on 28 September 2023 due to in appropriate documentation submitted

Based on current status of the proceedings and best estimation of the management board, Group’s assets relating to advances for land and receivables are fully recoverable.

Notes to the Interim Condensed Consolidated Financial Statements

Note 24 – Risk management

The Group's activities expose it to a variety of risks: Global risks (among them are War Conflict and Euro Zone Market slowdown***),*** Market risks and Financial risk factors (currency risk, liquidity risk, fair value measurement risk, interest rate 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 30 September 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 Group subsidiaries, bank loans, bonds, financial instruments measured at amortized cost, 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 potential increase in interest rates, the challenge of securing lands for reasonable prices which can lead to the significant negative impact on the margins of projects, a prolongation of administrative procedures as well as an increasing competition in the market are considered to be the most significant uncertainties for the financial period ending 30 September 2023.

Global Risks - Effect of the War Conflict on the polish economy and real estate industry

The European economy has been slowing down since mid-2022 and in recent quarters has stagnated. High inflation rates continued to exceed nominal wage growth and tightening financial conditions effected customer spendings and private investment.

Inflation in European Countries has peaked during 2022 and first quarters of 2023 but is quickly declining . in the Euro area , inflation rate went from 10.6% in October 2022 to 4.3% in June 2023, the decline is mostly related to decrease energy prices. Trends in inflation are similar across European economies , but inflation levels vary significantly , mostly due to differences in the sensitivity to the commodity price, and difference in labour market tightness.

The trend of rising global oil, gas and coal prices, observable since early 2021, increased sharply after Russia's invasion of Ukraine due to sanctions imposed on Russia, causing inflation to rise to levels not seen in decades in Europe.

According to a recent update to a World Bank publication, Poland's economic growth in 2023 is expected to slow more than initially thought, as the ongoing war in Ukraine has dimmed prospects for a post-pandemic recovery in Europe.

In 2022 the war in Ukraine was a key factor affecting the Polish economy. It caused the rise in inflation, especially related to the rise in prices of energy and food. The level of inflation in Poland is currently one of the highest in Europe. The Polish government's decision to completely abandon the import of Russian energy resources by the end of 2022 has also influenced activities related to acquiring new sources of supply, which is particularly true of coal, and the intensification of investments aimed at energy diversification.

In an effort to stem rising inflation, the Monetary Policy Council of the National Bank of Poland (NBP) in September 2022 raised benchmark interest rates for the eleventh time in a row, resulting in a huge increase in loan instalments for borrowers and consequently worsening the situation of many households. A raise in interest rates has had negative consequences for the Group in the form of higher interest expenses on the debt held - financial costs in the nine months ended 30.09.2023 amounted to PLN 10.1 million, as compared to PLN 6.6 million in (including costs capitalized in stock) in the nine months ended 30.09.2022.

Notes to the Interim Condensed Consolidated Financial Statements

Note 24 – Risk management

Global Risks - Effect of the War Conflict on the polish economy and real estate industry

Starting from September 2023 the benchmark interest (WIBOR) has decreased significantly from its historical high and was recorded in the level of 5.43% (WIBOR 6M) which represent a decrease of 24% in a period of 12 months.

The creditworthiness of Poles has also decreased, and consequently the number of newly taken out loans has fallen. This cause a significant slowdown at the real estate market.

At the same time, in terms of the housing market, the Company noted a significant trend of cash buyers outnumbering those using mortgages, resulting in a significant decline in the number of units sold by the Company observed since the beginning of 2022 (-50% y/y in the entire 2022). In July 2023 the Polish government initiated the First Home Program to help Poles to buy their first flats or houses plan the program according to the government information will start in 2023 and will end on 2027 the program is initially for subsidizing mortgage loans interest (2% Safe Mortgage) for qualified individuals.

The lunching of the program resulted in tripling the number of Mortgage applications on yearly base as well as increase in sale prices for apartments and houses as well as sharp increase in the sales of residential units during this period which resulted decrease in the offered units for sale by 33.3% on year on year bases.

The Group has observed the above situation and prepared it offers accordingly in order to answer the increase demand taking under consideration the risk involved in entering to agreements with clients which participate in the program but not exposing the Group to significant risk as a result of it.

In addition, as a consequence of the armed conflict in Ukraine which is still on going, the Company will continue to monitor the evolving situation on an ongoing basis to assess its impact on its business operations. As part of its strategy, the Company will evaluate its currently planned projects and initiate projects that have the best chance of success in the near future as well as the Company is making greater efforts to secure project implementation with bank financing to mitigate any possible negative impact on the Company's operations as much as possible.

On the other hand, according to the Management Board's observation, during the first half of 2023 , the market situation started to change and gradual decrease in interest rates was observed, together with the Polish government lunching the 2% loan plan, sales have picked up to a levels which doubled the amount of sales in the same period in year 2022.

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. 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 Company and its Group.

Market risk - Inflation risk

According to the Statistical office of Poland (GUS) consumer prices index in September 2023, stood on 8.2% compared with the corresponding month of the previous year, and comparing to the inflation rate of 11.5% at the end on the second quarter of 2023. The main factors which are still influencing the high inflation rate is the increase in the prices of goods - by 7.6% and services - by 9.7%. Compared to the previous month, the prices of goods and services decreased (of which goods and services decreased by 0.2%, and services prices decreased by 0.5%).

Notes to the Interim Condensed Consolidated Financial Statements

Note 24 – Risk management

Market risk - Inflation risk

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 period ended on 30th September 2023, there was an increase in sales in the six largest cities by 148.4% comparing to previous Year and as much as 25.3% 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 applying the 2% Safe Mortgage Program initiated by the government starting from July 2023.

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.

Market risk - 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 labour costs and delay in obtaining the necessary permits to start construction.

The construction costs have significantly risen within the last two years, reaching its peak in the second half of 2022. There is a high risk that the construction costs may still rise in 2023. The increase so far has been mainly due to rising prices of construction materials and energy, which has translated directly and indirectly into production costs, in addition to the continuation of the Russian-Ukrainian conflict causing energy prices to rise across Europe and shortages of construction workers.

The Company and the Group do not conduct construction business, however, for each project an agreement with an external general contractor is concluded. The general contractor is responsible for the construction works and completion of the project, including obtaining all permits necessary for safe use of the residential units.

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.

The risk related to improper performance of the agreement by the general contractor may cause delays in the project or have a significant impact on the Company's and Group's operations, financial conditions, or results. The Company sees potential sources of improper performance of the obligations by the general contractor in a lack of access to qualified workforce, increase in salaries/wages, costs of construction materials and increase in energy prices.

Notes to the Interim Condensed Consolidated Financial Statements

Note 24 – Risk management

Market risk - Construction cost risk and nonperformance by General contractors

Improper performance of the agreement may result in claims against the general contractor, and the general contractor may not be able to satisfy the claims of the Company and Group. An important criterion in selecting a general contractor is its experience, professionalism and financial situation (including bank or insurance guarantees), as well as the quality of the insurance policy to cover all risks associated with the construction process.

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.

Market risk - Risk related to financing of the Group's operations

The development activities that the Company and the Group are engaged in require significant initial expenditures to purchase land and cover construction, infrastructure and project costs. Therefore, the Company and Group need substantial funds to continue to develop its business, and these needs are satisfied with external financing obtained from the banks and issue of bonds. The Company's and the Group's ability to raise such financing 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. The Group constantly looks for other opportunities to obtain funds which will ensure necessary financing and their favorable conditions.

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.

Market risk - Risk related to the development of PRS Business inf the Group's structures

At the end of 2021 the Group decided to start its business activities in the Private Rented Sector – PRS. This segment has been identified as a promising and complementary one for the Group's residential business. Despite many years of business experience in the housing market, starting business in a new segment involves a number of financial, legal and image risks (including an increase in capital commitment, an increase in the level of debt, a reduction in flexibility in responding to market signals, a reduction in the competitiveness of a given company, the risk of underperformance compared to predictions, the risk of negative PR) that may arise during its operation. Despite analyses conducted in advance confirming the profitability of investments, the results of such projects may differ from the original assumptions and may adversely affect the Company's operations and financial position.

As at 30 September 2023, the carrying amount of land held for development in the PRS segment was PLN 54.8 million, representing approximately 5% of the Group's assets.

As the activities of the PRS segment are complementary to the Group's core business, the risk of lack of success in this segment will not significantly affect the Company's financial position. If there is no success in the rental area, the completed units will mostly be able to be sold by the Group on the market as ordinary flats.

The above risk factor has not materialized in the past.

Notes to the Interim Condensed Consolidated Financial Statements

Note 24 – Risk management

Market risk - Risk related to the development of PRS Business inf the Group's structures

Significance of the above risk factor is assessed by the Company as low, because in the event of its occurrence, the negative impact on business activity and financial situation of the Company would not be significant. The Issuer assesses the probability of this risk as low.

Market risk - 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.

Changes accrued during the reporting period or after the reporting date:

On 07 July 2023, an amendment to the Law on Planning and Spatial Development was enacted, revolutionizing the Polish legal order in this area.

Among the most important changes introduced to the Act, one should point out:

- resignation from the study of spatial development conditions and directions in favor of a general plan, which will cover the area of the entire municipality and will be an act of local law,
- establishment of new rules for issuing decisions on development conditions,
- repealing as of 31 December 2025 the so-called lex developer and introducing a new planning tool in the form of integrated investment plans, and:
- the issuing of a decision on development conditions will only be possible for land lying within the development supplement area designated in the general plan.

The existing local plans will remain in force until the date of entry into force of the new plans and can be amended on the basis of the new regulations. At the same time, in principle, the adoption of new local plans will be suspended until the general plan is adopted. If the general plan has not been adopted by 31 December 2025, it will not be possible to obtain a zoning decision from 1 January 2026 until the general plan of the municipality has been adopted. Investments will only be possible on the basis of decisions that have been issued previously or on the basis of existing local plans.

In the opinion of the Company, it should be assumed that the entry into force of the above-mentioned of the provisions will significantly extend the waiting time for the issuance of a decision on development conditions, and after December 31, 2025, it will not be possible to implement the investment on real estate located in an area not covered by either the local plan or the general plan.

Notes to the Interim Condensed Consolidated Financial Statements

Note 24 – Risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks such as currency risk, liquidity risk, fair value measurement risk and interest rate risk..

The Interim Condensed Consolidated Financial Statements for the period ended on 30th September 2023 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) 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.
The Group's functional currency is polish zloty, as at 30 September 2023 the group has a monetary liabilities to the shareholder measured at amortized costs evaluated in the amount of 41.6 million PLN (2022: PLN 70.5 million, measured in previous period at fair value through profit or loss which is evaluated every reporting period by independent valuator). For more information see Note 14.

As at 30th September 2023, 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 2.0 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 30 September 2023 that are denominated in a non-functional currency and have material effect on the Group results .

(ii) Liquidity risk

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

The Group is exposed to liquidity risk as a result of mismatching maturity of assets and liabilities.
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 shareholders measured at amortized costs (SAFE Agreement).
The Group constantly looks for other opportunities to obtain funds which will ensure necessary financing and their favourable 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 24 – Risk management

Financial risk factors

(iii) Fair value measurement risk

The Investment properties and financial liabilities (until the date of possession of the liability measured at fair value, i.e. May 25, 2023 and as at December 31, 2022 - details in Note 14) are valued at fair value determined by an independent appraiser (please refer to Note 10 and Note 14). During the nine months ended 30 September 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.

(iiii) 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 September 30, 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 or WIBOR1M 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 1% assuming that all other variables remain unchanged:

	30 September 2023		**30 September 2022**	
In thousands of Polish Zlotys (PLN)	**Increase by 1%**	**Decrease by 1%**	**Increase by 1%**	**Decrease by 1%**
Income statement				
Variable interest rate assets	1 645	(1 645)	393	(393)
Variable interest rate liabilities	(2 861)	2 861	(2 105)	2 105
Total	**(1 216)**	**1 216**	**(1 712)**	**1 712**
Net assets				
Variable interest rate assets	1 645	(1 645)	393	(393)
Variable interest rate liabilities	(2 861)	2 861	(2 105)	2 105
Total	**(1 216)**	**1 216**	**(1 712)**	**1 712**

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.

Notes to the Interim Condensed Consolidated Financial Statements

Note 25 – Related party transactions

On 25 May, 2023, the Company and Luzon Group entered into an agreement for settling the return of the amounts received related to the SAFE Agreements and releasing the Company from its obligation towered the SAFE investors.
The SAFE Agreements granted the Investors certain rights applicable after the Issuer is delisted from the regulated market of the Warsaw Stock Exchange, including the right to subscribe for shares of the Company at a discounted price and for instruments convertible into shares in the Company, if the shares in the Company are admitted to trading on the Tel-Aviv Stock Exchange, secured by the right to convert their investments into shares or bonds of the Luzon Group if the shares in the Company are not admitted to trading on the Tel-Aviv Stock Exchange.

Due to the fact that the Company has decided that within the period specified in the Investment SAFE Agreements it will not apply for admission of the Company's shares to trading on the Tel Aviv Stock Exchange. Under the separate agreement, the Company undertook to return to Luzon Group the financing received from Investors under the Investment SAFE Agreements in the total amount of ILS 60 million (sixty million Israeli shekels), to satisfy Luzon Group's claims against the Company under the Investment SAFE Agreements and applicable Israeli law. Payments to Luzon Group in the total amount of PLN 25 million (approx. ILS 21.7 million) were made in May 2023, and subsequent payments will be made in accordance with the schedule agreed by the parties to the agreement, determined taking into account the capital needs of Luzon Group and the liquidity and financial situation of the Company, with the proviso that these payments will become due no earlier than 1 January, 2024 and the total amount of payments to Luzon Group in 2024 will not exceed PLN 25 million (approx. ILS 22 million) and the remaining amount will be repaid in 2025.
The Company points out that the financing granted on the basis of SAFE Agreements, since its receipt, has been classified in the financial statements as a financial liability of the Company.
On 7 July, 2023, the Company and Luzon Group signed an annex to the above agreement, on the basis of which, after conducting analyses in the field of transfer pricing, they agreed that the remaining amount to be repaid will bear interest at 3% per annum. More details are described in note 14.
In addition to the above during the nine months ended 30 September 2023, transactions and balances with related parties consisted of the following: Liability to shareholders measured at amortized cost and the related profit or loss impact (for details please refer to note 14), the remuneration of the Management Board, 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, share base payment and covering travel and out of pocket expenses. All transactions with related parties were performed based on market conditions. In the period nine months ended 30 September 2023 and 30 September 2022 the total of recharged costs from A. Luzon Group amounted PLN 638 thousand and PLN 656 thousand respectively.
In addition, during the period ended September 30, 2023, the Group recognized revenue in Statement of Comprehensive Income related one apartment and one parking space sold to Mr. Boaz Haim, President of the Management Board of the Company, in 2022 for a total net price (excluding VAT) of PLN 369 thousand. The transaction was made on an arm's length basis and in accordance with the Group's policy on transactions with related parties.

There were no transactions and balances with related parties during the nine months ended 30 September 2023 other than described above.

Notes to the Interim Condensed Consolidated Financial Statements

Note 26 – Investment in joint ventures

Share of profit/(loss) of joint venture

In thousands of Polish Zlotys (PLN)	As at 30 September 2023	As at 31 December 2022
Loans granted	142	133
Share in net equity value of joint ventures	536	2 331
The Company's carrying amount of the investment	**678**	**2 464**
Presented as Loans granted to joint ventures (current assets)	(142)	(133)
Investment in joint ventures	**536**	**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 30 September 2023	As at 31 December 2022
Opening balance	**133**	**319**
Loans repaid	-	(195)
Accrued interest	9	12
Interest paid	-	(4)
Total closing balance	**142**	**133**

As of September 30, 2023, loans granted to joint ventures were presented in full as current assets. Short-term loans granted to joint ventures should not be treated as investments in joint ventures and are presented within current assets in the Interim Consolidated Financial Statements as "Loans granted to joint ventures." Loans granted to joint ventures bore interest at a fixed rate of 5%.

Note 27 – Other events during the period

Purchase of land

The below table presents signed final agreements for purchase of plots signed in the period ended 30 September 2023:

Location	Type of agreement	Signed date	Agreement net value *(PLN million)*	Paid net till 30 September 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 perpetual usufruct rights of a plot of land located in Warsaw, Ochota district, with an area of c.a. 0.25 ha. Net price was preliminary established in amount of PLN 7.1 million.

Notes to the Interim Condensed Consolidated Financial Statements

Note 27 – Other events during the period

The below table presents signed preliminary agreements for purchase of plots signed until 30 September 2023 including advances paid:

Location	Type of agreement	Signed date	Agreement net value (PLN million)	Paid net till 30 September 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 (m2)
Miasto Moje VI	Warsaw	7 February 2023	227	11 722
Ursus IIB	Warsaw	30 March 2023	206	11 758
Nowe Warzymice IV	Szczecin	28 April 2023	75	3 818
Viva Jagodno IIb	Wrocław	11 May 2023	152	8 876
Grunwaldzka	Poznań	19 May 2023	70	3 351
Ursus IIC	Warsaw	17 August 2023	223	11 124
Total			**953**	**50 649**

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	255	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	291	Techbau Budownictwo Sp. z o.o.	10 March 2023	96.9	none
Total		**557**			**184.7**	

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**

Construction Bank Loan agreements

On 12nd of April financing of Osiedle VOLA project was signed, for a total value of PLN 44,779 thousand.

On 23rd of June 2023 financing of Grunwald Między Drzewami and Nova Królikarnia 4b1 was signed, respectively for a total value of PLN 40,500 thousand and 29,000 thousand.

Notes to the Interim Condensed Consolidated Financial Statements

Note 28 – Subsequent events

Bonds issuance

On 3 July, 2023, the Company issued 60,000 series X bonds with a total value of PLN 60,000 thousand. The nominal value of one bond is PLN 1,000 and is equal to its issue value.

The redemption date of series X bonds is 3 July, 2026. The interest rate on series X bonds consists of 6-month WIBOR plus a margin of 4.2%. Interest is payable semi-annually, in January and July, until the maturity date. Series X bonds are secured by a joint mortgage up to the amount of PLN 90,000 thousand rounded, established on following real estate owned by the Company's subsidiaries:

Project Name	Plot no./ unit no	Area of the plot/units (sqm)	Value (PLN thousands)
Marynin / Zaborowska (Ronson Development SPV7)	81, 80/4, 79, 76, 82, 83	6 289	31 656
Dudka (Ronson Development - Projekt 5)	90, 92, 94, 96, 98, 100, 102, 103, 104 115, 126, 127/1, 127/2, 88	64 403	40 373
KEN 57 Ronson headquarters (Ronson Development South)	4, U8, 45, 47, 47/A, 82, 117, 120, 1	953	11 232
Gwiaździsta Office building (Ronson Development Horizon)	1/7	1 423	7 400
Total			**90 661**

The value of security of the series X bonds, until the redemption date, may not be lower than PLN 75,000 thousand.

Approval of Base Prospectus for Bonds issuance

On July 25, 2023, the Polish Financial Supervision Authority approved the base prospectus of the Company's Public Bond Issue Program prepared in connection with the public offering of bearer bonds with a total nominal value not exceeding PLN 175 000 000 (in words: one hundred and seventy-five million zlotys). Until the date of publication of these financial statements, Ronson SE has not issued bonds under this program.

Occupancy permits

Project name	Location	Building permit date	Number of units	Area of units (m^2)
Eko Falenty I	Warsaw	16 October 2023	42	4 304
Total			**42**	**4 304**

Building permits

Project name	Location	Building permit date	Number of units	Area of units (m^2)
Zielono Mi I-II	Warsaw	18 October 2023	198	10 650
Total			**198**	**10 650**

Notes to the Interim Condensed Consolidated Financial Statements

Note 28 – Subsequent events

Purchase of land

The below table presents signed final agreements for purchase of plots signed after 30 September 2023:

Location	Type of agreement	Signed date	Agreement net value *(PLN million)*	Paid net till 30 September 2023 *(PLN million)*	Number of units	Potential PUM
Warszawa, Bemowo	final	17 October 2023	16,0	16,0	86	4 100
Total			**16.0**	**16.0**	**86**	**4 100**

Repayment of Bonds

On October 2, 2023 the Company partially repaid Bonds series V with the amount of PLN 40.0 m.

Signing SAFE liability annex

On 8 November 2023, the Company and Amos Luzon Development and Energy Group Ltd., (the "Luzon Group"), the controlling shareholder of the Company, acting with the consent of the Supervisory Board of the Company granted pursuant to Article 3841 § 1 of the Commercial Companies Code in the resolution of 8 November 2023, concluded an annex, dated as of 9 November 2023, (the "Annex") to the understanding dated 25 May 2023 regarding the SAFE investment agreements (the "Understanding"). The Annex provides for a change to the payment schedule envisaged in the Understanding, such that part of the payments that were to be made in 2024 in the amount of PLN 15 million (approximately ILS 13.2 million) will be paid immediately after the signing of the Annex and an amount of PLN 10 million (approximately ILS 8.8 million) will remain to be paid in 2024. The remaining provisions of the Understanding remain unchanged.

The Management Board

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Boaz Haim
President of the Management Board

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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, 9 November 2023

Interim Condensed Standalone Statement of Financial Positions

As of *In thousands of Polish Zlotys (PLN)*	*Note*	As at 30 September 2023 (Reviewed/Unaudited)	As at 31 December 2022 (Audited)
Assets			
Intangible assets		-	2
Investment in subsidiaries	*6*	503 083	445 275
Loans granted to subsidiaries	*7*	245 044	266 441
Total non-current assets		**748 128**	**711 717**
Trade and other receivables and prepayments		1 544	1 410
Receivable from subsidiaries		1 618	-
Loan granted to subsidiaries	*7*	17 470	10 140
Cash and cash equivalents		60 612	6 397
Total current assets		**81 245**	**17 947**
Total assets		**829 373**	**729 664**
Equity			
Share capital		12 503	12 503
Share premium reserve		150 278	150 278
Share based payment		1 232	-
Treasury shares		(1 732)	(1 732)
Retained earnings		348 882	289 268
Total shareholders' equity		**511 163**	**450 317**
Liabilities			
Long-term liabilities			
Bond loans	*8*	158 155	158 110
Deferred tax liabilities		5 201	3 323
Liability to shareholders measured at amortized costs	*11*	19 501	-
Total long-term liabilities		**182 857**	**161 433**
Current liabilities			
Bond loans	*8*	100 000	40 000
Other payables - accrued interests on bonds	*8*	11 682	5 260
Trade and other payables and accrued expenses		1 565	2 148
Financial liability measured at amortized cost	*11*	22 106	-
Financial liability measured at FVPL	*11*	-	70 506
Total current liabilities		**135 353**	**117 914**
Total liabilities		**318 210**	**279 347**
Total shareholders' equity and liabilities		**829 373**	**729 664**

The notes included on pages 69 to 76 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 9 months ended 30 September 2023 (Reviewed) / (unaudited)**	**For the 3 months ended 30 September 2023 (Reviewed) / (unaudited)**	**For the 9 months ended 30 September 2022 (Reviewed) / (unaudited)**	**For the 3 months ended 30 September 2022 (Reviewed) / (unaudited)**
Revenues from consulting services		4 814	3 114	2 613	754
General and administrative expense		(4 280)	(1 481)	(3 904)	(1 225)
Other revenues/(expenses)		(1 380)	(1 371)	(919)	-
Net impairment losses on financial assets		-	-	(1 076)	-
Operating profit		**(846)**	**261**	**(3 286)**	**(472)**
Result from subsidiaries after taxation	*6*	57 814	35 791	19 104	5 347
Operating profit after result from subsidiaries		**56 968**	**36 052**	**15 818**	**4 875**
Finance income	*9*	19 596	6 075	14 237	6 077
Finance expense	*9*	(21 414)	(9 021)	(13 615)	(5 144)
Gain/loss on a financial instrument measured at fair value through profit and loss	*11*	6 422	46	(5 722)	(2 744)
Net finance income/(expense)		**4 605**	**(2 900)**	**(5 100)**	**(1 810)**
Profit/(loss) before taxation		**61 573**	**33 152**	**10 719**	**3 065**
Income tax benefit/(expense)		(1 959)	685	275	(812)
Profit for the period		**59 614**	**33 838**	**10 993**	**2 253**
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the period, net of tax		**59 614**	**33 838**	**10 993**	**2 253**
Weighted average number of ordinary shares (basic and diluted)		**162 442 859**	**162 442 859**	**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)		**0.367**	**0.208**	**0.068**	**0.014**

The notes included on pages 69 to 76 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	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 30 September 2023	-	-	-	-	59 614	59 614
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(expense)	**-**	**-**	**-**	**-**	**59 614**	**59 614**
Share based payment	-	-	1 232	-	-	**1 232**
Balance at 30 September 2023	**12 503**	**150 278**	**1 232**	**(1 732)**	**348 882**	**511 162**

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 30 September 2022	-	-	-	10 993	10 993
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(expense)	**-**	**-**	**-**	**10 993**	**10 993**
Balance at 30 September 2022	**12 503**	**150 278**	**(1 732)**	**269 989**	**431 038**

The notes included on pages 69 to 76 are an integral part of these Interim Condensed Company Financial Statements

Interim Condensed Standalone Statement of Cash Flows

For the 9 months period ended 30 September *In thousands of Polish Zlotys (PLN)*	***Note***	**2023**	**2022**
Cash flows from operating activities			
Profit for the year		59 614	10 993
Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:			
Finance income	*9*	(19 579)	(12 731)
Finance expense	*9*	20 334	13 591
Depreciation		2	14
(Gain)/loss on a financial instrument measured at fair value through profit and loss	*11*	(6 422)	5 722
Foreign exchange rates differences (gain)/loss		1 063	(1 494)
Income tax expense		1 853	(275)
Impairment on financial assets		-	1 076
Share based payment		1 232	-
Net results subsidiaries during the year	*6*	(57 804)	(19 104)
Subtotal		**292**	**(2 208)**
Decrease/(increase) in trade and other receivables and prepayments		(134)	(1 605)
Decrease/(increase) in receivable from subsidiaries		(1 618)	390
Increase/(decrease) in payable to subsidiaries		-	-
Increase/(decrease) in trade and other payable and accrued expense		(584)	(402)
Subtotal		**(2 044)**	**(3 825)**
Interest paid	*8,9*	(11 524)	(10 466)
Interest received		3 643	4 310
Net cash used in operating activities		**(9 924)**	**(9 981)**
Cash flows from investing activities			
Loans granted to subsidiaries, net of issue cost	*7*	(6 500)	(82 525)
Repayment of loans granted to subsidiaries	*7*	36 502	30 202
Dividend from subsidiary		-	40 845
Investment in subsidiaries		-	(10)
Net cash used in investing activities		**30 002**	**(11 488)**
Cash flows from financing activities			
Proceed from SAFE agreements	*11*	-	74 626
Repayment of Financial liability measured at amortized cost	*11*	(25 000)	-
Proceeds from bond issuance, net of issuance costs	*8*	59 137	-
Repayment of bond loans	*8*	-	(50 000)
Net cash from financing activities		**(34 137)**	**24 626**
Net change in cash and cash equivalents		**54 215**	**3 158**
Cash and cash equivalents at 1 January		6 397	12 556
Effects of exchange rate changes on cash and cash equivalents		-	1 411
Cash and cash equivalents at the end of the period		**60 612**	**17 125**

The notes included on pages 69 to 76 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 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 30 September 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.

On 29 June, 2023, the shareholders of the Company, i.e. Amos Luzon Development and Energy Group Ltd. and I.T.R. Dori B.V. entered into an agreement to reorganize the activities of Amos Luzon Development and Energy Group Ltd. As part of the reorganization, a new Israeli company will be created, wholly owned by Amos Luzon Development and Energy Group Ltd., to which a separated part of the business covering the real estate area of Amos Luzon Development and Energy Group Ltd. will be transferred, including the Issuer's shares held directly by Amos Luzon Development and Energy Group Ltd. Then, Amos Luzon Development and Energy Group Ltd. will transfer all of its shares in a newly established Israeli company to I.T.R. Dori B.V. The entry into force of the agreement is subject to obtaining corporate approvals of the bodies of Amos Luzon Development and Energy Group Ltd. and decisions of tax authorities and other relevant institutions, which should take place within 90 days from the date of conclusion of the contract. The conclusion of the said agreement does not cause any changes in the manner of controlling the Company.

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.

The Company does not run separate operating segments, in the opinion of the Management Board, the only operating segment is the holding activity of the Group companies.

Notes to the Interim Condensed Standalone Financial Statements

Note 2 – Basis of preparation of Interim Condensed Company Statements

These Interim Condensed Company Financial Statements of Ronson Development SE were approved by the Management Board for publication on 9 November 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.

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 nine months ended 30 September 2023 and during the year ended 31 December 2022:

Changes in the value of shares in subsidiaries:

In thousands of Polish Zlotys (PLN)	**For the 9 months ended 30 September 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	57 809	31 660
Dividend from subsidiary	-	(44 845)
Balance at end of the period	**503 084**	**445 275**

Notes to the Interim Condensed Standalone Financial Statements

Note 6 – Investment in subsidiaries

The Company holds and owns (directly and indirectly) 64 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 nine months ended 30 September 2023 amounted PLN 57.8 million.

Note 7 – Loans granted to subsidiaries

The table below presents movements in loans granted to subsidiaries held directly and indirectly by the Company during the nine months ended 30 September 2023 and during the year ended 31 December 2022:

In thousands of Polish Zloty (PLN)	**For the 9 months ended 30 September 2023 (Reviewed/ Unaudited)**	**For the 12 months ended 31 December 2022 (Audited)**
Opening balance	**276 580**	**199 828**
Loans granted	6 500	106 725
Loans repayment during the period	(36 502)	(43 702)
Impairment	-	(1 076)
Accrued interest	18 815	18 886
Repayment of interest	(2 879)	(4 080)
Total closing balance	**262 514**	**276 580**
Current assets	17 470	10 140
Non-current assets	245 044	266 441
Total closing balance*	**262 514**	**276 581**

** including the ECL on Loans granted to subsidiaries as at 30 September 2023 and 31 December 2022 in amount of PLN 10.1 m*

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 of the Company Financial statements for the year ended 31 December 2022). Fair value of loans received and granted is not material different from its carrying amount.

Note 8 – Bonds loans

The table below presents changes in bonds loans during the period ended 30 September 2023 and during the period ended 31 December 2022:

In thousands of Polish Zloty (PLN)	**For the period ended 30 September 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	907	1 349
Proceeds from bond issuance – nominal value	60 000	
Bonds issuance costs	(863)	
Accrued interest	17 876	18 086
Interest repayment	(11 453)	(15 303)
Total closing balance	**269 837**	**203 370**
Closing balance includes:		
Current liabilities	111 682	45 260
Non-current liabilities	158 155	158 110
Total Closing balance	**269 837**	**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 9 months ended 30 September 2023	For the period of 3 months ended 30 September 2023	For the period of 9 months ended 30 September 2022	For the period of 3 months ended 30 September 2022
Interests and fees on granted loans to subsidiaries	18 815	5 846	12 490	5 820
Interest income on bank deposits	764	707	229	154
Foreign exchange gain	18	(477)	1 518	103
Finance income	**19 596**	**6 075**	**14 237**	**6 077**
Interest expense on bonds measured at amortized cost	(17 875)	(6 681)	(12 429)	(4 824)
Interests and fees on received loans from subsidiaries	-	132	-	-
Bank charges	(71)	-	-	-
Foreign exchange loss	(1 080)	(1 080)	(24)	(24)
Commissions and fees	(907)	(352)	(1 067)	(205)
Other	(1 480)	(989)	(95)	(91)
Finance expense	**(21 414)**	**(8 971)**	**(13 615)**	**(5 144)**
Gain/loss on a financial instrument measured at fair value through profit and loss	6 422	(46)	(5 722)	(2 743)
Net finance income/(expense)	**4 605**	**(2 850)**	**(5 100)**	**(1 810)**

Note 10 – Related parties transactions

On 25 May, 2023, the Company and Luzon Group entered into an agreement for settling the return of the amounts received related to the SAFE Agreements and releasing the Company from its obligation towered the SAFE Investors.

The SAFE Agreements granted the Investors certain rights applicable after the Issuer is delisted from the regulated market of the Warsaw Stock Exchange, including the right to subscribe for shares of the Company at a discounted price and for instruments convertible into shares in the Company, if the shares in the Company are admitted to trading on the Tel-Aviv Stock Exchange, secured by the right to convert their investments into shares or bonds of the Luzon Group if the shares in the Company were not admitted to trading on the Tel-Aviv Stock Exchange.

Conclusion of this agreement results from Due to the fact that the Company has decided that within the period specified in the Investment SAFE Agreements it will not apply for admission of the Company's shares to trading on the Tel Aviv Stock Exchange., On the basis of the agreement, the Company undertook to return to Luzon Group the financing received from Investors under the Investment SAFE Agreements in the total amount of ILS 60 million (sixty million Israeli shekels), to satisfy Luzon Group's claims against the Company under the Investment SAFE Agreements and applicable Israeli law. Payments to Luzon Group in the total amount of PLN 25 million (approx. ILS 21.7 million) were made in May 2023, and subsequent payments will be made in accordance with the schedule agreed by the parties to the agreement, determined taking into account the capital needs of Luzon Group and the liquidity and financial situation of the Company, with the proviso that these payments will become due no earlier than 1 January, 2024, and the total amount of payments to Luzon Group in 2024 will not exceed PLN 25 million (approx. ILS 22 million) and the remaining amount will be repaid in 2025.

The Company points out that the financing granted on the basis of SAFE Agreements, since its receipt, has been classified in the financial statements as a financial liability of the Company.

Notes to the Interim Condensed Standalone Financial Statements

Note 10 – Related parties transactions

On 7 July, 2023, the Company and Luzon Group signed an annex to the above agreement, on the basis of which, after conducting analyses in the field of transfer pricing, they agreed that the remaining amount to be repaid will bear interest at 3% per annum. For additional information see Note 14 to the Interim Condensed Consolidated Financial Statements.

During the nine month period ended 30 September 2023, there were transactions and balances with related parties: liability to shareholders measured at amortized cost and the related profit or loss impact (for details please refer to note 14), the remuneration of the Management Board, loans granted to related parties within the Group, interests on loans granted to related parties, 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. In the nine months period ended 30 September 2023 and 30 September 2022 the total of recharged costs from A. Luzon Group amounted PLN 629 thousand and PLN 656 thousand respectively.

In addition, during the period ended September 30, 2023, the Group recognized revenue in Statement of Comprehensive Income related one apartment and one parking space sold to Mr. Boaz Haim, President of the Management Board of the Company, in 2022 for a total net price (excluding VAT) of PLN 369.0 thousand. The transaction was made on an arm's length basis and in accordance with the Group's policy on transactions with related parties.

There were no transactions and balances with related parties during the nine months ended 30 September 2023 other than described above.

Note 11 – Investors agreement ("SAFE Agreement")

On 25 May, 2023, the Company and Luzon Group entered into an agreement for settling the return of the amounts received related to the SAFE Agreements and releasing the Company from its obligation towered the SAFE Investors.

Conclusion of this agreement results from the fact that the Company has decided that within the period specified in the SAFE Agreements it will not apply for admission of the Company's shares to trading on the Tel Aviv Stock Exchange. On the basis of the agreement, the Company undertook to return to Luzon Group the financing received from Investors under the SAFE Agreements in the total amount of ILS 60 million (sixty million Israeli shekels), to satisfy Luzon Group's claims against the Company under the SAFE Agreements and applicable Israeli law. Payments to Luzon Group in the total amount of PLN 25 million (approx. ILS 21.7 million) were made in May 2023, and subsequent payments will be made in accordance with the schedule agreed by the parties to the agreement, determined taking into account the capital needs of Luzon Group and the liquidity and financial situation of the Company, with the proviso that these payments will become due no earlier than 1 January, 2024, and the total amount of payments to Luzon Group in 2024 will not exceed PLN 25 million (approx. ILS 22 million) and the remaining amount will be repaid in 2025. Based on the Company's Management judgment, it was concluded th signing of the agreement of May 25, 2023 resulted in the extinguishments of the liability to investors and the recognition of a new liability to Luzon Group, which was recognized as a financial liability measured at amortized cost with a discounted cash flow rate of 7,14% per annum.

Notes to the Interim Condensed Standalone Financial Statements

Note 11 – Investors agreement ("SAFE Agreement")

The table below presents the movement on the new liability to A. Luzon Group for the period from May 25, 2023 to the end of the reporting period, i.e. September 30, 2023:

Investor	Liability at amortized cost [in PLN]	Liability recognition date	Repayment of liability [in PLN]	Finance expense related to discount factor reversal [in PLN]	Finance expense related to forex exchange cost [in PLN]	Value of the liability at amortized cost September 30, 2023 [in PLN]
Amos Luzon Development and Energy Group Ltd.	64 083 496	25 May 2023	25 000 000	1 479 658	1 044 198	41 607 352
					Long term part	19 501 227
					Short term part	22 106 125

The difference between the fair value of the financial liability to investors, which was derecognized, and the fair value of the new liability to Luzon Group as at the date of recognition (25 May 2023), resulted in a financial cost of PLN 2.6 million, recognized in the income statement under Gain/(loss) on a financial instrument measured at fair value through profit and loss, resulting from a change in the discount rate depending on the interest rate on Luzon bonds groups. The Company points out that the financing granted under the SAFE Agreements has been classified in the financial statements as a financial liability of the Company since it was obtained.
As at 25 May 2023, the fair value of the liability towards SAFE Investors was PLN 54.6 million Israeli shekels (PLN 61.5 million) assuming market conditions of the transaction as at the valuation date with a discounted rate of 9,3% per annum. At the moment of derecognition of liabilities to investors, gain on fair value measurement in the amount of PLN 8.9 million was recognized in the income statement in line gain(loss) in fair value of financial instrument at fair value through profit and loss, no value was recognized in other comprehensive income.

On July 7, 2023, the Company and Luzon Group signed an annex to the above agreement, on the basis of which, after carrying out transfer pricing analyses, they agreed that the remaining amount to be repaid would bear interest at 3% per annum. Interests were already considered in initial recognition of liability towards Luzon. The value of the liability does not differ significantly from the value measured at fair value.

SAFE Agreement - description of the background of financial liability measured at fair value until derecognition

On 1 February 2022 and 22 February 2022 the Company entered into 5 separate SAFE agreements with Israeli institutional investors ("SAFE Agreements") raising a total amount of ILS 60 million, equivalent of PLN 61.5 million in FVPL as at 25 May 2023 and equivalent of PLN 70.5 million in FVPL as at 31 December 2022. On the 25 May 2023 the company and its main shareholder (Amos Luzon Development and Energy Group Ltd.) signed a settlement agreement which together with original SAFE Agreements resulted in derecognition of financial liability measured at FVPL, please refer to note 14 to the interim condensed consolidated financial statements.

The SAFE Agreements granted the Investors certain rights applicable after the Issuer is delisted from the regulated market of the Warsaw Stock Exchange, including the right to subscribe for shares of the Company at a discounted price and for instruments convertible into shares in the Company, if the shares in the Company are admitted to trading on the Tel-Aviv Stock Exchange, secured by the right to convert their investments into shares or bonds of the Luzon Group if the shares in the Company were not admitted to trading on the Tel-Aviv Stock Exchange.

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")

The table below presents payments made by Investors and the valuation of the financial liability as at the date of derecognition of the liability (May 25, 2023) and as at December 31, 2022:

Investor	Amount of the investment in Ronson [in ILS]	Date of payment	Paid to Ronson [in EUR]	Paid to Ronson on the transaction date [in PLN]	Fair value 31.12.2022 [in PLN]	Fair value 25.05.2023 [in PLN]	Gain/loss on a financial instrument measured 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	1 547 231	225 873
Sphera Master Fund L.P	26 500 000	18 February 2022	7 264 254	32 753 070	30 944 513	27 002 544	3 941 970
Sphera Small Cap L.P	2 000 000	18 February 2022	551 953	2 488 646	2 351 228	2 051 709	299 519
Moore Provident Funds	15 000 000	23 February 2022	-	18 656 716	17 626 531	15 381 117	2 245 414
Klirmark Opportunity Fund III L.P	15 000 000	24 February 2022	-	18 851 326	17 810 395	15 541 558	2 268 836
Razem	**60 000 000**		**8 229 439**	**74 626 492**	**70 505 771**	**61 524 159**	**8 981 612**

Valuation process and valuation techniques

The valuations of the SAFE agreements until 25 May 2023 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.

Valuation process and valuation techniques

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.

For valuation purposes, each of the SAFE agreements consists of two components: equity (assuming a public offering of the Company's shares in Israel and listing of the Company's shares on the Tel Aviv Stock Exchange (collectively, the "IPO")) and debt. As at the valuation date, i.e. May 25, 2023, the company's Management Board estimates that the probability of an IPO has decreased to 0% due to significant formal complications, in particular tax complications (the obligation to pay capital gains tax by investors; the obligation to pay dividend tax in Poland; registration for tax purposes in Poland and having a taxpayer number; submitting reports on your income on an annual basis) for potential shareholders purchasing the Company's shares on the Tel Aviv Stock Exchange.

Accordingly, Group management does not envisage an IPO on the Israeli Stock Exchange before finding possible solutions to these issues. The valuation focused solely on the valuation of the debt component.

In order to estimate the fair value of SAFE at the date of derecognition of the liability, the investors' loss was reduced by the original amount of SAFE. This amount, which is reflected in the gain on fair value measurement of SAFE liabilities, amounted to PLN 6.4 million and was recognized in the Consolidated Statement of Comprehensive Income. The main factor causing the change in the fair value of the financial liability was the change in the YTM of Luzon bonds (series 10) from 6.54% as at December 31, 2022 to 9.3% as at May 25, 2023.

Notes to the Interim Condensed Standalone Financial Statements

Note 11 – Investors agreement ("SAFE Agreement")

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

Description	Fair Value as at		Unobservable input	Range of input (probability weighted average)		Relationship of unobservable inputs to fair value
	25 May 2023 *[PLN thousands]*	31 December 2022 *[PLN thousands]*		25.05.2023	31.12.2022	
Financial liability at fair value through profit or loss (SAFE agreement)	61 524	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 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.

Note 12 – Subsequent events

For further subsequent events, reference is made to Note 28 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, 9 November 2023