Ronson Development SE

Interim Financial Report
for the three months ended 31 March 2024

Including the Interim Condensed Consolidated Financial Statements of Ronson Development SE for the three months ended 31 March 2024 and the Interim Condensed Separate Financial Statements of Ronson Development SE for the three months ended 31 March 2024

CONTENTS

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.

As of 31 March 2024, A. Luzon Group, the ultimate parent company, indirectly controlled through its subsidiary Luzon Ronson N.V. (former name I.T.R. Dori B.V.) 100% of the Company's share capital, i.e., 164,010,813 ordinary bearer shares, including 1,567,954 (approximately 0.96% of the Company's share capital) of the Company's own shares. As of 31 March 2024, Luzon Ronson N.V. held 108,349,187 shares (approximately 66.06% of the Company's share capital) directly and 54,093,672 shares (approximately 32.98% of the Company's share capital) through its wholly owned subsidiary Luzon Ronson Properties Ltd. The remaining 1,567,954 shares (approximately 0.96% of the Company's share capital) were treasury shares of the Company.

However, it should be pointed out that the shareholding status described above is a result of the reorganization of the A. Luzon Group and related changes that took place during the three-month period ended 31 March 2024. Namely, as of 31 December 2023, A. Luzon Group controlled 100% of the Company's shares, such that it directly held 32.98% of the Company's shares, and indirectly, through its wholly owned subsidiary Luzon Ronson N.V. (former name I.T.R. Dori B.V.), held 66.06% of the Company's shares, and the remaining 0.96% of the Company's shares were treasury shares.

On 31 January 2024, the Company's shares held directly by A. Luzon Group (approximately 32.98% of the share capital) were transferred to Luzon Ronson Properties Ltd. 100% fully owned company by A. Luzon Group (which was established as part of the reorganization of A. Luzon Group's operations). As part of the restructuring, A. Luzon Group on 25 January 2024 disposed of all its shares in Luzon Ronson Properties Ltd. to Luzon Ronson N.V. (former name I.T.R. Dori B.V.). Transfer of shares has been executed as transfer without benefit to A. Luzon Group.

Overview of the Activity of the Company and the Group

The Company together with its subsidiaries, (‘the Group’) is active in the development and sale of residential units, primarily apartments, in residential real-estate projects to individual customers in Poland as well as in the PRS (“Private Rented Sector”) where development first started in 2021. The Company has been operating through its subsidiaries on the following markets in Poland: Warsaw, Wrocław, Poznań and Szczecin.

During the three months ended 31 March 2024 the Group realized sales of 170 units with the total value of PLN 122.3 million, which is a decrease of 24% (in number of units) comparing to sales of 223 units with the total value PLN 133.2 million during the three months ended 31 March 2023.

Until 31 March 2024 the Group delivered 194 units in 100% owned projects which represent a total revenue of PLN 120.5 million comparing to delivery of 42 units in 100% owned projects with a total revenue value of PLN 21.8 million for three months period ended 31 March 2023.

As at 31 March 2024, the Group has 408 units available for sale in 11 locations, of which 376 units are in ongoing projects and the remaining 32 units are in completed projects. The ongoing projects comprise a total of 1035 units, with an aggregate floor space of 55 406 m^2. The construction of 773 units with a total area of 38 885 m^2 is expected to be completed during remaining period of 2024.

The Group has a pipeline of 17 projects in different stages of preparation, representing approximately 4 640 units with an aggregate floor space of approximately 253 219 m^2 for future development of the residential activity, in such cities as: Warsaw, Poznań, Szczecin and 5 projects representing approximately 919 units with an aggregate floor space of 29 982 m^2 for future development of PRS in Warsaw.

During the remaining period of 2024, the Group is considering commencement of 9 projects comprising 1 270 units with a total area of 58 226 m^2.

In addition to the above as at 31 March 2024 the Group is in various stages of process for finalizing the purchase of two plots located in Warsaw with a total projected PUM of 85 000 m^2 with an estimated 1 860 units for construction for a total purchase price of PLN 141.5 million.

Business highlights during the three months ended 31 March 2024

A. Results breakdown by project

The following table specifies revenue, cost of sales, gross profit and gross margin during the three months ended 31 March 2024 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 *(m^2)*	PLN thousands	%	PLN thousands	%	PLN thousands	%
Ursus Centralny IIc	145	6 728	82 445	68.4%	44 429	60.9%	38 016	46.1%
Eko Falenty I	20	2 044	15 468	12.8%	13 492	18.5%	1 976	12.8%
Miasto Moje VI	10	689	6 582	5.5%	4 314	5.9%	2 267	34.5%
Viva Jagodno IIb	7	646	5 167	4.3%	3 115	4.3%	2 052	39.7%
Viva Jagodno IIa	4	356	2 841	2.4%	2 002	2.7%	838	29.5%
Osiedle Vola	3	223	3 683	3.1%	2 616	3.6%	1 067	29.0%
Grunwaldzka	2	135	1 320	1.1%	1 057	1.5%	263	19.9%
Others[4]	3	233	3 003	2.5%	1 910	2.6%	1 093	36.4%
Total / Average	**194**	**11 053**	**120 508**	**100%**	**72 935**	**100%**	**47 573**	**39.5%**
Impairment recognized	n.a.	n.a.	n.a.				n.a.	n.a.
Results after write-down adjustment	**194**	**11 053**	**120 508**		**72 935**		**47 573**	**39.5%**
Wilanów Tulip[3]	-	-	26		20		6	21.6%
City Link[3]	-	-	29		19		11	36.4%
Economic results	**194**	**11 053**	**120 563**		**72 974**		**47 589**	**39.5%**

(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 to 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 recognized using the equity method in accordance with IAS 28.
(4) The amount includes 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 three months ended 31 March 2024 amounted to PLN 120.5 million, whereas cost of sales before write-down adjustment amounted to PLN 72.9 million. Resulting in a gross profit before write-down adjustment amounting to PLN 47.6 million and a gross margin of 39.5%. Total economic revenue from sales of residential projects, when results from joint ventures are presented on a fully consolidated basis, amounted to PLN 120.6 million, whereas cost of sales amounted to PLN 73.0 million, that resulted in a gross profit amounting to PLN 47.6 million and a gross margin of 39.5%.

Projects completed during the three months ended on 31 March 2024

The table below presents information on the projects that were completed (i.e., completing all construction works and receiving occupancy permit) during the three months ended 31 March 2024:

Project name	Location	Number of units	Area of units *(m2)*	Total units sold until 31 March 2024	Units delivered in 2024	Units sold not delivered as at 31 March 2024
Osiedle Vola	Warsaw	84	4 851	82	3	79
Total		**84**	**4 851**	**82**	**3**	**79**

Business highlights during the three months ended 31 March 2024

A. Results breakdown by project

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

The table below presents information on the projects that were completed (i.e. construction works are finished and the occupancy permit was received) in previous years and the income that was recognized based on units delivered during the three months ended 31 March 2024:

Project name	Location	Completion date	Total Project Units	Total Area of units *(m²)*	Total units sold until 31 March 2024	Total units delivered until 31 December 2023	Units delivered during 2024	Recog-nized income during year 2024 *(PLN'000)*	Units sold not delivered as at 31 March 2024	Units for sale as at 31 March 2024	Left to sale/ deliver after 31 March 2024
Ursus Centralny IIc	Warsaw	Q3 2023	223	11 124	220	67	145	82 445	8	3	11
Eko Falenty I	Warsaw	Q4 2023	42	4 304	29	-	20	15 468	9	13	22
Viva Jagodno IIb	Wrocław	Q2 2023	152	8 876	147	137	7	5 167	3	5	8
Miasto Moje VI	Warsaw	Q1 2023	227	11 722	223	213	10	6 582	-	4	4
Viva Jagodno IIa	Wrocław	Q4 2022	76	4 329	74	69	4	2 841	1	2	3
Grunwaldzka	Poznań	Q2 2023	70	3 351	70	65	2	1 320	3	-	3
Miasto Moje V	Warsaw	Q3 2022	170	8 559	170	169	1	1 011	-	-	-
Ursus Centralny IIb	Warsaw	Q1 2023	206	11 758	205	204	1	729	-	1	1
Nowe Warzymice IV	Szczecin	Q2 2023	75	3 818	75	68	1	726	6	-	6
Nova Królikarnia 1d	Warsaw	Q2 2018	12	1 488	12	12	-	121	-	-	-
Ursus Centralny IIa	Warsaw	Q4 2021	251	13 509	251	251	-	57	-	-	-
Nowe Warzymice III	Szczecin	Q4 2022	62	3 537	62	62	-	32	-	-	-
Moko I	Warsaw	Q4 2016	178	11 238	178	178	-	29	-	-	-
Miasto Moje IV	Warsaw	Q4 2021	176	8 938	176	176	-	28	-	-	-
Nowe Warzymice II	Szczecin	Q2 2022	66	3 492	66	66	-	22	-	-	-
Młody Grunwald I	Poznań	Q2 2014	148	8 575	148	146	-	-	2	-	2
Verdis I-IV	Warsaw	Q4 2015	441	26 062	441	440	-	-	1	-	1
Verdis Idea	Warsaw	Q4 2015	11	772	11	10	-	-	1	-	1
Sakura Idea	Warsaw	Q3 2015	26	1 854	26	25	-	-	1	-	1
Nowe Warzymice I	Szczecin	Q2 2021	54	3 234	53	53	-	-	-	1	1
Młody Grunwald III	Poznań	Q4 2017	108	7 091	107	107	-	-	-	1	1
Total excluding JV			**2 774**	**157 630**	**2 744**	**2 518**	**191**	**116 577**	**35**	**30**	**65**
Wilanów Tulip	Warsaw	Q3 2021	149	9 574	149	149	-	26	-	-	-
City Link I-II	Warsaw	Q3 2017	312	14 068	312	312	-	29	-	-	-
Total including JV			**3 235**	**181 271**	**3 205**	**2 979**	**191**	**116 632**	**35**	**30**	**65**

Business highlights during the three months ended 31 March 2024

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 three months ended 31 March 2024:

Project name	Location	Total Project Saleable area *(m^2)*	Total project units	Units sold until 31 December 2023	Units sold during 3 months ended 31 March 2024	Net Sold area *(m^2)*	Value of the preliminary sales agreements *(in PLN thousands)*	Units for sale as at 31 March 2024
Ursus Centralny IIe	Warsaw	16 127	291	144	52	2 558	35 760	95
Miasto Moje VII	Warsaw	11 725	255	157	57	2 721	33 061	41
Zielono Mi I	Warsaw	5 702	92	-	14	976	15 963	78
Nova Królikarnia 4b1	Warsaw	2 503	11	3	1	300	6 544	7
Ursus Centralny IIc	Warsaw	11 124	223	212	8	512	6 477	3
Między Drzewami	Poznań	5 803	117	107	7	450	4 988	3
Nowe Warzymice V.1	Szczecin	942	12	-	7	533	4 669	5
Nowa Północ Ia	Szczecin	5 230	110	82	8	438	3 714	20
Viva Jagodno III	Wrocław	3 140	58	13	5	220	2 744	40
Viva Jagodno IIb	Wrocław	8 876	152	144	3	287	2 486	5
Eko Falenty I	Warsaw	4 304	42	27	2	207	1 650	13
Viva Jagodno IIa	Wrocław	4 329	76	72	2	166	1 504	2
Nowa Północ Ib	Szczecin	4 234	89	-	2	94	981	87
Nowe Warzymice IV	Szczecin	3 818	75	74	1	59	652	-
Sakura Idea	Warsaw	1 854	26	25	1	70	642	-
Miasto Moje VI	Warsaw	11 722	227	223	-	-	122	4
Nova Królikarnia 1d	Warsaw	1 488	12	12	-	-	121	-
Miasto Moje V	Warsaw	8 559	170	170	-	-	116	-
Ursus Centralny IIb	Warsaw	11 758	206	205	-	-	87	1
Moko I	Warsaw	11 238	178	178	-	-	29	-
Ursus Centralny IIa	Warsaw	13 509	251	251	-	-	28	-
Nowe Warzymice I	Szczecin	3 234	54	53	-	-	-	1
Młody Grunwald III	Poznań	7 091	108	107	-	-	-	1
Osiedle Vola	Warsaw	4 851	84	82	-	-	(42)****	2
Total excluding JV		**163 160**	**2 919**	**2 341**	**170**	**9 590**	**122 298**	**408**
Wilanów Tulip***	Warsaw	9 574	149	149	-	-	26	-
Total including JV		**172 733**	**3 068**	**2 490**	**170**	**9 590**	**122 324**	**408**

** For information on the completed projects see "Business highlights during the three months ended 31 March 2024 - A. Results breakdown by project".*
*** For information on current projects under construction, see "Outlook for the remaining period of 2024 – B. Current projects under construction and/or on sale".*
**** The project presented in the Interim Condensed Consolidated Financial Statements under investment in joint ventures; the Company's share is 50%.*
***** Negative value of preliminary sales contracts is due to area settlement after obtaining occupancy permit*

Business highlights during the three months ended 31 March 2024

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 three months ended		Increase/(decrease)	
In thousands of Polish Zlotys (PLN)	31 March 2024	31 March 2023	In PLN	%
Warsaw	100 585	94 859	5 726	6%
Szczecin	10 016	6 536	3 480	53%
Wrocław	6 734	21 096	(14 362)	-68%
Poznań	4 988	10 734	(5 746)	-54%
Total	**122 324**	**133 225**	**(10 901)**	**-8%**

C. Agreements significant for the business activity of the Group

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

Location	Type of agreement	Signed date	Agreement net value *(PLN million)*	Paid net till 31 March 2024 *(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	16.1	1 860	85 000
Total			**141.5**	**17.6**	**1 860**	**85 000**

Selected financial data

	Exchange rate of Polish Zloty versus Euro			
PLN/EUR	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2024 (3 months)	**4.3338**	**4.2804**	**4.4016**	**4.3009**
2023 (3 months)	4.7100	4.6688	4.7895	4.6755
2023 (12 months)	4.5437	4.3053	4.7895	4.3480

Source: National Bank of Poland ("NBP")

	EUR		PLN	
	(thousands, except per share data)			
	For the period ended 31 March			
	2024	2023	2024	2023
Revenues	**27 806**	4 635	**120 508**	21 831
Gross profit	**10 977**	1 400	**47 573**	6 596
Profit/(loss) before taxation	**8 023**	504	**34 771**	2 375
Net profit/(loss) for the period attributable to the equity holders of the parent	**6 966**	104	**30 191**	490
Cash flows from/(used in) operating activities	**9 629**	1 210	**41 732**	5 700
Cash flows from/(used in) investing activities	**(13)**	107	**(58)**	502
Cash flows from/(used in) financing activities	**10 084**	(1 390)	**43 703**	(6 546)
Increase/(decrease) in cash and cash equivalents	**19 700**	(73)	**85 376**	(342)
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)	**0.043**	0.001	**0.186**	0.193

Selected financial data

	EUR		PLN	
	(thousands)			
	As at			
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Inventory and Land designated for development	**185 762**	187 247	**798 943**	814 151
Total assets	**299 605**	276 817	**1 288 569**	1 203 599
Advances received	**57 655**	53 858	**247 967**	234 175
Long term liabilities	**49 142**	40 309	**211 353**	175 265
Short term liabilities (including advances received)	**119 281**	113 768	**513 014**	494 662
Equity attributable to the equity holders of the parent	**131 182**	122 740	**564 203**	533 672

Overview of results

The net profit attributable to the equity holders of the parent company for the three months ended 31 March 2024 was PLN 30.2 million and can be summarized as follows:

	For the period of 3 months ended 31 March		change	
	2024	2023		
	PLN			
	(thousands, except per share data)		nominal	%
Revenue from sales of residential units	120 508	21 831	98 676	452%
Revenues	**120 508**	**21 831**	**98 676**	**452%**
Cost of sales of residential units	(72 935)	(15 235)	(57 700)	379%
Cost of sales	**(72 935)**	**(15 235)**	**(57 700)**	**379%**
Gross profit	**47 573**	**6 595**	**40 978**	**621%**
Selling and marketing expenses	(1 493)	(1 354)	(139)	10%
Administrative expenses	(8 132)	(6 355)	(1 777)	28%
Share of profit/(loss) from joint venture	25	(647)	672	-104%
Other Incomes /(expense)	(765)	257	(1 023)	-397%
Result from operating activities	**37 207**	**(1 503)**	**38 710**	**-2576%**
Finance income	1 908	356	1 552	436%
Finance expense	(4 344)	(2 118)	(2 226)	105%
Gain/(loss) on a financial instrument measured at fair value through profit and loss	-	5 640	(5 640)	-100%
Net finance income/(expense)	**(2 436)**	**3 878**	**(6 314)**	**-163%**
Profit/(loss) before taxation	**34 771**	**2 375**	**32 396**	**1364%**
Income tax benefit/(expenses)	(4 580)	(1 885)	(2 695)	143%
Net profit/(loss) for the period before non-controlling interests	**30 191**	**490**	**29 701**	**6057%**
Net profit/(loss) for the period attributable to the equity holders of the parent	**30 191**	**490**	**29 701**	**6057%**
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)	**0.186**	**0.003**	**0.183**	**6100%**

Overview of results

Revenue from sales of residential units

The revenue from sales in residential units increased by PLN 98.7 million (452%) from PLN 21.8 million during the three months ended 31 March 2023 to PLN 120.5 million during the three months ended 31 March 2024, which is explained by higher amount of units delivered – 194 units delivered to the customers during the three months ended 31 March 2024, comparing to the 42 units delivered during the three months ended 31 March 2023 (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 57.7 million (379%) from PLN 15.2 million during the three months ended 31 March 2023 to PLN 72.9 million during the three months ended 31 March 2024. The increase relates to a higher amount of delivered units in projects fully owned by the Group from 42 units during the three months ended 31 March 2023 compared to 194 units delivered to customers during the three months ended 31 March 2024.

Gross margin

The gross margin from sales of residential units during the three months ended 31 March 2024 was 39.5% which increased comparing to 30.2% during the three months ended 31 March 2023. The change in gross margin relates to the combination of increase in sales prices and different mix of projects delivered to the customers characterized by a different profitability during the three months ended 31 March 2024 compared to the mix of projects delivered to customers during the three months ended 31 March 2023.

During three months ended 31 March 2024 the project that significantly impacted profitability of the Group was Ursus Centralny IIc which contributed PLN 38.0 million out of PLN 47.6 million of gross profit with gross margin of 46.1%.

During three months ended 31 March 2023 the projects that significantly impacted profitability of the Group were Miasto Moje VI, Miasto Moje V (contributed respectively PLN 3.3 million and PLN 2.3 million to the gross profit representing a gross profit margin of 32.2% and 31.2%).

Selling and marketing expenses

Selling and marketing expenses increased by PLN 0.1 million (10%) from PLN 1.4 million during the three months ended 31 March 2023 to PLN 1.5 million during the three months ended 31 March 2024. The increase is related to increase of marketing services prices mainly outdoor advertising and the lunching of 3 new projects in the first quarter of 2024.

Administrative expenses

Administrative expenses increased by PLN 1.8 million (28%) from PLN 6.4 million in the period ended 31 March 2023 to PLN 8.1 million in the period ended 31 March 2024 which is primarily explained by increase in remuneration costs and perpetual usufruct fees on projects.

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 three months period ended 31 March 2024 the Group recorded a net expense on financial operations of PLN 2.4 million compared to a net income of PLN 3.9 million in the corresponding period of 2023. This variation is mainly due to a prior's year net profit on fair value measurement of a financial instrument as well as a gain on foreign exchange rates totaling 5.6 million generated last year, compared to no impact of such measurement in the corresponding period of 2024. For more information of Finance expenses that took place please see Note 14 of the Interim Condensed Consolidated Financial Statements.

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

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

	As at 31 March 2024	**As at 31 December 2023**
	PLN (thousands)	
Inventory and Residential landbank	798 943	814 151
Investment properties	83 288	83 220
Advances received	247 967	234 175
Loans, bonds and borrowings	284 241	234 135
Liability to shareholder measured at amortized costs	27 413	25 593

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

Inventory and residential landbank

The value of inventories and residential landbank on 31 March 2024 amounted to PLN 798.9 million compared to PLN 814.1 million at 31 December 2023. The decrease is mainly due to recognized costs of sales in the total amount of PLN 72.9 million. The decrease was partially offset by direct construction costs occurred in 2024 in the total amount of PLN 57.2 million.

Investment properties

The balance of Investment properties is PLN 83.3 million as at 31 March 2024 compared to PLN 83.2 million as at 31 December 2023. As at 31 March 2024 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 248.0 million as at 31 March 2024 compared to PLN 234.2 million as at 31 December 2023. The increase is explained by advances received from clients regarding sales of units during the period ended 31 March 2024 for a total amount PLN 131.1 million which was offset by the revenues recognized from the sale of residential units for a total amount of PLN 120.5 million during the three months ended 31 March 2024.

Loans, bonds and borrowings

The total of short-term and long-term loans and bonds is PLN 284.2 million as at 31 March 2024 compared to PLN 234,1 million as at 31 December 2023. The increase in loans and bonds is primarily explained by issuance of bonds series P2023A in the nominal amount of PLN 60.0 million and accrued interest on bonds of PLN 9.2 million in comparison to PLN 6.8 million interests on bonds as at 31 December 2023. The cash inflow from the issuance of series P2023A bonds with a nominal value of PLN 60.0 million was reduced by an amount of PLN 8.9 million resulting from the early redemption of series V bonds held by some of the institutional clients to whom series P2023A bonds were allocated. The level of debt from bond loans as at 31 March 2024 amounted to PLN 277.6 million, out of which an amount of PLN 99.8 million comprises facilities maturing no later than 31 March 2025. The balance of bond loans comprises of principal amount of PLN 271.1 million plus accrued interest of PLN 9.2 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 2.7 million). For additional information see Note 15 of the Interim Condensed Consolidated Financial Statements.

Liability to shareholder measured at amortized costs

On 25 May 2023, the Company and Luzon Group entered into an agreement for settling the return of the amounts received from Israeli Investors in 2022 related to the SAFE Agreements and releasing the Company from its obligation towered the SAFE Investors.

On 14 March 2024, the Company and A. Luzon Group entered into an addendum to the aforementioned agreement dated 25 May 2023 on the SAFE Agreements. The addendum provided for a change in the payment schedule such that the remaining payments under the aforementioned agreement in the amount of approximately ILS 24.7 million would be paid on 2 April 2024, and upon payment, the Agreement would be executed and terminated. On 2 April 2024, the Company made the subject payment.

For more information, 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, borrowings, and bonds.

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

	For the period of three months ended 31 March	
	2024	2023
	PLN (thousands)	
Cash flows from/(used in) operating activities	41 732	5 700
Cash flow from/(used in) investing activities	(58)	502
Cash flow (used in)/from financing activities	43 703	(6 546)

Overview of cash flow results

Cash flow from/(used in) operating activities

The Company's positive net cash flow from operating activities for the three months ended 31 March 2024 amounted to PLN 41.7 million compared to positive net cash flows from these activities in the corresponding period ended 31 March 2023 of PLN 5.7 million. The increase of PLN 36.0 million is primarily explained by:

- net cash inflow increase of PLN 61.9 million due to increase in advances received from clients in the total amount of PLN 131.1 million in the three month period ended on 31 March 2024 comparing to PLN 69.2 million received during the three month period ended on 31 March 2023;
- decrease of PLN 2.6 million in the interests paid from PLN 6.3 million paid in the three months period ended 31 March 2023 to PLN 3.7 million paid in the same period of current year;
- increase of PLN 1.2 million in the interest generated on deposits from PLN 0.2 million in the three months period ended on 31 March 2023 to PLN 1.4 million for the three months period ended on 31 March 2024.

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

- repayment of Interest bearing deferred trade payables (credit line from general constructor) at the amount of PLN 9.5 million;
- increase of PLN 4.9 million in income tax paid from PLN 1.7 million in the three months period ended on 31 March 2023 to PLN 6.5 million paid in the three months period ended on 31 March 2024;
- increase in the amount of PLN 10.7 million in amounts paid to client's escrow accounts from PLN 9.9 million in the period ended on 31 March 2023 to the amount of PLN 20.6 million in the period ended on 31 March 2024

Cash flow from investing activities

The Company's net cash outflow used in investing activities amounted to PLN 0.1 million during the three months ended 31 March 2024 compared to net inflow from investing activities in comparative period in the amount of PLN 0.5 million. The decrease of PLN 0.6 million is primarily explained by no dividends received from joint ventures during the 3 months period ended on 31 March 2024 comparing to PLN 1.1 million dividend received in the same period of the year 2023 as well as lower by PLN 0.5 million expenditures related to investment properties.

Cash flows from financial activities

The Company's net cash inflow from financing activities amounted to PLN 43.7 million during the three months ended 31 March 2024 compared to a net cash outflow from financing activities amounted to PLN 6.5 million during the three months ended 31 March 2023.

The change of PLN 50.2 million is primarily explained by:

- Cash inflow in the total amount of PLN 49.4 million related to issuance of bonds (series P2023A) occurred in the 3 months period ended 31 March 2024 in the amount of PLN 58.4 million which were partially offset by repayment of bonds loans in the total amount PLN 8.9 million comparing to no activities related to bond loans during the same period last year;
- Decrease in the net cash outflow in the amount of PLN 1.3 million related to bank loans during the period of 3 months ended 31 March 2024 in the total amount of PLN 4.4 million compared to PLN 5.7 million net inflow during 3 months ended on 31 March 2023.
- Increase in the net cash outflow in the amount of PLN 0.6 million related to payments of perpetual usufruct in the amount of PLN 1.5 million in the period of 3 months ended on 31 March 2024 compering to PLN 0.9 million in the period ended on 31 March 2023.

Outlook for the remaining period of 2024

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 2024:

Project name	Location	Number of residential units delivered (1)			Number of residential units expected to be delivered (1)			Total project
		Until 31 December 2023	During the period ended 31 March 2024	Total units delivered	Units sold not delivered as at 31 March 2024	Units for sale as at 31 March 2024	Total units expected to be delivered	
Ursus Centralny IIc	Warsaw	67	145	212	8	3	11	223
Eko Falenty I	Warsaw	-	20	20	9	13	22	42
Miasto Moje VI	Warsaw	213	10	223	-	4	4	227
Viva Jagodno IIb	Wrocław	137	7	144	3	5	8	152
Viva Jagodno IIa	Wrocław	69	4	73	1	2	3	76
Osiedle Vola	Warsaw	-	3	3	79	2	81	84
Grunwaldzka	Poznań	65	2	67	3	-	3	70
Ursus Centralny IIb	Warsaw	204	1	205	-	1	1	206
Nowe Warzymice IV	Szczecin	68	1	69	6	-	6	75
Miasto Moje V	Warsaw	169	1	170	-	-	-	170
Nowe Warzymice I	Szczecin	53	-	53	-	1	1	54
Nova Królikarnia 1d	Warsaw	12	-	12	1	-	1	13
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		**1 785**	**194**	**1 979**	**115**	**32**	**147**	**2 126**

(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.

For information on the completed projects see "Business highlights during the three months ended 31 March 2024 - A. Results breakdown by project".

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 2024, and for the years 2025-2026. The Company has obtained valid building permits for all projects/stages and has commenced construction and /or sales.

Project name	Location	Start date of construction	Units sold until 31 March 2024	Units for sale as at 31 March 2024	Total units	Total area of units (m^2)	Expected completion of construction
Ursus Centralny IIe	Warsaw, Ursus, Gierdziejewskiego st.	Q2 2022	196	95	291	16 127	Q4 2024
Miasto Moje VII	Warsaw, Białołęka, Marwilska st.	Q2 2022	214	41	255	11 725	Q4 2024
Między Drzewami	Poznań, Smardzewska st.	Q2 2022	114	3	117	5 803	Q3 2024
Zielono Mi I	Warsaw, Mokotów, Ananasowa st.	Q1 2024	14	78	92	5 702	Q3 2025
Nowa Północ Ia	Szczecin, Bogusława Świątkiewicza st.	Q3 2022	90	20	110	5 230	Q2 2024
Nowa Północ Ib	Szczecin, Bogusława Świątkiewicza st.	Q1 2024	2	87	89	4 234	Q3 2025
Viva Jagodno III	Wrocław, Jagodno, Buforowa st.	Q1 2024	18	40	58	3 140	Q3 2025
Nova Królikarnia 4b1	Warsaw, Srebrnych Świerków st.	Q1 2023	4	7	11	2 503	Q2 2025
Nowe Warzymice V.1	Szczecin, Do Rajkowa st.	Q1 2024	7	5	12	942	Q2 2025
Subtotal			**659**	**376**	**1 035**	**55 406**	

Outlook for the remaining period of 2024

C. Projects for which construction work or sales is planned to commence during the remaining period of 2024

During the remaining period of 2024, the Company is considering the commencement of the further projects:

Project name	Location	Total units	Total area of units (m^2)
Ursus Centralny IId	Warsaw	361	19 099
Miasto Moje VIII	Warsaw	147	7 687
Epopei I	Warsaw	145	6 822
Zielono Mi I	Warsaw	106	5 210
Biograficzna	Warsaw	242	4 711
Marynin I	Warsaw	113	4 491
Newton Skyline	Poznań	48	4 096
Babimojska I	Poznań	80	3 875
Nowe Warzymice V.2	Szczecin	28	2 235
Total		**1 270**	**58 226**

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
Osiedle Vola	Warsaw	79	65 212	Completed
Ursus Centralny IIc	Warsaw	8	6 797	Completed
Eko Falenty I	Warsaw	9	6 836	Completed
Viva Jagodno IIb	Wrocław	3	2 624	Completed
Nowe Warzymice IV	Szczecin	6	1 956	Completed
Grunwaldzka	Poznań	3	1 893	Completed
Miasto Moje VI	Warsaw	-	1 780	Completed
Młody Grunwald I	Poznań	2	964	Completed
Viva Jagodno IIa	Wrocław	1	814	Completed
Sakura Idea	Warsaw	1	642	Completed
Miasto Moje V	Warsaw	-	441	Completed
Verdis Idea	Warsaw	1	437	Completed
Miasto Moje IV	Warsaw	-	306	Completed
Verdis I-IV	Warsaw	1	277	Completed
Ursus Centralny IIb	Warsaw	-	57	Completed
Ursus Centralny IIa	Warsaw	-	51	Completed
Moko I	Warsaw	-	22	Completed
Subtotal completed projects		**114**	**91 110**	
Ursus Centralny IIe	Warsaw	196	123 085	2024
Miasto Moje VII	Warsaw	214	106 997	2024
Między Drzewami	Poznań	114	58 765	2024
Nowa Północ Ia	Szczecin	90	34 165	2024
Nova Królikarnia 4b1	Warsaw	4	20 615	2025
Zielono Mi I	Warsaw	14	15 963	2025
Viva Jagodno III	Wrocław	18	9 244	2025
Nowe Warzymice V.1	Szczecin	7	4 669	2025
Nowa Północ Ib	Szczecin	2	981	2025
Subtotal ongoing projects		**659**	**374 485**	
Total		**773**	**465 595**	

(1) For information on the completed projects see "Business highlights during the three months ended 31 March 2024 – A. Results breakdown by project".
(2) For information on current projects under construction and/or on sale, see under "B".

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**
2024 (3 months)	**4,3338**	**4.2804**	**4.4016**	**4.3009**
2023 (3 months)	4.7100	4.6688	4.7895	4.6755
2023 (12 months)	4.5437	4.3053	4.7895	4.3480

Source: National Bank of Poland ("NBP")

Selected financial data	**EUR**		**PLN**	
	(thousands, except per share data)			
	For the 3 months ended 31 March			
	2024	**2023**	**2024**	**2023**
Revenues from management services	**602**	149	**2 610**	704
Financial income (Wise majority from loans granted to subsidiaries)	**1 225**	1 435	**5 309**	6 757
Financial expenses (Wise majority from Interest on bonds and fair value measurement of the financial instrument)	**(1 928)**	(80)	**(8 355)**	(376)
Profit including results from subsidiaries	**6 966**	104	**30 191**	490
Cash flows from/(used in) operating activities	**4 018**	(1 116)	**17 415**	(5 257)
Cash flows from/(used in) investing activities	**(134)**	425	**(580)**	2 000
Cash flows from/(used in) financing activities	**11 417**	-	**49 478**	-
Increase/(decrease) in cash and cash equivalents	**15 301**	(691)	**66 313**	(3 257)
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)	**0,043**	0,001	**0,186**	0,003

	EUR		**PLN**	
	(thousands)			
	As at			
	31 March 2024	**31 December 2023**	**31 March 2024**	**31 December 2023**
Investment in subsidiaries	**127 470**	119 535	**548 234**	519 740
Loan granted to subsidiaries	**53 558**	55 265	**230 347**	240 294
Total assets	**202 535**	182 416	**871 084**	793 145
Long term liabilities	**41 785**	33 088	**179 714**	143 866
Short term liabilities	**29 818**	26 837	**128 246**	116 685
Equity	**130 392**	122 492	**563 124**	532 593

Additional information to the report

Changes in the Management and Supervisory Board during the three months ended 31 March 2024 and until the date of publication of this report

During the period ended 31 March 2024 and until the date of publication of this report, there were no changes in the Company's Management Board or Supervisory Board.

Changes in ownership of shares and rights to shares by Management and Supervisory Board members during the three months ended 31 March 2024 and until the date of publication of this report

Members of the Company's Management Board and Supervisory Board do not hold shares or rights to shares in the Company, and there were no changes in this regard during the three months ended 31 March 2024. However, it should be pointed out, Mr. Amos Luzon, who is Chairman of the Company's Supervisory Board and is as well its beneficial owner.

All of the Company's shares (other than treasury shares, which represent approximately 0.96% of the Company's share capital) are held by Luzon Ronson N.V. (former name I.T.R Dori B.V.), of which 108,349,187 shares (representing approximately 66.06% of the Company's share capital) are held directly, while 54,093,672 shares (representing approximately 32.98% of the Company's share capital) are held through a wholly owned subsidiary, Luzon Ronson Properties Ltd.

In summary, as of the date of publication of these Interim Condensed Consolidated Financial Statements, A. Luzon Group, the ultimate parent company, indirectly controls through its subsidiary Luzon Ronson N.V. (100% of the Company's share capital, i.e. 164,010,813 ordinary bearer shares, including 1,567,954 (approximately 0.96% of the Company's share capital) of the Company's own shares.

Disclosure obligations of the controlling shareholder

The controlling shareholder of the Company, i.e., A. Luzon Group, is a company listed on the Tel Aviv Stock Exchange, registered in Raanana, Israel, and is subject to certain disclosure obligations. Certain documents published in connection with such obligations by A. Luzon Group are available at: http://maya.tase.co.il (some documents are available only in Hebrew) and may contain certain information regarding the Company.

Agreements with shareholders

A subsidiary of the Company (Ronson Development Management sp. z o.o.) was a party to a consulting agreement with A. Luzon Group during the three months ended 31 March 2024. Pursuant to this agreement (signed on June 30, 2017), Ronson Development Management Sp. z o.o. paid A. Luzon Group the amount of PLN 70.0 thousand per month and covered travel and accommodation expenses incurred in connection with the provision of services. As of 1 February 2024, the aforementioned agreement was terminated. In its place, a new consulting agreement was concluded on 1 February 2024, to which the Company and Luzon Ronson N.V. are parties. The subject of the agreement is the mutual provision of services by the parties to it. The remuneration payable to Luzon Ronson N.V. for services rendered to the Company under the aforementioned agreement has been set at a lump sum of PLN 83.0 thousand per month (plus any applicable VAT), while the remuneration payable to the Company for services rendered to Luzon Ronson N.V. has been set at a lump sum of PLN 25.0 thousand per month (plus any applicable VAT). Settlement of expenses incurred by the Parties in connection with the provision of services (such as travel or accommodation costs) will be made in each case on the basis of copies of receipts documenting the incurrence of such expenses by the respective Party.

The Company is not aware of any existing agreements between shareholders.

Changes in the Company's group structure

During the three months ended 31 March 2024, the only changes that took place in the Group's structure were the registration of three limited liability companies in the Register of Entrepreneurs of the National Court Register, i.e. : Ronson Development SPV14 Sp. z o. o., Ronson Development SPV15 Sp. z o. o. and Ronson Development SPV16 Sp. z o. o..

The Company's group structure as at 31 March 2024 and 31 December 2023 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

Pursuant to Article 35(1a) of the Act of 15 January 2015. on bonds ('Bond Act'), the Company, as an issuer of bonds, is obliged, until the bonds issued by it are fully redeemed, to publish on its website, at the latest on the last day of each subsequent financial year, information as at the last day of the following financial year concerning the forecast of the development of the Company's and the Group's financial liabilities, including an indication of the estimated value of financial liabilities and the estimated financing structure, understood as the value and percentage of liabilities from loans and borrowings, issuance of debt securities, leasing in the total liabilities of the balance sheet. In fulfilment of the above statutory obligation, on 31 December 2023, the Company published on its website a forecast of the development of the Company's and the Group's financial liabilities as of 31 December 2024.

Additional information to the report

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

In each annual financial report published in the period from the date of issuance to the date of redemption of the bonds, the Company will be required to indicate and explain material differences between the published information on the forecast of the development of financial liabilities as of the last day of the fiscal year and the financial liabilities resulting from the books as of that date. Apart from the financial forecasts required to be prepared and published under the Bond Act, the Company does not publish any other financial forecasts relating to the Company's and the Group's operations.

Related parties transactions

On 25 May 2023, the Company and Luzon Group entered into an agreement for settling the return of the amounts received from Israeli Investors in 2022 related to the SAFE Agreements and releasing the Company from its obligation towered the SAFE Investors.

On 14 March 2024, the Company and A. Luzon Group entered into an addendum to the aforementioned agreement dated 25 May 2023 on the SAFE Agreements. The addendum provided for a change in the payment schedule such that the remaining payments to be made under the aforementioned agreement in the amount of approximately ILS 24.7 million would be paid on 2 April 2024, and upon payment, the Agreement would be executed and terminated. On 2 April 2024, the subject payment was made by the Company.

During the period ended 31 March 2024, transactions and balances with related parties included: remuneration of the Board of Directors, loans to related parties within the Group, reimbursement of audit review costs and a consulting services agreement with A. Luzon Group, for a monthly amount of PLN 70 thousand (ended by the parties on January 31 2024), and a consulting services agreement with Luzon Ronson N.V. for a monthly amount of PLN 83 thousand, as well as payment of travel and out-of-pocket expenses. All transactions with related parties were carried out at arm's length. During the three months ended 31 March 2024, the Company paid a total of PLN 208 thousand.

In addition, during the period ended 31 March 2024, the Group recognized income from one apartment sold in 2022 to a company owned by Mr. Andrzej Gutowski, Vice-President of the Company's Management Board, for a total net amount (excluding VAT) of PLN 295.4 thousand. Furthermore, the Group sold one parking place to Ms. Karolina Bronszewska for a net amount (excluding VAT) of PLN 29.0 thousand. The transactions were made on an arm's length basis and in accordance with the Group's policy on transactions with related parties.

Option program

On 28 November 2022, A. Luzon Group announced a private issuance of options for shares of Amos Luzon Development and Energy Group Ltd. ("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. 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 options for share allocation in case of various corporate events in A. Luzon Group (such as the issuance of shares or other options, merger, dividend distribution, etc.). The initial effect of the program was recognized in year 2023 in amount of PLN 1.6 million and cost for first quarter 2024 amounted to PLN 0.3 million. The program is accounted under IFRS 2 standard as an employee expenses, part of administrative costs and share-based payment reserve in equity. Total value of the program as of grant date amounted to PLN 4.7 million.

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, 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 its bondholders. The Company prepared this Interim Financial Report for the three months ended 31 March 2024 in both English and Polish languages, while the Polish version is binding.

Material court cases

As at 31 March 2024, the Company and the Group were not party to any individual proceedings before a court, arbitration body or public administration authority concerning liabilities or receivables whose value would exceed 10% of the Company's equity.

Additional information to the report

Material court cases

Nevertheless, Group companies are parties to various court proceedings as both defendants and plaintiffs - these are mainly disputes concerning premises sold, claims against general contractors and designers, as well as disputes related to the acquisition of certain land properties. In particular:

a) Ronson Development sp. z o.o. - Ursus Centralny sp.k. is in dispute with the State Treasury over the determination of the amount of the annual fee for perpetual usufruct of real estate. For more information of material court cases please see Note 23 of Condensed Consolidated Financial Statements;
b) Ronson Development Sp. z o.o. - Estate Sp. k., which ran the Galileo development project, is a defendant in several cases for a reduction in the price of the units due to their defects, as well as a plaintiff in a case against the general contractor of the Galileo development project, its insurer and other entities involved in the development and their insurers, the subject of which is the acknowledgement of the liability of these entities for damage to the above-mentioned company related to the improper execution of the project and for damages. Due to transformations within the Ronson Development group, in some cases the defendant is Ronson Development South Sp. z o. o. For more information of material court cases please see Note 23 of Condensed Consolidated Financial Statements;
c) from the applications of three Group companies, i.e. Ronson Development sp. z o.o. - Projekt 3 sp. k., Ronson Development sp. z o.o. - Projekt 4 sp. k. and Ronson Development SPV4 sp. z o.o., 11 enforcement proceedings are pending against several counterparties - related companies that were sellers (or otherwise participated in real estate sales transactions); these proceedings are aimed at enforcing receivables for repayment of down payments or payment of down payments in the double amount, as well as for repayment of the loan granted). For more information of material court cases please see Note 23 of Condensed Consolidated Financial Statements;
d) from an action brought by the three aforementioned Group companies, i.e. Ronson Development sp. z o.o. - Projekt 3 sp. k., Ronson Development sp. z o.o. - Projekt 4 sp. k. and Ronson Development SPV4 sp. z o.o., there are also 3 pending court proceedings - two for payment and one for reconciliation of the land and mortgage register with the actual legal status - two of these proceedings against the two companies referred to in point c above and one against their sole member of the management board. For more information of material court cases please see Note 23 of Condensed Consolidated Financial Statements.

Guarantees / Securities provided by the Company or its subsidiaries

The Company did not issue any guarantees during the three months ended 31 March 2024.

Employees

The average number of personnel employed by the Group – on a fulltime equivalent basis – during the three months ended 31 March 2024 was 69 during comparing to 65 in the same period of the year 2023. 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 three months period ended 31 March 2024 was prepared and approved by the Management Board of the Company on 14 May 2024.

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, 14 May 2024

Interim Condensed Consolidated Statement of Financial Position

In thousands of Polish Zlotys (PLN)	*Note*	As at 31 March 2024 (Reviewed/Unaudited)	As at 31 December 2023 (Audited)
Assets			
Property and equipment		7 442	7 506
Investment property	*9*	83 288	83 220
Intangible fixed assets		462	468
Investments in joint ventures	*25*	530	532
Deferred tax assets	*19*	7 996	6 369
Land designated for development	*10*	21 755	21 663
Total non-current assets		**121 473**	**119 759**
Inventory	*10*	777 188	792 488
Trade and other receivables and prepayments	*11*	59 103	53 539
Advances for Land	*12*	17 550	17 550
Income tax receivable		3 303	3 450
Loans granted to joint ventures	*25*	148	145
Other current financial assets		20 568	12 809
Cash and cash equivalents		289 236	203 860
Total current assets		**1 167 096**	**1 083 841**
Total assets		**1 288 569**	**1 203 599**
Equity			
Share capital		12 503	12 503
Share premium		150 278	150 278
Share based payment reserve		1 910	1571
Treasury shares		(1 732)	(1 732)
Retained earnings		401 243	371 052
Total equity/Equity attributable to equity holders of the parent		**564 203**	**533 672**
Liabilities			
Floating rate bonds	*15*	177 806	118 676
Liability to shareholders measured at amortised cost	*14*	-	19 519
Deferred tax liability	*18*	32 828	36 350
Lease liabilities related to perpetual usufruct of investment properties	*13*	720	720
Total non-current liabilities		**211 353**	**175 265**
Trade and other payables and accrued expenses	*16*	89 610	89 762
Floating rate bonds	*15*	90 590	99 834
Other payables - accrued interests on bonds	*15*	9 177	6 810
Secured bank loans	*15*	6 669	8 815
Interest bearing deferred trade payables		-	9 538
Advances received	*19*	247 967	234 175
Income tax payable		3 610	534
Provisions		3 103	3 103
Lease liabilities related to perpetual usufruct of land	*13*	34 875	36 017
Liability to shareholders measured at amortised cost	*14*	27 413	6 074
Total current liabilities		**513 014**	**494 662**
Total liabilities		**724 367**	**669 927**
Total equity and liabilities		**1 288 569**	**1 203 599**

The notes included on pages 22 to 49 are an integral part of these Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Comprehensive Income

PLN (thousands, except per share data and number of shares)	*Note*	For the 3 months ended 31 March 2024 (Reviewed/Unaudited)	For the 3 months ended 31 March 2023 (Reviewed/Unaudited)
Revenue from residential projects	*20*	120 508	21 831
Revenue from sale of services		-	-
Revenue		**120 508**	**21 831**
Cost of sales	*20*	**(72 935)**	**(15 235)**
Gross profit		**47 573**	**6 596**
Selling and marketing expenses		(1 493)	(1 354)
Administrative expenses		(8 132)	(6 355)
Share of profit/(loss) in joint ventures		25	(647)
Other expenses		(1 055)	(347)
Other income		290	604
Result from operating activities		**37 207**	**(1 503)**
Finance income		1 908	356
Finance expense		(4 344)	(2 118)
Gain(loss) in fair value of financial instrument at fair value through profit and loss	*14*	-	5 640
Net finance income/(expense)		**(2 436)**	**3 878**
Profit/(loss) before taxation		**34 771**	**2 375**
Income tax (expense)	*17*	(4 580)	(1 885)
Profit for the period		**30 191**	**490**
Other comprehensive income		-	-
Total comprehensive income/(expense) for the period, net of tax		**30 191**	**490**
Total profit/(loss) for the period attributable to:			
Equity holders of the parent		30 191	490
Non-controlling interests		-	-
Total profit/(loss) for the period, net of tax		**30 191**	**490**
Total profit/(loss) for the period attributable to:			
equity holders of the parent		30 191	490
Non-controlling interests		-	-
Total comprehensive income/(expense) for the period, net of tax		**30 191**	**490**
Weighted average number of ordinary shares (basic and diluted)		**162 442 859**	**162 442 859**
In Polish Zlotys (PLN)			
Net earnings/(loss) per share attributable to the equity holders of the parent basic		**0.186**	**0.003**
Net earnings/(loss) per share attributable to the equity holders of the parent diluted		**0.186**	**0.003**

The notes included on pages 22 to 49 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 reserve	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2024	**12 503**	**150 278**	**1 571**	**(1 732)**	**371 052**	**533 672**
Comprehensive income:						
Profit for the three months ended 31 March 2024	-	-	-	-	30 191	30 191
Total comprehensive income/(expense)	-	-	-	-	**30 191**	**30 191**
Share based payment reserve		-	339			339
Balance at 31 March 2024(Reviewed/ Unaudited)	**12 503**	**150 278**	**1 910**	**(1 732)**	**401 243**	**564 203**

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

The notes included on pages 22 to 49 are an integral part of these Interim Condensed Consolidated Financial Statement

Interim Condensed Consolidated Statement of Cash Flows

For the three months ended 31 March *In thousands of Polish Zlotys (PLN)*	***Note***	**2024**	**2023**
Cash flows from/(used in) operating activities			
Profit/(loss) for the period		30 191	490
Adjustments to reconcile profit for the period to net cash used in operating activities			-
Depreciation		196	258
(Increase)/decrease in fair value of investment property		-	-
Write-down of inventory		-	-
Finance expense	*17*	4 243	2 096
Finance income		(1 882)	(342)
Foreign exchange rates differences gain/(loss)		75	6
(Gain)/loss on a financial instrument measured at fair value through profit and loss	*14*	-	(5 640)
Share of loss /(profit) from joint ventures		25	675
Share based payment reserve		340	500
Income tax expense/(benefit)		4 580	1 885
Subtotal		**37 768**	**(73)**
Decrease/(increase) in inventory and land designated for development		20 581	(48 213)
Decrease/(increase) in trade and other receivables and prepayments		(3 788)	2 875
Decrease/(increase) in other current financial assets		(7 759)	1 251
Increase/(decrease) in trade and other payables and interests bearing deferred trade payables		(10 053)	4 219
Increase/(decrease) in provisions		-	132
Increase/(decrease) in advances received	*20*	13 792	53 221
Subtotal		**50 541**	**13 412**
Interest paid		(3 703)	(6 300)
Interest received		1 400	242
Income tax received/(paid)		(6 507)	(1 655)
Net cash from/(used in) operating activities		**41 732**	**5 700**
Cash flows from/(used in) investing activities			
Acquisition of property and equipment		(101)	
Payments for investment property	*9*	(61)	(571)
Dividends received from joint ventures		-	1 073
Proceeds from sale of property and equipment		104	-
Net cash from investing activities		**(58)**	**502**
Cash flows (used in)/from financing activities			
Proceeds from bank loans, net of bank charges	*15*	36 042	27 763
Repayment of bank loans	*15*	(40 396)	(33 422)
Proceed from bond loans, net of charges	*15*	49 479	-
Payment of perpetual usufruct rights	*13*	(1 420)	(887)
Net cash (used in)/from financing activities		**43 703**	**(6 546)**
Net change in cash and cash equivalents		**85 376**	**(344)**
Cash and cash equivalents at beginning of period		203 860	51 185
Effects of exchange rate changes on cash and cash equivalents		-	2
Cash and cash equivalents at end of period*		**289 236**	**50 843**

** including restricted cash that amounted to PLN 57 037 thousand and PLN 21 820 thousand as at 31 March 2024 and as at 31 March 2023, respectively*

Notes to the Interim Condensed Consolidated Financial Statements

Note 1 – General and principal activities

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

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 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 of 31 March 2024, A. Luzon Group, the ultimate parent company, indirectly controlled through its subsidiary Luzon Ronson N.V. (former name I.T.R. Dori B.V.) 100% of the Company's share capital, i.e. 164,010,813 ordinary bearer shares, including 1,567,954 (approximately 0.96% of the Company's share capital) of the Company's own shares. As of 31 March 2024, Luzon Ronson N.V. held 108,349,187 shares (approximately 66.06% of the Company's share capital) directly and 54,093,672 shares (approximately 32.98% of the Company's share capital) through its wholly owned subsidiary Luzon Ronson Properties Ltd. The remaining 1,567,954 shares (approximately 0.96% of the Company's share capital) were treasury shares of the Company.

However, It should be pointed out that the shareholding status described above is a result of the reorganization of the A. Luzon Group and related changes that took place during the three-month period ended 31 March 2024. Namely, as of 31 December 2023, A. Luzon Group controlled 100% of the Company's shares, such that it directly held 32.98% of the Company's shares, and indirectly, through its wholly owned subsidiary Luzon Ronson N.V. (former name I.T.R. Dori B.V.), held 66.06% of the Company's shares, and the remaining 0.96% of the Company's shares were treasury shares.

On 16 January 2024, the Company's shares held directly by A. Luzon Group (approximately 32.98% of the share capital) were transferred to Luzon Ronson Properties Ltd. (which was established as part of the reorganization of A. Luzon Group's operations). Subsequently, A. Luzon Group on January 25, 2024 disposed of all of its shares in Luzon Ronson Properties Ltd. to Luzon Ronson N.V. (former name I.T.R. Dori B.V.).

The Company's beneficial owner is Mr. Amos Luzon, who is also Chairman of the Company's Supervisory Board.

Projects carried out by Group companies are at various stages of advancement, ranging from the phase of searching for land for purchase to projects completed or nearing completion.

The Interim Condensed Consolidated Financial Statements of the Company have been prepared for the three months ended 31 March 2024 and contain comparative data for the three months ended 31 March 2023 and as at 31 December 2023. The Interim Condensed Consolidated Financial Statements of the Company for the three months ended 31 March 2024 with all its comparative data have been reviewed by the Company’s external auditors.

The information about the companies from which the financial data are included in these Interim Condensed Consolidated Financial Statements and the extent of ownership and control are presented in Note 7. The Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2024 were authorized for issuance by the Management Board on 14 May 2024 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 2023 prepared in accordance with IFRS Accounting Standards as endorsed by the European Union.

At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the nature of the Group’s activities, the IFRSs issued by IASB are not different from the IFRSs endorsed by the European Union.

IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”). The Consolidated Financial Statements of the Group for the year ended 31 December 2023 are available upon request from the Company’s registered office at Al. Komisji Edukacji Narodowej 57, Warsaw, Poland or at the Company’s website: ronson.pl

These Interim Condensed Consolidated Financial Statements have been prepared on the assumption that the Group is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations. Further explanation and analyzes on significant changes in financial position and performance of the Company during the three months ended 31 March 2024 are included in the Management Board Report on pages 3 through 17.

Notes to the Interim Condensed Consolidated Financial Statements

Note 3 – Summary of significant accounting policies

Except as described below, the accounting policies applied by the Company and the Group in these Interim Condensed Consolidated Financial Statements are the same as those applied by the Company in its Consolidated Financial Statements for the year ended 31 December 2023.

The following standards and amendments became effective as of 1 January 2024:

- Amendment to IFRS 16 "Leases"
- Amendments to IAS 1 "Presentation of Financial Statements"
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" - Disclosure of financial arrangements with suppliers ("supplier finance arrangement")

The impact of the above amendments and improvements to IFRSs was analyzed by the Management. Based on the assessment the amendments do not materially 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 2024 reporting periods and have not been early adopted by the Group. These standards, beside described below IFRS 18, 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.

IFRS 18 "Presentation and Disclosures in Financial Statements"- in April 2024, the Board issued a new standard, IFRS 18 "Presentation and Disclosures in Financial Statements." The standard is intended to replace IAS 1 - Presentation of Financial Statements and will be effective as of 1 January 2027. Changes to the superseded standard mainly concern three issues: the statement of profit or loss, required disclosures for certain performance measures, and issues related to the aggregation and disaggregation of information contained in financial statements. The published standard will be effective for financial statements for periods beginning on or after 1 January 2027.

As of the date of these interim condensed consolidated financial statements, the amendments have not yet been approved by the European Union. Based on Management Board analysis following standard could have substantial impact on the presentational aspect of the financial statements.

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 2023.

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.

Notes to the Interim Condensed Consolidated Financial Statements

Note 7 – Composition of the Group

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

	Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
			31 March 2024	31 December 2023
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.(2)	2007	100%	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 Holding sp. z o.o.	2022	100%	100%
28	Ronson Development SPV14 Sp. z o.o.	2023	100%	100%
29	Ronson Development SPV15 Sp. z o.o.	2023	100%	100%
30	Ronson Development SPV16 Sp. z o.o.	2023	100%	100%
b.	**held indirectly by the Company :**			
31	Ronson Development Sp z o.o. - Estate Sp.k.	2007	100%	100%
32	Ronson Development Sp z o.o. - Horizon Sp.k.	2007	100%	100%
33	Ronson Development Partner 3 sp. z o.o. – Viva Jagodno sp. k.	2009	100%	100%
34	Ronson Development Sp. z o.o. - Apartments 2011 Sp.k.	2009	100%	100%
35	Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k.	2009	100%	100%
36	LivinGO Ursus sp. z o.o.	2022	100%	100%
37	Ronson Development Partner 5 Sp. z o.o. - Vitalia Sp.k.	2009	100%	100%
38	Ronson Development Sp. z o.o. - Naturalis Sp.k.	2011	100%	100%
39	Ronson Development Partner 3 Sp. z o.o.- Nowe Warzymice Sp. k	2011	100%	100%
40	Ronson Development Sp. z o.o. - Providence 2011 Sp.k.	2011	100%	100%
41	Ronson Development Partner 5 Sp. z o.o. - Miasto Marina Sp.k.	2011	100%	100%
42	Ronson Development Partner 5 Sp. z o.o. - City 1 Sp.k.	2012	100%	100%
43	Ronson Development Partner 2 Sp. z o.o. - Miasto Moje Sp. k.	2012	100%	100%
44	Ronson Development sp. z o.o. – Ursus Centralny Sp. k.	2012	100%	100%
45	Ronson Development Sp. z o.o. - City 4 Sp.k.	2016	100%	100%
46	Ronson Development Partner 2 Sp. z o.o. – Grunwald Sp.k.	2016	100%	100%
47	Ronson Development Sp. z o.o. Grunwaldzka" Sp.k.	2016	100%	100%
48	Ronson Development Sp. z o.o. - Projekt 3 Sp.k.	2016	100%	100%
49	Ronson Development Sp. z o.o. - Projekt 4 Sp.k.	2017	100%	100%
50	Ronson Development Sp. z o.o. - Projekt 5 Sp.k.	2017	100%	100%
51	Ronson Development Sp. z o.o. - Projekt 6 Sp.k.	2017	100%	100%
52	Ronson Development Sp. z o.o. - Projekt 7 Sp.k.	2017	100%	100%
53	Ronson Development Sp. z o.o. - Projekt 8 Sp.k.	2017	100%	100%
54	Bolzanus Limited (Company with the registered office in Cyprus)	2013	100%	100%
55	Park Development Properties Sp. z o.o. - Town Sp.k.	2007	100%	100%

Notes to the Interim Condensed Consolidated Financial Statements

Note 7 – Composition of the Group

	Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
			31 March 2024	31 December 2023
56	Tras 2016 Sp. z o.o.	2011	100%	100%
57	Park Development Properties Sp. z o.o.	2011	100%	100%
58	Wrocław 2016 Sp. z o.o.	2016	100%	100%
59	Tregaron Sp. z o.o.	2017	100%	100%
60	Tring Sp. z o.o.	2017	100%	100%
61	Thame Sp. z o.o.	2017	100%	100%
62	Troon Sp. z o.o.	2017	100%	100%
63	Tywyn Sp. z o.o.	2018	100%	100%
c.	**other entities not subject to consolidation:**			
64	Coralchief sp. z o.o.	2018	50%	50%
65	Coralchief sp. z o.o. - Projekt 1 sp. k.	2016	50%	50%
66	Ronson IS sp. z o.o.	2009	50%	50%
67	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)) 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.

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. 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 concentration of the customers (i.e. the revenues from single customer does not exceed 10% of revenue), 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 amortised cost. 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 amortized cost. 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.

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 – Segment reporting

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

In thousands of Polish Zlotys (PLN) — **As at 31 March 2024**

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Segment assets	660 086	120 565	478	88 017	127 344	9 767	32 692	-	105 283	-	-	126	1 144 357
Unallocated assets	-	-	-	-	-	-	-	-	-	-	144 212	-	144 212
Total assets	**660 086**	**120 565**	**478**	**88 017**	**127 344**	**9 767**	**32 692**	**-**	**105 283**	**-**	**144 212**	**126**	**1 288 569**
Segment liabilities	257 798	20 679	715	24 215	38 855	-	9 061	-	31 598	-	-	(715)	382 207
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	342 160	-	342 160
Total liabilities	**257 798**	**20 679**	**715**	**24 215**	**38 855**	**-**	**9 061**	**-**	**31 598**	**-**	**342 160**	**(715)**	**724 367**

In thousands of Polish Zlotys (PLN) — **As at 31 December 2023**

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Segment assets	636 135	131 709	1 698	87 602	125 184	9 679	38 041	-	108 338	-	-	(943)	1 137 442
Unallocated assets	-	-	-	-	-	-	-	-	-	-	66 157	-	66 157
Total assets	**636 135**	**131 709**	**1 698**	**87 602**	**125 184**	**9 679**	**38 041**	**-**	**108 338**	**-**	**66 157**	**(943)**	**1 203 599**
Segment liabilities	264 326	27 490	717	24 267	33 574	2	3 306	-	22 174	-	-	(717)	375 139
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	294 788	-	294 788
Total liabilities	**264 326**	**27 490**	**717**	**24 267**	**33 574**	**2**	**3 306**	**-**	**22 174**	**-**	**294 788**	**(717)**	**669 927**

In thousands of Polish Zlotys (PLN) — **For the three months ended 31 March 2024**

	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 customers(1)	94 597	15 589	55	215	1 320	-	8 008	-	780	-	-	(55)	120 508
Segment result	41 021	1 663	5	106	262	-	2 685	-	(42)	-	-	(5)	45 695
Unallocated result	-	-		-	-	-	-	-	-	-	(8 333)	-	(8 333)
Depreciation	(52)	-	-	0	-	-	-	-	(1)	-	(101)		(154)
Result from operating activities	**40970**	**1 663**	**5**	**106**	**262**	**-**	**2 685**	**-**	**(44)**	**-**	**(8 434)**	**(5)**	**37 208**
Net finance income/expenses	438	35	-	(11)	356	(1)	199	-	147	-	(3 600)	-	(2 436)
Gain/loss on a financial instrument measured at fair value through profit and loss													
Profit/(loss) before tax	**41 408**	**1 698**	**5**	**95**	**618**	**(1)**	**2 884**	**-**	**104**	**-**	**(12 034)**	**(5)**	**34 772**
Income tax expenses													(4 580)
Profit/(loss) for the period													**30 191**

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

(2) Performance obligation fulfilled over time.

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 – Segment reporting

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

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

(1) Revenue in Apartments and Houses segments is recognized at the point in time when the customer takes control of the premises, i.e. on the basis of a signed protocol of technical acceptance, handover of keys to the purchaser of the premises and receipt of full payment.
(2) Performance obligation fulfilled over time.

Note 9 – Investment properties

In thousands of Polish Zlotys (PLN)	For the 3 months ended 31 March 2024	For the year ended 31 December 2023
Balance at 1 January	83 220	63 139
IFRS 16 adjustment	7	71
Purchase of investment property land	-	11 000
Investment expenditures incurred	61	717
Change in fair value during the period	-	8 293
Balance as at 31 March, including:	**83 288**	**83 220**
Cost at the time of purchase	***69 473***	***69 412***
IFRS 16	***750***	***744***
Fair value adjustments	***13 064***	***13 064***

As at 31 March 2024, the investment property balance included:

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

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.

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Investment properties

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 2022-2024 to perform the valuation.

Note 10 – Inventory and Residential landbank

Inventory

Movements in Inventory during the three months ended 31 March 2024 were as follows:

In thousands of Polish Zlotys (PLN)	**As at 1 January 2024**	**Transferred from land designated for development**	**Transferred to finished units**	**Additions**	**As at 31 March 2024**
Land and related cost	401 358	-	(13 459)	33	387 933
Construction costs	173 298	-	(34 397)	48 210	187 111
Planning and permits	19 987	-	(756)	2 003	21 234
Borrowing costs	51 421	-	(2 485)	5 651	54 587
Borrowing costs on lease and depreciation perpetual usufruct right (1)	7 363	-	-	720	8 084
Other	2 990	-	(945)	707	2 751
Work in progress	**656 417**	**-**	**(52 042)**	**57 326**	**661 701**

In thousands of Polish Zlotys (PLN)	**As at 1 January 2024**	**Transferred from work in progress**	**Recognized in the statement of comprehensive income**	**As at 31 March 2024**
Finished goods	**109 608**	52 042	(72 266)	**89 384**

In thousands of Polish Zlotys (PLN)	**As at 1 January 2024**	**Transferred from land designated for development**	**Write-down recognized in statement of comprehensive income**		**As at 31 March 2024**
			Increase	**Utilization/ Reversal**	
Write-down	**(4 577)**	-	-	-	**(4 577)**

In thousands of Polish Zlotys (PLN)	**As at 1 January 2024**	**Recalculation adjustment**	**Depreciation**	**Transferred to Land designated for development**	**Transfer to Other receivables**	**As at 31 March 2024**
Perpetual usufruct right	**31 041**	860	(167)	-	(1 052)	30 681
Inventory, valued at lower of - cost and net realisable value	**792 488**					**777 188**

(1) For additional information see note 13.

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Inventory and Residential landbank

Inventory

For the year ended 31 December 2023

In thousands of Polish Zlotys (PLN)	As 1 January 2023	Transferred to land for development	Transferred from land designated for development	Transferred to finished units	Additions	As at 31 December 2023
Land and related expense	421 324	-	7 445	(44 342)	16 930	401 358
Construction costs	205 595	-	45	(257 120)	224 778	173 298
Planning and permits	22 322	-	722	(7 911)	4 853	19 987
Borrowing costs (2)	48 453	-	1 123	(16 458)	18 303	51 421
Borrowing costs on lease and depreciation perpetual usufruct right (1)	3 923	-	-	(425)	3 866	7 363
Other	3 755	-	190	(6 588)	5 633	2 990
Work in progress	**705 372**	**-**	**9 525**	**(332 843)**	**274 363**	**656 417**

In thousands of Polish Zlotys (PLN)	As 1 January 2023	Transferred from fixed assets		Transferred from work in progress	Recognized in the Statement of Comprehensive Income	As at 31 December 2023
Finished goods	**28 059**	**-**		332 843	(251 294)	**109 608**

In thousands of Polish Zlotys (PLN)	As 1 January 2023	Transferred to land for development	Transferred from land designated for development	Revaluation write-down recognized in Statement of Comprehensive Income		As at 31 December 2023
				Increase	Utilization/Reversal	
Write-down	(2 970)	-	(1 608)	-	-	(4 577)

In thousands of Polish Zlotys (PLN)	As 1 January 2023	Recalculation adjustment (3)	Depreciation	Transferred from land designated for development	Transfer to Other receivables	As at 31 December 2023
Perpetual usufruct right (1)	16 793	19 611	(682)	(1 674)	(3 008)	31 041

Inventory, valued at lower of - cost and net realisable value	**747 254**	**792 488**

(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) Related to change in the perpetual usufruct payments from 2023. Amount of PLN 19,611 thousand of the recalculation adjustment described in Note 23 (iv) Litigation – Ursus Centralny, and to changes in perpetual usufruct payment in Miasto Moje project

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 3months ended 31 March 2024	For the year ended 31 December 2023
Opening balance	**21 663**	**21 094**
Moved from Inventory (perpetual land use assets – IFRS 16)	-	1 674
Capital expenditure	92	1 018
Transferred from work in progress and advances for land to land designated for development	-	7 402
Transferred to Inventory	-	(9 525)
Total closing balance	**21 755**	**21 633**
Closing balance includes:		
Book value	28 735	28 643
Write-down	(6 980)	(6 980)
Total closing balance	**21 755**	**21 663**

Notes to the Interim Condensed Consolidated Financial Statements

Note 11 - Trade and other receivables and prepayments

In thousands of Polish Zlotys (PLN)	As at 31 March 2024	As at 31 December 2023
Value added tax (VAT) receivables	22 765	23 017
Trade receivables	6 515	3 313
Other receivables	14 021	13 361
Trade and other receivables - IFRS 16 (impact of perpetual usufruct)	3 027	2 800
Notary's deposit	-	-
Prepayments(1)	12 775	11 048
Total trade and other receivables and prepayments	**59 103**	**53 539**

(1)The capitalized contract costs relating to signed agreements with clients have been presented in this line and amounted to PLN 2.5 million for the 3 months ended 31 March 2024 and PLN 2.4 million for the year ended 31 December 2023.

During the period ended 31 March 2024 and the year ended 31 December 2023, the Group booked allowance for expected credit losses in the amount of PLN 1.8 million and PLN 3.8 million respectively included in trade and other receivables. Trade receivables increased by 3.2 million PLN, which is primarily explained by higher receivables from sold apartments (mainly in Osiedle VOLA project – 2.7 million PLN).

Other receivables balance consists mostly of receivables under dispute described in the Note 30. As at balance sheet date, based on current status of the proceedings and best estimation of the management board amount of PLN 14 million is fully recoverable.

Ronson Development Sp. z o.o. – Projekt 3 Sp.k.

In April 2021, Ronson Development sp. z o.o. – Projekt 3 sp.k. („Projekt 3") submitted a VAT-7 return for March 2021 to the Head of the Tax Office in Warsaw-Ursynów ("Head of the Tax Office"), in which it showed an excess of input tax over the tax due to be refunded to the bank account in the amount of PLN 2,613,272. In this period, Projekt 3 deducted input tax, inter alia from invoices issued by a seller, relating to the purchase by Projekt 3 of land properties.

Projekt 3's settlements in the above-mentioned scope were first verified in the course of verification activities conducted by the Head of the Tax Office, and then the Head of the Mazovian Customs and Tax Office in Warsaw ("Head of UCS") initiated a tax audit against Projekt 3 with respect to the VAT settlements for the period from February to April 2021.

On 7 February 2024, the Company was served with the final result ending the tax audit. The Head of UCS indicated that Projekt 3 is not entitled to deduct input tax from invoices issued by the abovementioned seller. In the opinion of the Head of UCS, the inclusion of the invoices in question by Projekt 3 in the VAT purchase registers and then in the VAT returns constitutes a violation of Article 88(3a)(4a) of the VAT Act (invoices and customs documents do not constitute the basis for a reduction of the output tax and a refund of the tax difference or a refund of the input tax if: Invoices, correction invoices or customs documents issued: state the activities that have not been carried out - in the part relating to these activities).

Projekt 3 does not agree with the position presented by the Head of UCS. As the tax audit is already completed, it is now expected that the Head of UCS will initiate tax proceedings. Based on the current status of the proceeding and the assessment of the management board the whole amount of VAT under proceeding is recoverable.

Ronson Development sp. z o.o. – Projekt 6 sp.k.

In September 2021, Ronson Development sp. z o.o. – Projekt 6 sp.k. („Projekt 6") submitted a VAT-7 return for August 2021 to the Head of the Tax Office, in which it showed an excess of input tax over the tax due to be refunded to the bank account in the amount of PLN 2,647,070. During this period, Projekt 6 deducted input tax, inter alia from invoices issued by the seller documenting the purchase of land properties.

The Company's settlements in the above-mentioned scope were first verified in the course of verification activities conducted by the Head of the Tax Office, and then the Head of UCS initiated a tax audit against Projekt 6 with respect to VAT settlements for August 2021.

On 29 January 2024, Projekt 6 was served with the final result concluding the tax audit. The Head of UCS indicated that Projekt 6 is not entitled to deduct input tax from invoices issued by the abovementioned seller. In the opinion of the Head of UCS, the inclusion of the invoices in question by Projekt 6 in the VAT purchase registers and then in the VAT returns constitutes a violation of Article 88(3a)(4a) of the VAT Act (invoices and customs documents do not constitute the basis for a reduction of the output tax and a refund of the tax difference or a refund of the input tax if: - invoices, correction invoices or customs documents issued: state the activities that have not been carried out - in the part relating to these activities).

Project 6 disagreed with the position presented by the head of UCS . On 17 April 2024, the company's attorney was served with a decision on the transformation of customs and tax control into tax proceedings. Based on the current status of the proceeding and the assessment of the management board the whole amount of VAT under proceeding is recoverable.

Notes to the Interim Condensed Consolidated Financial Statements

Note 12 – Advances for land

The table below presents the lists of advances for land paid as at 31 March 2024 and 31 December 2023:

Investment location *In thousands of Polish Zlotys (PLN)*	**As at 31 March 2024**	**As at 31 December 2023**
Warsaw, Białołęka	1 450	1 450
Warsaw, Ursus[(1)]	16 100	16 100
Total	**17 550**	**17 550**

[(1)]as a security for the advance paid there is a mortgage in favor of Ronson subsidiary.

For more information about purchase of plots during the period ended 31 March 2024 please refer to Note 26 to the Interim Condensed Consolidated Financial Statements.

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

The movement on the right-of-use assets and lease liabilities during the period ended 31 March 2024 is presented below:

In thousands of Polish Zlotys (PLN)	**1 January 2024**	**Transferred to Land designated for development**	**Additions/ Disposal net**	**Depreciation charge**	**Fair value adjustment**	**Recalculation adjustment [(1)]**	**Transfer to trade receivables**	**31 March 2024**
Right of use assets related to inventory	31 040		-	(167)	-	860	(1 052)	30 681
Right of use assets related to investment property	744	-	-	(5)	11	-	-	750
Right of use assets related to land designated for development	1 625	-	-	(27)	-	-	-	1 599
Right of use assets related to fixed assets	558	-	152	(36)	-	-	-	675

In thousands of Polish Zlotys (PLN)	**1 January 2024**	**Transferred to Land designated for development**	**Additions/ Disposal net**	**Finance expense**	**Payments**	**Recalculation adjustment [(1)]**	**Transfer to trade payables**	**31 March 2024**
Lease liabilities related to inventory	35 368	-	-	553	(1 463)	939	(1 172)	34 225
Lease liabilities related to fixed assets	650	-	-	1	-	-	-	650
Lease liabilities related to investment property	720	-	-	46	(46)	-	-	720

[(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 2023 is presented below:

In thousands of Polish Zlotys (PLN)	**1 January 2023**	**Transferred to Land designated for development**	**Additions**	**Disposals**	**Depreciation charge**	**Fair value adjustment**	**Recalculation adjustment [(1)]**	**Transfer to trade receivables**	**31 December 2023**
Right of use assets related to inventory	16 793	(1 674)	-	-	(682)	-	19 612	(3 008)	31 041
Right of use assets related to investment property	673	-	-	-	(20)	91	-	-	744
Right of use assets related to Land designated for development	-	1 674	-	-	(49)	-	-	-	1 625
Right of use assets related to fixed assets	364	-	381	(119)	(68)	-	-	-	558

Notes to the Interim Condensed Consolidated Financial Statements

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

In thousands of Polish Zlotys (PLN)	1 January 2023	Additions	Disposals	Finance expense	Payments	Recalculation adjustment [1]	Transfer to trade payables	31 December 2023
Lease liabilities related to inventory	16 888			3 115	(1 244)	19 569	(2 960)	35 368
Lease liabilities related to fixed assets	434	320	(105)	1		-	-	- 650
Lease liabilities related to investment property	663			46	(46)	57		- 720

Note 14 – Financial liability to Shareholder

On 25 May 2023, the Company and Luzon Group entered into an agreement for settling the return of the amounts received from Israeli Investors in 2022 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. Based on the Company's Management judgment, it was concluded that signing of the agreement of May 25, 2023 resulted in the canceling 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. Payments to Luzon Group in the total amount of PLN 40 million (approx. ILS 34.3 million) were made in May and November 2023.

As of 14 March 2024 new annex was signed about earlier settling of liability towards shareholder which would become due under new annex in April 2024. Based on that Group recognized PLN 1.9 million of finance cost of discount reversal on amortized cost related to change in maturity assumption and it was treated as a modification of the original liability.

The table below presents the movement on the new liability to Luzon Group for the period from 31 December 2023 to the end of the reporting period, i.e. 31 March 2024:

Investor	Value of the liability at amortized cost December 31, 2023 [in PLN]	Repayment of liability [in PLN]	Finance expense related to discount factor reversal [in PLN]	Finance income related to forex exchange cost [in PLN]	Value of the liability at amortized cost March 31, 2024 [in PLN]
Amos Luzon Development and Energy Group Ltd.	25 592 623	-	1 896 009	75 307	27 413 325
Long term part	19 519 018			Long term part	-
Short term part	6 073 604			Short term part	27 413 325

The table below presents the movement on the new liability to Luzon Group for the period from 25 May 2023 to the end of the previous year reporting period, i.e. 31 December 2023:

Investor	Liability at amortized cost as of May 25, 2023 [in PLN]	Liability recognition date	Repayment of liability [in PLN]	Finance expense related to discount factor reversal [in PLN]	Finance income related to forex exchange cost [in PLN]	Value of the liability at amortized cost December 31, 2023 [in PLN]
Amos Luzon Development and Energy Group Ltd.	64 083 496	25 May 2023	40 000 000	2 311 279	885 677	25 592 623
					Long term part	19 519 018
					Short term part	6 073 604

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Loans and Bonds

Bond loans

The table below presents the movements in bond loans during the three months ended 31 March 2024and during the year ended 31 December 2023 as well as the Current and Non-currents balances as at the end of respective periods:

In thousands of Polish Zloty (PLN)	For the period ended 31 March 2024 (Reviewed/ Unaudited)	For the year ended 31 December 2023 (Audited)
Opening balance	**225 320**	**203 370**
Repayment of bond	-	(40 000)
Redemption of bonds at new issuance	(8 915)	-
Proceeds from bond loans (nominal value)	60 000	60 000
Issue cost	(1 606)	(863)
Issue cost amortization	407	1 262
Accrued interest	6 070	24 134
Interest repayment	(3 703)	(22 583)
Total closing balance	**277 573**	**225 320**
Closing balance includes:		
Current liabilities	99 767	106 644
Non-current liabilities	177 806	118 676
Total Closing balance	**277 573**	**225 320**

Bonds as at 31 March 2024:

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	51 085	2 518	(4)	53 599	51 085
Bonds loans series W(2)	PLN	6 month Wibor + 4.00%	2025	100 000	4 409	(489)	103 923	101 420
Bonds loans series X(4)	PLN	6 month Wibor + 4.20%	2026	60 000	1 531	(648)	60 882	59 718
Bonds loans series P2023A (5)	PLN	6 month Wibor + 3.85%	2027	60 000	718	(1 549)	59 169	60 186
Total				**271 085**	**9 177**	**(2 690)**	**277 573**	**272 409**

1)The series V Bonds are scheduled to be paid by April 2024 the amount represents a decrease of PLN 8.9 million in the total due amount to be paid which is related to Bonds replacement accrued during the issuing of bonds series P2023A.
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 31 March 2024. 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
5) The series P2023A were issued on February 2024 on basis of approved 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 175 million Polish zlotys.

Bond loans as at 31 December 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	60 000	1 472	(166)	61 306	60 120
Bonds loans series W(2)	PLN	6 month Wibor + 4.00%	2025	100 000	2 021	(605)	101 416	100 890
Bonds loans series X(4)	PLN	6 month Wibor + 4.20%	2026	60 000	3 318	(720)	62 597	60 240
Total				**220 000**	**6 810**	**(1 491)**	**225 320**	**221 250**

1. *Series V bonds issued on October 2020 are repayable in two tranches: 40% (PLN 40.0 million) of the value plus accrued interest were repaid in October 2023, additional amount of 8.9 million was redeemed against new issuing of Serial P2023A issued on February 2024, the remaining part (PLN 51.1 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 31 December 2023. classified as level 1 of fair value hierarchy.*
4. *The series X bonds issued in July 2023 are secured by joint mortgage up to the amount of 90.0 million Polish zlotys. The series X bonds are to be repaid in July 2026*

Financial ratio covenants

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

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Loans and Bonds

Financial ratio covenants

Based on the conditions of bonds X and P2023A in each reporting period the Company shall test the ratio of Net debt to Equity (hereinafter "Net Indebtedness Ratio"). The Ratio shall not exceed 100 % during the reporting period.
As of the date of publication of this report, as of 31 March 2024, and as of 31 December 2023, and during the periods ended these dates the Company has not exceeded any of the financial ratios.

The table presenting the Net Indebtedness Ratio as at 31 March 2024 and 31 December 2023:

In thousands of Polish Zlotys (PLN)	**As at 31 March 2024**	**As at 31 December 2023**
Bonds	277 572	225 320
Secured bank loans	6 669	8 815
Liability to shareholders measured at amortized costs	27 413	25 593
IFRS 16 - Lease liabilities related to cars	489	489
Less: cash on individual escrow accounts (other current financial assets)	(20 568)	(12 809
Less: Cash and cash equivalents	(289 236)	(203 860)
Net Debt	**2 339**	**43 547**
Equity	564 203	533 672
Ratio	**0,4%**	**8,20%**
Max Ratio series V and W	**80%**	**80%**
Max Ratio series X and P2023A	**100%**	**100%**

Other covenants

Based on the conditions of bonds V and W 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.
Based on the conditions of bonds X and P2023A 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 2.0 million during any given calendar year.
During the period ended 31 March 2024 and year ended 31 December 2023, the consulting fees related to A. Luzon Group amounted to PLN 208 thousand and PLN 922 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.

Secured bank loans

In thousands of Polish Zloty (PLN)	**For the period ended 31 March 2024 (Reviewed/ Unaudited)**	**For the year ended 31 December 2023 (Audited)**
Opening balance	**8 815**	**16 297**
New bank loan drawdown	38 234	96 538
Bank loans repayments	(40 396)	(104 020)
Interests accrued	220	1 361
Interests repayment	(204)	(1 361)
Bank charges paid	(2 192)	(987)
Bank charges presented as prepayments	1 548	874
Bank charges amortization (capitalized on Inventory)	644	112
Total closing balance	**6 669**	**8 815**
Closing balance includes:		
Current liabilities	6 669	8 815
Non-current liabilities	-	-
Total closing balance	**6 669**	**8 815**

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Loans and Bonds

Secured bank loans

Bank loans as at 31 March 2024

Investment	Currency	Nominal interest rate	Signing date	Year of maturity	Credit line amount in ('000 PLN)	Balance as at 31 March 2024 ('000 PLN)
Osiedle Vola	PLN	1 Month Wibor + 2.80%	12 Apr 2023	2026	44 779	-
Nova Królikarnia 4b1	PLN	1 Month Wibor + 2.90%	23 Jun 2023	2026	29 000	3 526
Między Drzewami	PLN	1 Month Wibor + 2.80%	23 Jun 2023	2026	40 500	2 418
Ursus Centralny IIe	PLN	3 Month Wibor + 2.10%	11 Jan 2024	2027	121 400	365
Miasto Moje VII	PLN	3 Month Wibor + 2.10%	11 Jan 2024	2027	77 900	360
Total					**313 579**	**6 669**

Bank loans as at 31 December 2023

Investment	Currency	Nominal interest rate	Signing date	Year of maturity	Credit line amount in ('000 PLN)	Balance as at 31 December 2023 ('000 PLN)
Osiedle Vola	PLN	1 Month Wibor + 2.80%	12 Apr 2023	2026	44 779	730
Nova Królikarnia 4b1	PLN	1 Month Wibor + 2.80%	23 Jun 2023	2026	29 000	1 717
Między Drzewami	PLN	1 Month Wibor + 2.80%	23 Jun 2023	2026	40 500	6 368
Total					**114 279**	**8 815**

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).

Note 16 – Trade and other payables and accrued expenses

In thousands of Polish Zlotys (PLN)	As at 31 March 2024	As at 31 December 2023
Trade payables	20 181	26 728
Trade payable related to purchase of land(1)	23 450	23 450
Accrued expenses	34 134	29 656
Guarantees for construction work	3 422	2 663
Value added tax (VAT) and other tax payables	4 445	3 536
Non-trade payables	832	969
Other trade payables - IFRS 16	3 147	2 761
Total trade and other payables and accrued expenses	**89 610**	**89 762**

(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 30 June 2024.

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

Group had also Credit line from General Constructor with WIBOR 6M interests rate. As of 31 December Group concluded that this payable should be treated as normal payable to the General constructor taking into consideration character and substance of the transaction, as well as fact that settlements with general constructors are normal operational course of business of the Group.

Value of the interests bearing deferred trade payable amounted to PLN 9.5 million as of 31 December 2023. At the period ended 31 March 2024 the Credit line was fully repaid.

Notes to the Interim Condensed Consolidated Financial Statements

Note 17 – Income tax

In thousands of Polish Zlotys (PLN)	For the 3 months ended 31 March 2024 (Unreviewed) / (unaudited)	For the 3 months ended 31 March 2023 (Unreviewed) / (unaudited)
Current tax expense		
Current period	9 691	1 835
Taxes in respect of previous periods	40	118
Total current tax expense	**9 731**	**1 953**
Deferred tax expense		
Origination and reversal of temporary differences	(4 118)	656
Deferred tax asset recognized from the tax losses	(1 033)	(724)
Total deferred tax (benefit)/expense	**(5 151)**	**(67)**
Total income tax expense	**4 850**	**1 885**

The effective income tax rate in the period ended 31 March 2024 amounted to 13.2% (79% in comparative period). The effective interest rate for the period of three months ended 31 March 2024 was the result of using interests under thin capitalization from previous years on which deferred tax asset was not created and creating deferred tax assets on remaining amount of these interests.

Note 18 – Deferred tax assets and liabilities

Movements in Deferred tax assets and liabilities during the three months ended 31 March 2024 were as follows:

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2024	Recognized in the statement of comprehensive income	Closing balance 31 March 2024
Deferred tax assets			
Tax loss carry forward	4 915	1 033	5 948
Not used interests in previous periods	-	1 619	1 619
Difference between tax and accounting basis of inventory	36 741	(8 004)	28 737
Accrued interest	1 294	450	1 744
Accrued expense	1 117	(324)	793
Write-down on work in progress	2 635	-	2 635
Fair value valuation of Investment property	423	-	423
Other	797	49	846
Total deferred tax assets	**47 922**	**(5 178)**	**42 744**
Deferred tax liabilities			
Difference between tax and accounting revenue recognition	63 903	(10 548)	53 356
Difference between tax base and carrying value of capitalized finance costs on inventory	9 811	480	10 291
Accrued interest	567	-	567
Fair value gain on investment property	2 754	-	2 754
Difference on tax value on liability to shareholders	431	(346)	85
Other	438	84	523
Total deferred tax liabilities	**77 904**	**(10 329)**	**67 575**
Total deferred tax benefit (see Note 17)		**(5 151)**	
Deferred tax assets	47 922		42 744
Deferred tax liabilities	77 904		67 575
Offset of deferred tax assets and liabilities for individual companies	(41 554)		(34 748)
Deferred tax assets reported in the statement of financial position	**6 369**		**7 966**
Deferred tax liabilities reported in the statement of financial position	**36 350**		**32 828**

Notes to the Interim Condensed Consolidated Financial Statements

Note 19 – 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 31 March 2024	As at 31 December 2023
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	231 008	139 911
- increase (advances received)	131 124	485 505
- decrease (revenue recognized)	(120 203)	(394 408)
Total advances received	**241 928**	**231 008**
Other (deferred income)*	6 039	3 167
Total	**247 967**	**234 175**

** Deferred income from invoices issued for premises delivered but not fully paid as well as reservation fees for apartments paid at 31 March 2024.*

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 3 months from the completion of construction stage.

Note 20 - Sales revenue and cost of sales

In thousands of Polish Zlotys (PLN)	For the 3 months ended 31 March 2024 (Unreviewed) / (unaudited)	For the 3 months ended 31 March 2023 (Unreviewed) / (unaudited)
Sales revenue		
Revenue from residential projects	120 508	21 831
Total sales revenue	**120 508**	**21 831**
Cost of sales		
Cost of finished goods sold	(72 935)	(15 235)
Total cost of sales	**(72 935)**	**(15 235)**
Gross profit on sales	**47 573**	**6 596**
Gross profit on sales %	**39%**	**30%**

Note 21 – Impairment losses and provisions

During the three months period ended 31 March 2024, 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 22 – Commitments and contingencies

(i) Investment commitments

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

	Commitments			
In thousands of Polish Zlotys (PLN)	Contracted amount as at 31 March 2024	As at 31 March 2024	Contracted amount as at 31 December 2023	As at 31 December 2023
TechBau Budownictwo Sp. z o.o.	95 318	32 509	96 918	49 342
Hochtief Polska S.A.	102 800	55 698	70 300	33 657
W.P.I.P. - Mardom Sp. z o.o.	36 000	7 376	36 000	13 966
Totalbud S.A.	17 434	8 002	17 434	11 914
EBUD - Przemysłówka Sp. z o.o.	48 925	24 845	43 178	4 162
Leancon Sp. z o.o.	32 500	1 174	32 510	3 455
ARKOP Sp. Z o.o. Sp. K.	20 613	18 998	-	-
KMJ Developer Sp. z o.o.	4 800	4 378	-	-
Karmar S.A.	-	-	112 078	2 192
Total	**358 390**	**152 979**	**408 418**	**118 687**

Notes to the Interim Condensed Consolidated Financial Statements

Note 22 – Commitments and contingencies

(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 31 March 2024	As at 31 December 2023
Osiedle Vola	-	22 429
Nova Królikarnia 4b1	23 474	27 283
Między Drzewami	19 816	23 892
Miasto Moje VII	68 387	-
Ursus Centralny IIe	108 510	-
Total	**220 187**	**73 604**

(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 31 March 2024, net of amounts received up to the balance sheet date (which are presented in the Interim Condensed Consolidated Statement of Financial Position as advances received):

		As at 31 March 2024 (Reviewed/Unaudited)			As at 31 December 2023 (Audited)		
In thousands of Polish Zlotys (PLN)	Completi on date*	Total value of preliminary sales agreements signed with clients	Advances received from Clients until 31 March 2024	Contracted payments not received yet as at 31 March 2024	Total value of preliminary sales agreements signed with clients	Advances received from Clients until 31 December 2023	Contracted payments not received yet as at 31 December 2023
Ursus Centralny IIe	Q4 2024	123 085	44 523	78 562	87 325	19 391	67 934
Ursus Centralny IIc	Q3 2023	6 797	3 990	2 807	82 765	71 746	11 019
Miasto Moje VII	Q4 2024	106 997	59 675	47 322	73 936	25 722	48 214
Osiedle Vola	Q1 2024	65 212	58 373	6 839	68 937	49 593	19 344
Między Drzewami	Q3 2024	58 765	26 626	32 139	53 777	17 613	36 164
Nowa Północ Ia	Q1 2024	34 165	26 229	7 937	30 451	15 354	15 097
Eko Falenty I	Q4 2023	6 836	4 436	2 399	20 653	14 288	6 365
Nova Królikarnia 4b1	Q2 2025	20 615	7 012	13 603	14 071	4 743	9 329
Miasto Moje VI	Q1 2023	1 780	1 063	717	8 240	6 116	2 125
Viva Jagodno III	Q3 2025	9 244	1 504	7 739	6 499	438	6 062
Viva Jagodno IIb	Q2 2023	2 624	1 146	1 478	5 305	1 330	3 976
Grunwaldzka	Q2 2023	1 893	1 317	576	3 213	778	2 435
Viva Jagodno IIa	Q4 2022	814	149	665	2 151	226	1 925
Nowe Warzymice IV	Q2 2023	1 956	1 448	508	2 030	598	1 432
Miasto Moje V	Q3 2022	441	287	154	1 336	383	953
Ursus Centralny IIb	Q1 2023	57	44	13	699	691	7
Miasto Moje IV	Q4 2021	306	245	61	334	229	105
Nowe Warzymice III	Q4 2022	-	6	(6)	32	37	(4)
Nowe Warzymice II	Q2 2022	-	6	(6)	22	28	(6)
Zielono Mi I	Q3 2025	15 963	1 352	14 611	-	-	-
Nowe Warzymice V.1	Q2 2025	4 669	497	4 172	-	-	-
Nowa Północ IB	Q2 2025	981	135	846	-	-	-
Other (old) projects		2 394	1 870	525	1 810	1 706	104
Total (excluding JV)		**465 595**	**241 931**	**223 663**	**463 587**	**231 008**	**232 578**
Wilanów Tulip	Q3 2021	-	-	-	8 833	5 023	3 810
Total (including JV)		**465 595**	**241 931**	**223 663**	**472 419**	**236 031**	**236 389**

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

Notes to the Interim Condensed Consolidated Financial Statements

Note 22 – Commitments and contingencies

(iv) Litigations

Ursus Centralny

On 19 November 2021, the State Treasury (Skarb Państwa) – President of the Capital City of Warsaw notified Ronson Development Sp. z o.o. – Ursus Centralny Sp. k. ("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 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 thousand
- for 2023 in the amount of PLN 2,034 thousand
- for 2024 and subsequent years in the amount of PLN 3,591 thousand

The Management Board of Ursus Centralny Company submitted an application to the Local Government Boards of Appeal in Warsaw for a determination that the increase in the fee for perpetual usufruct was unjustified. The Group treats it as the contingent liability.

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, 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, 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 Ursus Centralny Company's objection against the decision of the Local Government Board of Appeal in Warsaw of 25 May 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 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.

In the court proceedings pending in the case, an expert property appraiser's opinion was issued on 14 March 2024, valuing the property at PLN 124,928,900.00 (one hundred and twenty-four million nine hundred and twenty-eight thousand nine hundred zlotys). The subject of the valuation was a plot of land with the registration number 98/2. The date as of which the value and condition of the subject of the valuation was determined is 19 November 2021, i.e. the date on which the annual fee was terminated by the President of the City of Warsaw. The expert's opinion is based on the comparative method and the indirect price adjustment method. Ursus Centralny Company plans to file objections to the expert's opinion. The Company filed the objections on 7 May 2024.

Settlement is not expected in 2024. Given the expert's opinion issued in the case, which is consistent with the report prepared by the Treasury in connection with the fee termination, it is highly likely that the terminated fee will not be challenged in the proceedings, and that the Court will adopt the expert's opinion prepared in the case as the basis for calculating the fee.

From the analysis of the agreement on the change of perpetual usufruct for the plots of land currently marked with registration numbers: 98/7, 98/8, 98/9 and 225 (former 98/10), as well as the agreement on the future conclusion of a change of perpetual usufruct agreement for plot 226 (former 98/11), it follows that after the court proceedings on the perpetual usufruct fee are over, the Ursus Centralny Company will have to pay the difference between twice the fee established in a final court ruling or a concluded settlement agreement, with the fee already paid (amounting to twice the fee in effect before the termination).

Notes to the Interim Condensed Consolidated Financial Statements

Note 22 – Commitments and contingencies

(iv) Litigations

Ursus Centralny

This means that regardless of the amounts already paid as a result of the conclusion of the agreement to change the purpose of perpetual usufruct, Ursus Centralny Company will have to pay the difference calculated on the basis of the final decision, ending the pending proceedings.
However, taking into account the progress of the land change and current market practice in similar cases, the Group decided to reassess the right-of-use liability and asset, as a result of which additional right-of-use assets relating to inventory were recognized, and the right-of-use lease liabilities relating to inventory amounted to PLN 13,916 thousand and were recognized during the year ended 31 December 2023.

Galileo

On 3 February 2023, in a case against Ronson Development Sp. z o.o. - Estate Sp. k., a subsidiary of the Company that operated the Galileo development project (the "Galileo Company"), a judgment was issued obligating the Galileo Company to pay the plaintiff (the purchaser of a unit in this project) the amount of PLN 80 thousand with statutory interest from the date of filing the lawsuit (May 28, 2013) as a reduction in the price of the unit 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 Galileo Company decided to establish a provision for other similar cases in the total amount of PLN 2.1 million, as of 31 December 2022, and from which the amount of PLN 535 thousand was released in the first quarter of 2024.
In the first quarter of 2023, the Galileo Company reached settlements in three cases that resulted in the payment of price reduction receivables, and the parties agreed to enter into court settlements under which the lawsuits will be withdrawn. In addition, Galileo Company is acting as a defendant in 5 similar cases, which are at the stage of consideration by the court of first instance. In 2 similar cases involving the Galileo Company, first-instance judgments were issued in the first quarter of 2024. One case that ended with a final second-instance judgment is currently before the Supreme Court, as a result of a cassation appeal filed.
At the same time, Galileo Company is a plaintiff in a case against Eiffage Polska Budownictwo S.A. the general contractor of the Galileo development project ("Eiffage"), its insurer and others involved in the development and their insurers, the subject of which is the recognition of the liability of Eiffage and others for Galileo Company's damages related to the improper implementation of the project and compensation. In addition, Galileo Company has already received partial compensation from the designers and their insurer for damage caused in the implementation of this project. The settlement of this litigation is not expected in 2024. The case is still pending before the court of first instance. In the first quarter of 2024, the case filed objections to the expert opinion issued in the case.
As of 17 April 2024, as of the first quarter of 2024, 2 judgments have been issued in the first instance. The first one awards the plaintiff a total amount of 669,003.41 (six hundred and sixty-nine thousand three 41/100) with statutory interest for delay from the date of the summons for payment, which at the moment is close to the amount of the main claim. The case in which the verdict was issued is special in that it involved 4 units in the investment, owned by one person - hence the amount awarded by the Court is so high. Galileo Company plans to appeal the verdict.

The second judgment, handed down in the first quarter of 2024, dealt with the issue of the plaintiffs' exceeding the deadline for filing warranty claims, which, according to them, did not occur due to the concealment of defects. The court in the judgment dismissed the claim in its entirety. A similar state of facts as in this case is the subject of yet another proceeding before the court. Based on the verdict, it is likely that the second suit based on the same reasoning will also be dismissed. It can be assumed that the plaintiffs will appeal against the verdict. During the year 2024 group did not use or create new provision in respect to this matter.

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 zloty) 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 22 – 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 9,840,000.00 (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 861,000.00 (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 25,000,000.00 (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 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 co-ownership of real estate were seized. The envisaged settlement is the enforcement of the assets of the above companies. At this point, it is too early to assess the projected amount of recoveries;
- on 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;
- on 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 January 17, 2024, the lawsuit was served on the defendant
- on 22 December 2023 SPV4 filed a lawsuit for payment of PLN 1,636,099.00 (in words: one million six hundred and thirty-six thousand and ninety-nine zlotys) with statutory interest for delay, in relation to a claim for repayment of a loan, against the sole member of the management board of several companies against which Group companies are in foreclosure or litigation. On 4 January 2024, an order for payment by writ of payment was issued for the amount of PLN 1,636,099.00 with default interest from 1 March 2022 to the date of payment and the amount of PLN 89,022.00 as reimbursement of legal costs. The warrant has become final and after receiving the enforcement clause it will be possible to initiate enforcement proceedings

Based on current status of the proceedings and best estimation of the management board, Group recognized write off in amount of PLN 2.6 million during the period ended 31 December 2023 and estimated that rest of the Group’s assets are recoverable.

Note 23 – Risk management

The Group’s activities expose it to a variety of risks: Global risks, 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 2023, which continued into the period ended 31 March 2024, 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.

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management

In terms of risks specific for the sector, in which the Group operates, the Group is exposed to potential increase in construction costs, 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 31 March 2024

Global risks - The impact of the war in Ukraine on the Polish economy and the real estate industry

Since 2022, the global economy was weakened by trade disruptions in the areas of food and fuel prices as a result of the ongoing war in Ukraine. during the second half of 2022, activity in the euro area deteriorated due to disrupted supply chains, increased financial stress and a decline in consumer and business index confidence, year 2023 showed the same trend of slowdown although this trend did not effect significantly the real estate market in which the Group operate.

According to a recent publications by the main Statistic office for Poland (GUS), Poland's economic growth in 2023 was 0.2% which is close to the 27 EU countries, as the ongoing war in Ukraine has dimmed the prospects for a post-pandemic recovery in Europe. A rebound is expected next year. Poland's economic growth in 2024 should oscillate around 2.3 %, while in the EU the Commission optimistically forecasts 1.3 %.

After a slowdown in 2023, economic growth is set to pick up in 2024 and 2025 supported by a rebound in private consumption, continued expansion of investment, and well performing exports. Inflation is set to recede from 2023 onwards, but phasing out of anti-inflation measures and strong wage growth are projected to result in a gradual decline. Public expenditure is forecast to remain high due to planned investments in defense and social spending, slowing down the rebalancing of the general government budget.

The war in Ukraine was a key factor affecting the Polish economy in the last 2 years. It caused an increase in inflation particularly related to increases in energy and food prices. The level of Polish inflation in 2023 was at the level of 6.2% and went down to 2% in the end of March 2024 .This marked the lowest reading since March 2019.

Due to consistent rising of benchmark interest rates (Wibor) in order to stem the rising inflation, the increasing interest rate worsened the situation of many households in Poland

Starting from July 2023 the 6 month WIBOR interest rate gradually decreased from the level of 6.95% to the level of 5.86% by the end of the first quarter. The effect of the decreased in interest rates will have positive consequences for the Group in the form of lower interest expenses in the coming year on the debt held - financial costs for the period ended 31 March 2024 amounted to PLN 6.1 million, as compared to PLN 5.7 million in (including costs capitalized in stock) for the period ended 31 March 2023, the increase in the financial costs is manly due to higher debt base held by the company in the period ended 31 March 2024.

The year 2023 performance of residential sales in the polish markets was significantly better than sales in 2022, comparable even to a period of prosperity in the residential market. The first quarter of 2024 started with strong sales which later, decrease due to uncertainty related to the new government plan for subsidized loans as well as the delay of approving it.

The number of subsidized loans granted nationwide to first-time homebuyers (base on old plan) nearly doubled the original target. The lack of clear announcements about the continuation of the program before the end of the year has only increased demand. In addition, as early as the beginning of 2023, the Polish Financial Supervision Authority loosened the prudential buffer from 5 percentage points to 2.5 percentage points, which significantly improved the creditworthiness of Poles. Commercial interest rate loans continued to be expensive, but such a change certainly had an impact on the increase in sales performance.

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 spite the on-going armed conflict between Ukraine and Russia the polish real-estate market did not suffer any significant negative impact and the performance comparing to 2022 was significantly better.

The main key factor affecting the market in the first quarter of 2024 was the fact that as at the end of December 2023, it was no longer possible to apply for subsidized loans (BK2 loans). Throughout the quarter, however, banks analysed previously submitted applications and granted loans, resulting in a significant number of developer agreements being signed.

The number of subsidized loans granted to buyers of first flats in Poland exceeded the preliminary assumptions. According to not final data, at the end of March 2024, there were already nearly 100,000 of subsidized loans, and in April there were still some applications waiting to be considered. It can be estimated that several thousand such loans (12,000-15,000) were granted at the primary market in the six largest agglomerations in the first quarter of 2024.

Significance of the above risk factor is assessed by the Company as high because its occurrence had a significant 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.

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management

Market risk - Inflation risk

According to the Statistical office of Poland (GUS) consumer prices index in March 2024, stood on 2% compared with the corresponding month of the previous year, and comparing to the inflation rate of 6,2% at the end on the fourth quarter of 2023.

This marked the lowest reading since March 2019, as prices moderated mainly for food & non-alcoholic beverages (0.3% vs 2.8% in February), alcoholic beverages & tobacco (5.2% vs 6.7%), clothing & footwear (1.1% vs 2.6%), furnishings, household equipment & maintenance (2.6% vs 4%), health (4% vs 4.5%), communications (2.6% vs 3.5%), and miscellaneous goods & services (5.4% vs 6.7%). On the other hand, inflation accelerated for housing & utilities (1.3% vs 1.1%), while it fell at a slower pace for transportation (-2.9% vs -4%). On a monthly basis, consumer prices rose by 0.2% in March, in line with preliminary estimates and market expectations.

The inflation rate and with it the interbank interest which was stabilized during the reporting period still 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 of slowdown in sales due to not clear government policy with respect to new subsidized mortgage loan plan.
- risk in delay or withholding of starting new projects due to high costs and slowdown in sales.

In the period ended on 31th March 2024, the major cities experienced drop in demand due to the end of the 2% Safe Mortgage Program (BK2) which caused a decrease in sales in the six largest cities by 22.8% comparing to previous Quarter Q4 2023 and as much as 3.5% decrease comparing to the same period in 2023.

In addition to the end of BK2 program the lower sales ware also influenced by caution of investment buyers , the uncertainty of some cash buyers as to the market situation , and still quit limited and high priced offer in several cities .

Relaying on the good sale results of 2023 and the new government declaration on the continuation of subsidized loan program, developers launched significantly higher number of new projects which was higher number by 144% comparing to the same period of 2023.

According to current information the start date of the new program is not known, but base on government officials declaration it is planed to the second half of 2024 closer to the forth quarter of 2024.

The Management Board 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 labor 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 and stabilized during 2023 There is still a risk that the construction costs may continue rise in 2024. 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 as well as increase in labor costs due to increase in higher minimum average remuneration to employees and very low unemployment reaching to 2.6%

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 23 – 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.
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 - Risk related to financing of the Group's operations

The real estate development business, in which the Company and the Group operates, requires significant initial expenditures to purchase land and to cover construction, infrastructure, and design costs.
As such, the Company and the Group, in order to continue and develop its business, require significant amounts of cash through external financing banks and issuance of bonds. The Company's and Group's ability to obtain such financing depend on many factors in particular, on market conditions which are beyond the Company's and the Group's control. In the event of difficulties to obtain the required financing, there is a risk that the scale of the Company's and Group's development and pace of achieving its strategic objectives may differ from what was originally planned. In such situation as described above, there is no certainty whether the Company and the Group will be able to obtain the required financing, nor whether financial resources will be obtained under conditions that are favorable to the Company and the Group. In order to mitigate the risk of insufficient financial resources, the Company is continuously exploring other possibilities of financial resources which will provide the necessary required financing and 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 31 March 2024, the carrying amount of land held for development in the PRS segment was PLN 83.3 million, representing approximately 6% 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 Interim Condensed Consolidated Financial Statements for the period ended on 31th March 2024 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 2023 (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

Market risk - Legislation and administrative risk

The Polish legal environment is characterised by frequent changes, inconsistency and lack of uniform interpretation of laws and tax regulations subject to frequent amendments, which contributes to risk factors related to the legal environment in which the Company and the Group operate.

The amendment to the Planning and Development Act, which came into force on 30 September 2023 (despite the fact that many of its solutions will in fact be in force from 1 January 2026 or from the adoption of a general plan by a municipality), has introduced significant changes and these should be taken into account as early as 2024. Indeed, among the most important changes introduced in the aforementioned law, it is necessary to 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 land 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.

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management

Market risk - Legislation and administrative risk

In addition, on 30 June 2024, the transition period of the existing Act of 20 May 2021 on the protection of the rights of the purchaser of a dwelling or a single-family home and the Developer Guarantee Fund (the so-called Developer Act) will end and, as of 1 July 2024, the sale of flats in ongoing development projects will have to be carried out in accordance with the new Developer Act, which also applies to those projects in which sales began under the current legislation.

Moreover, on 1 August 2024, the Ordinance of the Minister of Development and Technology of 27 October 2023 amending the Ordinance on technical conditions to be met by buildings and their location will come into force. The amendment to the technical conditions particularly concerns the requirements for multi-family residential buildings, the most important of which include:

- a change in the distance between buildings (as a rule, the minimum distance of a multi-family residential building of more than 4 overground storeys, facing the wall with windows or doors towards the plot boundary is to be at least 5 meters);
- an obligation to provide for a biologically active area of at least 25% of the area of building plots intended, inter alia, for the construction of multi-family residential buildings, unless a different percentage results from the local spatial development plan;
- a change in the minimum area of commercial premises, which will be 25 sq. m;
- an increase in the requirements for the organisation of child-friendly playgrounds and recreation areas for persons with special needs next to multi-family buildings (the amended regulations introduce requirements for the minimum area of a playground in relation to the number of flats in a multi-family residential building or a complex of such buildings. They also set out requirements for the equipment of playgrounds and their fencing or surfacing);
- an obligation to provide a storage room for bicycles and prams with an area of at least 15 square meters.

The above-described legislative changes are some of the most important changes that, in the opinion of the Management Board, may pose a risk and thus have a direct or indirect impact on the Company's and the Group's operations and results. However, given the Company's and the Group's long-standing experience in the market, its ability to adapt quickly to new market conditions, its financial position and its reputation in the market, the Board believes that these changes will have less impact on the Company than on other developers.

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 31 March 2024 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 2023 (Note 32). 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 entities functional currency is polish zloty, as at 31 March 2024 the group has a monetary liabilities to the shareholder in Israeli ILS measured at amortized costs evaluated in the amount of 27.4 million PLN (2023: PLN 25.3 million). For more information see Note 14.

As at 31March 2024, 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 1.4 million (as at 31 December 2023: 1.3 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 31 March 2024 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'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.
The Group constantly looks for other opportunities to obtain funds which will ensure necessary financing and their favorable conditions.

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management

Financial risk factors

(iii) Fair value measurement risk

The Investment properties are valued at fair value determined by an independent appraiser (please refer to Note 10). During the three months ended 31 March 2024 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.

(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 March , 2024, the WIBOR6M was 5.86% (as of 31 December 2023, it was 5.82%). 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:

	31 March 2024		31 December 2023	
In thousands of Polish Zlotys (PLN)	**Increase by 1%**	**Decrease by 1%**	**Increase by 1%**	**Decrease by 1%**
Income statement				
Variable interest rate assets	2 197	(2 197)	1 682	(1 682)
Variable interest rate liabilities	(2 842)	2 842	(2 437)	2 437
Total	**(645)**	**645**	**(755)**	**755**
Net assets				
Variable interest rate assets	2 197	(2 197)	1 682	(1 682)
Variable interest rate liabilities	(2 842)	2 842	(2 437)	2 437
Total	**(645)**	**645**	**(755)**	**755**

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

Significance of the above risk factor is assessed by the Company as medium, because its occurrence has had a moderate effect on the 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 National Benchmark Reform Working Group (NGR), established by the Polish Financial Supervision Authority, is working on the implementation of a new RFR-type reference index - WIRON (Warsaw interest Rate Overnight), which will replace WIBOR and WIBID. The Roadmap published by NGR explains that the change is taking place under the BMR Regulation as part of the IBOR reform. Completion of the reform is planned by the end of 2027, while the implementation by market participants of a new offer of financial products using the WIRON index is planned for 2023 and 2024. On the 25 October 2023 the Steering Committee of the National Working Group on the reform of benchmarks (KS NGR) decided to change the maximum deadlines for the implementation of the Road Map, which assumes a bottom-up departure from the use of the WIBOR in favor of newly concluded contracts and financial instruments using a fixed interest rate or new RFR reference indicators. KS NGR therefore indicated the final moment of conversion at the end of 2027. At the same time neither the directions of the reform nor the scopes of the activities planned so far in the Road Map change. The Steering Committee of NGR will monitor the implementation of key elements of the Road Map in order to ensure optimal conditions for the development of the financial market in Poland.

Note 24 – Related party transactions

Share based payment reserve

On 28 November 2022, Luzon Group announced a private issuance of options for shares of Amos Luzon Development and Energy Group Ltd. ("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 Luzon Group of NIS 0.01 par value, for an exercise price of 2 NIS (which however will be settled on a net basis, i.e. final number of received shares will be decreased by a number of shares which market value is equal to full exercise price to be paid).

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

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

Notes to the Interim Condensed Consolidated Financial Statements

Note 24 – Related party transactions

Share based payment reserve

The Options can be exercised until the end of 7 years from the date of their allocation. Options that were not exercised within the above-mentioned period, expire. Assuming all the Options are exercised, Mr. Haim will hold c.a. 2.38% of the issued and paid-up capital of Luzon Group and about 1.89% of the issued and paid-up capital of Luzon Group on a full dilution basis. The Option program envisages adjustments in options for share allocation in case of various corporate events in Luzon Group (such as the issuance of shares or other options, merger, dividend distribution, etc.).
The initial effect of the program was recognized in year 2023 in amount of PLN 1.6 million and cost for first quarter 2024 amounted to PLN 0.3 million. Program is accounted under IFRS 2 standard as a personal expense, part of administrative costs and Share based payment reserve in equity. Total value of the program as of grant date amounted to PLN 4.7 million.

Other

As a result of requirements pertaining to A. Luzon Group, one of the Company's larger (indirect) shareholders, whose shares are 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. The Company has agreed with A. Luzon Group that the costs for the first and third quarter auditors' reviews will be shared between the Company and its shareholder.

Note 25 – Investment in joint ventures

Share of profit/(loss) of joint venture

In thousands of Polish Zlotys (PLN)	**As at 31 March 2024**	**As at 31 December 2023**
Loans granted	148	145
Share in net equity value of joint ventures	530	532
The Company's carrying amount of the investment	**678**	**677**
Presented as Loans granted to joint ventures (current assets)	(148)	(145)
Investment in joint ventures	**530**	**532**

Share of profit/(loss) from joint ventures comprise the Group'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 project, 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. Both projects are residential sector which is the same as the Group.

Loans granted to joint venture

In thousands of Polish Zlotys (PLN)	**As at 31 March 2024**	**As at 31 December 2023**
Opening balance	**145**	**133**
Loans repaid	-	-
Accrued interest	3	12
Interest paid	-	-
Total closing balance	**148**	**145**

As of 31 March 2024, 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 26 – Other events during the period

Occupancy permits

Project name	Location	Occupancy permit date	Number of units	Area of units *(m^2)*
Osiedle Vola	Warsaw	13 March 2024	84	4 851
Total			**84**	**4 851**

Building permits

Project name	Location	Building permit date	Number of units	Area of units *(m^2)*
Nowa Północ II-III	Szczecin	16 February 2024	340	16 632
Nova Krolikarnia 4a	Warsaw	20 February 2024	5	1 213
Total			**345**	**17 845**

Notes to the Interim Condensed Consolidated Financial Statements

Note 26 – Other events during the period

Conclusion of a material agreement for General contractors

Project name	Location	Number of units	General contractor	Agreement signing date	Agreement net value *(PLN million)*	Additional provisions
Viva Jagodno III	Wrocław	58	Przedsiębiorstwo Budowlane ARKOP Sp. z o.o. Sp. k.	12 January 2024	20.6	None
Zielono Mi I	Warsaw	92	Hochtief Sp z o.o.	15 January 2024	32.5	None
Nowe Warzymice V.1	Szczecin	12	KMJ Deweloper Sp. z o.o.	15 February 2024	4.8	None
Nowa Północ IB	Szczecin	89	EBUD - Przemysłówka Sp. z o.o.	15 March 2024	22.8	None
Total		**251**			**80.7**	

Construction Bank Loan agreements

On 20 th of December 2023 financing of Ursus Centralny 2E and Miasto Moje VII was signed, respectively for a total value of PLN 121,400 thousand and 77,900 thousand. 11 January 2024 is the date on which all financing formalities were completed, i.e., both loan and collateral agreements were signed by that date.

Bonds issuance

On 19 January 2024, the Company's Management Board adopted a resolution on the issuance of Series P2023A bonds and approval of the final terms and conditions for the issuance of Series P2023A bonds (the "Bonds") issued under the Public Bond Issuance Program (the "Program") covered by the base prospectus approved by the Financial Supervisory Commission on 25 July 2023. The subscription for the Bonds began on 24 January 2024 and ended on 7 February 2024. The Bonds were offered through a public offering, in which up to 60,000 unsecured Bonds with a par value of PLN 1,000 each were offered. The Bonds were offered at a fixed issue price equal to the par value of PLN 1,000.
The Bonds were conditionally allotted by the Management Board on 12 February 2024. The final (unconditional) allotment of Bonds was made on 15 February 2024, with an average reduction rate of 61.26%. As a result of the Offering, a total of 60,000 (sixty thousand) Bonds with a total nominal value of PLN 60,000,000.00 (sixty million zlotys) were allocated. Subscriptions for the Bonds were submitted by 1,226 persons (entities). The Bonds were allocated to 1,074 persons (entities). The Bonds were subscribed for cash contributions only.
The Bonds are not in documentary form and are dematerialized. The Bonds are traded in the alternative trading system operated by the Warsaw Stock Exchange - as part of the Catalyst market.
The interest rate on the Bonds is variable and are set at six-month WIBOR (WIBOR 6M) plus a fixed margin of 3.85%. The maturity date of the Bonds has been set for 15 August 2027.

On 7 February 2024 the Company acquired for cancellation 14,859 Series V bonds with a nominal value of PLN 600 PLN each and a total nominal value of PLN 8,915 thousands issued pursuant to the resolution of the Company's Management Board of 14 September 2020, designated by the Krajowy Depozyt Papierów Wartościowych S.A. (“KDPW") with ISIN code: PLRNSER00201 ("Bonds").

The total value of the acquisition of the Bonds was PLN 9,246 thousands and the average unit purchase price was PLN 622.24 including accrued interest. The Bonds were acquired by means of agreements concluded outside organised trading. The holders of the redeemed Series V bonds became bondholders of the newly issued Series P2023A bonds. The redemption of Bonds took place on 8 March 2024 (date of the operation of withdrawal from the deposit by KDPW). After the redemption, there remained 45,141 Series V Bonds with a maturity date of 2 April 2024.

Establishment of a pledge on the Company's shares

To secure claims from the issuance of debt securities by the Company's shareholder, Luzon Ronson N.V. (formerly under the name of I.T.R. Dori B.V.) and from the trust agreement entered into on 29 November 2023, between Reznik Paz Nevo Trusts Ltd (a company incorporated and existing under Israeli law with its registered office in Tel Aviv) as trustee and pledge administrator (the "Pledgee") and Luzon Ronson N.V, vested in the holders of these securities and the Pledgee, on 17 January 2024, Luzon Ronson N.V., Luzon Ronson Properties Ltd. and the Company entered into agreements to establish a registered pledge in favor of the Pledgee on all of their shares in the Company's share capital. These pledges were established on January 23, 24 and 26, 2024 (the date of registration of the pledges in the pledge register), respectively.

In the case of the Company's own shares, the pledge was established based on the resolution of the Company's Extraordinary General Meeting of 12 January 2024 on consenting to the establishment of as registered pledge on the Company's own shares in favor of the Pledgee. Pursuant to the resolution in question, the pledge was established on 1,567,954 (in words: one million five hundred and sixty-seven thousand nine hundred and fifty-four) of the Company's own shares (which are bearer shares with a nominal value of EUR 0.02 each and a total nominal value of EUR 31,359.08, and which represent approximately 0.96% of the Company's share capital) up to the highest security amount of EUR 200,000,000 (in words: two hundred million euros). In addition, the Company has received information that analogous pledge agreements have been signed by shareholders under Israeli law.

Notes to the Interim Condensed Consolidated Financial Statements

Note 27 – Subsequent events

Bonds repayment

On 2 April 2024, the Company redeemed all existing series V bonds in the number of 85,141, with a nominal value of PLN 600 each, in accordance with their maturity dates, as well as paid the interest accrued on these bonds. Thus, the series V bonds were fully redeemed.

Liability to shareholders measured at amortised costs repayment

On 2 April 2024, in accordance with the provisions of the addendum dated 14 March 2024 to the agreement dated 25 May 2023 on the SAFE Agreements, the Company made a payment to A. Luzon Group of approximately ILS 24.7 million (PLN 27.2 million). With the making of this payment, the agreement of 25 May 2023 regarding SAFE Agreements was executed.

Occupancy permits

Project name	Location	Occupancy permit date	Number of units	Area of units (m^2)
Nowa Północ 1a	Szczecin	26 April 2024	110	5 230
Total			**110**	**5 230**

The Management Board

Boaz Haim
President of the Management Board

Yaron Shama
Finance Vice-President of the Management Board

Andrzej Gutowski
Sales Vice-President of the Management Board,

Karolina Bronszewska
Member of the Management Board
Marketing and Innovation Director

Tomasz Kruczyński
Person responsible for financial statements preparation

Warsaw, 14 May 2024

Interim Condensed Standalone Statement of Financial Positions

As of *In thousands of Polish Zlotys (PLN)*	*Note*	As at 31 March 2024 (Reviewed/Unaudited)	As at 31 December 2023 (Audited)
Assets			
Investment in subsidiaries	*6*	548 234	519 740
Loans granted to subsidiaries	*7*	220 261	206 442
Total non-current assets		**768 495**	**726 181**
Trade and other receivables and prepayments		374	869
Receivable from subsidiaries		2 986	9 413
Loan granted to subsidiaries	*7*	10 086	33 853
Cash and cash equivalents		89 142	22 830
Total current assets		**102 588**	**66 964**
Total assets		**871 084**	**793 145**
Equity			
Share capital		12 503	12 503
Share premium reserve		150 278	150 278
Share based payment reserve		1 910	1 571
Treasury shares		(1 732)	(1 732)
Retained earnings		400 164	369 974
Total shareholders' equity		**563 124**	**532 593**
Liabilities			
Long-term liabilities			
Bond loans	*8*	177 806	118 676
Deferred tax liabilities		1 909	5 671
Liability to shareholders measured at amortized costs	*11*	-	19 519
Total long-term liabilities		**179 714**	**143 866**
Current liabilities			
Bond loans	*8*	90 590	99 834
Other payables - accrued interests on bonds	*8*	9 177	6 810
Trade and other payables and accrued expenses		1 066	3 967
Liability to shareholders measured at amortised costs	*11*	27 413	6 074
Total current liabilities		**128 246**	**116 685**
Total liabilities		**307 960**	**260 551**
Total shareholders' equity and liabilities		**871 084**	**793 145**

The notes included on pages 54 to 57 are an integral part of these Interim Condensed Company Financial Statements

Interim Condensed Standalone Statement of Comprehensive Income

In thousands of Polish Zlotys (PLN)	***Note***	**For the 3 months ended 31 March 2024 (Reviewed) / (unaudited)**	**For the 3 months ended 31 March 2023 (Reviewed) / (unaudited)**
Revenues from consulting services		2 610	704
General and administrative expense		(1 440)	(1 359)
Other income/(expenses)		(171)	(9)
Net impairment losses on financial assets		-	-
Operating profit / (loss)		**1 000**	**(664)**
Share of profit/loss from the investments in subsidiaries accounted for using the equity method	*6*	28 485	(2 862)
Operating profit after result from subsidiaries		**29 485**	**(3 526)**
Finance income	*9*	5 309	6 757
Finance expense	*9*	(8 355)	(6 016)
Gain/loss in fair value of financial instrument at fair value through profit and loss	*11*	-	5 640
Net finance income/(expense)		**(3 046)**	**6 380**
Profit/(loss) before taxation		**26 439**	**2 854**
Income tax benefit/(expense)		3 752	(2 364)
Profit for the period		**30 191**	**490**
Other comprehensive income		-	-
Total comprehensive income/(expense) for the period, net of tax		**30 191**	**490**
Weighted average number of ordinary shares (basic and diluted)		**162 442 859**	**162 442 859**
In Polish Zlotys (PLN)			
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)		**0.186**	**0.003**

The notes included on pages 54 to 57 are an integral part of these Interim Condensed Company Financial Statements

Interim Condensed Standalone Statement of Changes in Equity

	Attributable to the Equity					
In thousands of Polish Zlotys (PLN)	Share capital	Share premium	Share based payment reserve	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2024	**12 503**	**150 278**	**1 571**	**(1 732)**	**369 974**	**532 593**
Net profit for the period ended 31 March 2024	-	-	-	-	30 191	30 191
Other comprehensive income	-	-	-	-	-	**-**
Total comprehensive income/(expense)	-	-	-	-	**30 191**	**30 191**
Share based payment reserve			339			339
Balance at 31 March 2024	**12 503**	**150 278**	**1 910**	**(1 732)**	**400 164**	**563 124**

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

The notes included on pages 54 to 57 are an integral part of these Interim Condensed Standalone Financial Statements

Interim Condensed Standalone Statement of Cash Flows

For the 3 months period ended 31 March *In thousands of Polish Zlotys (PLN)*	*Note*	2024	2023
Cash flows from operating activities			
Profit for the year		30 191	490
Adjustments to reconcile profit for the period			
to net cash (used in)/from operating activities:			
Finance income	*9*	(5 279)	(6 726)
Finance expense	*9*	8 325	6 016
Depreciation		-	2
(Gain)/loss in fair value of financial instrument at fair value through profit and loss	*11*	-	(5 640)
Foreign exchange rates differences (gain)/loss		-	(13)
Income tax expense / (benefit)		(3 763)	2 365
Share based payment reserve		340	500
Share of profit/loss from the investments in subsidiaries accounted for using the equity method	*6*	(28 485)	2 862
Subtotal		**1 329**	**(144)**
Decrease/(increase) in trade and other receivables and prepayments		495	(287)
Decrease/(increase) in receivable from subsidiaries		6 426	(866)
Increase/(decrease) in trade and other payable and accrued expense		(2 913)	(854)
Subtotal		**5 349**	**(2 151)**
Interest paid	*8,9*	(3 730)	(5 795)
Interest received		15 796	2 689
Net cash used in operating activities		**17 415**	**(5 257)**
Cash flows from investing activities			
Loans granted to subsidiaries, net of issue cost	*7*	(585)	(4 000)
Repayment of loans granted to subsidiaries	*7*	15	6 000
Dividend from subsidiary		-	-
Contribution to subsidiaries		**(10)**	-
Net cash used in investing activities		**(580)**	**2 000**
Cash flows from financing activities			
Proceeds from bond issuance, net of issuance costs	*8*	49 478	-
Repayment of bond loans	*8*	-	-
Net cash from financing activities		**49 478**	**-**
Net change in cash and cash equivalents		**66 313**	**(3 257)**
Cash and cash equivalents at 1 January		22 830	6 397
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the period		**89 143**	**3 140**

The notes included on pages 54 to 57 are an integral part of these Interim Condensed Standalone 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 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.

As of March 31, 2024, A. Luzon Group, the ultimate parent company, indirectly controlled through its subsidiary Luzon Ronson N.V. (former name I.T.R. Dori B.V.) 100% of the Company's share capital, i.e. 164,010,813 ordinary bearer shares, including 1,567,954 (approximately 0.96% of the Company's share capital) of the Company's own shares. As of March 31, 2024, Luzon Ronson N.V. held 108,349,187 shares (approximately 66.06% of the Company's share capital) directly and 54,093,672 shares (approximately 32.98% of the Company's share capital) through its wholly owned subsidiary Luzon Ronson Properties Ltd. The remaining 1,567,954 shares (approximately 0.96% of the Company's share capital) were treasury shares of the Company.

However, it should be pointed out that the shareholding status described above is a result of the reorganization of the A. Luzon Group and related changes that took place during the three-month period ended March 31, 2024. Namely, as of December 31, 2023, A. Luzon Group controlled 100% of the Company's shares, such that it directly held 32.98% of the Company's shares, and indirectly, through its wholly owned subsidiary Luzon Ronson N.V. (former name I.T.R. Dori B.V.), held 66.06% of the Company's shares, and the remaining 0.96% of the Company's shares were treasury shares.

On January 16, 2024, the Company's shares held directly by A. Luzon Group (approximately 32.98% of the share capital) were transferred to Luzon Ronson Properties Ltd. 100% fully owned company by A. Luzon Group (which was established as part of the reorganization of A. Luzon Group's operations). As part of the restructuring, A. Luzon Group on January 25, 2024 disposed of all its shares in Luzon Ronson Properties Ltd. to Luzon Ronson N.V. (former name I.T.R. Dori B.V.). Transfer of shares has been executed as transfer without benefit to A. Luzon Group.

The beneficial owner of the Company is Mr Amos Luzon, who is also the Chairman of the Supervisory Board of 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 Standalone 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 2023, which have been prepared in conformity with IFRS Accounting Standards. 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").

In order to fully understand the financial situation and results of operations of the Company as the Parent of the Group, these standalone financial statements should be read together with the consolidated financial statements of Ronson Group for the interim reporting period ended 31 March 2024. These consolidated financial statements are available together with standalone financial statements in this Interim Financial Report.

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.

These Interim Condensed Company Financial Statements of Ronson Development SE were approved by the Management Board for publication on 15 May 2024 in both English and Polish languages, while the Polish version is binding

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

Note 3 – The use of estimates and judgments

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

Notes to the Interim Condensed Standalone 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 method.

The table below presents the movement in investment in subsidiaries during the three months ended 31 March 2024 and during the year ended 31 December 2023:

Changes in the value of shares in subsidiaries:

In thousands of Polish Zlotys (PLN)	**For the 3 months ended 31 March 2024**	**For the 12 months ended 31 December 2023**
Balance at beginning of the period	519 740	445 275
Investments in subsidiaries	10	5
Net result subsidiaries during the period	28 485	74 460
Dividend from subsidiary	-	-
Balance at end of the period	**548 235**	**519 740**

As at 31 March 2024 the Company holds and owns (directly and indirectly) 67 companies. These companies are active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. For additional information see Note 7 to the Interim Condensed Consolidated Financial Statements.

The net result of the investments in subsidiaries in the period of three months ended 31 March 2024 amounted PLN 28.5 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 three months ended 31 March 2024 and during the year ended 31 December 2023:

In thousands of Polish Zloty (PLN)	**For the 3 months ended 31 March 2024 (Reviewed/ Unaudited)**	**For the 12 months ended 31 December 2023 (Audited)**
Opening balance	**240 294**	**276 581**
Loans granted	585	14 200
Loans repayment during the period	(15)	(58 002)
Accrued interest	4 858	24 325
Repayment of interest	(15 375)	(16 809)
Total closing balance	**230 347**	**240 294**
Current assets	10 086	33 853
Non-current assets	220 261	206 441
Total closing balance*	**230 347**	**240 294**

** including the ECL on Loans granted to subsidiaries as at 31 March 2024 and 31 December 2023 in amount of PLN 10.1 m*

Notes to the Interim Condensed Standalone Financial Statements

Note 7 – Loans granted to subsidiaries

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 2023 (additional information was presented in Note 10 of the Company Financial statements for the year ended 31 December 2023). 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 31 March 2024 and during the period ended 31 December 2023

In thousands of Polish Zloty (PLN)	**For the period ended 31 March 2024 (Reviewed/ Unaudited)**	**For the year ended 31 December 2023 (Audited)**
Opening balance	225 320	**203 370**
Repayment of bond loans	-	(40 000)
Redemption of bonds at new issuance	(8 915)	-
Issue cost amortization	60 000	60 000
Proceeds from bond issuance – nominal value	(1 606)	(863)
Bonds issuance costs	407	1 262
Accrued interest	6 070	24 134
Interest repayment	(3 703)	(22 583)
Total closing balance	**277 572**	**225 320**
Closing balance includes:		
Current liabilities	99 766	106 644
Non-current liabilities	177 806	118 676
Total Closing balance	**277 572**	**225 320**

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

Note 9 – Finance costs and income

In thousands of Polish Zlotys (PLN)	**For the period of 3 months ended 31 March 2024**	**For the period of 3 months ended 31 March 2023**
Interests and fees on granted loans to subsidiaries	4 858	6 717
Interest income on bank deposits	421	27
Foreign exchange gain	30	13
Finance income	**5 309**	**6 757**
Interest expense on bonds measured at amortized cost	(6 070)	(5 727)
Bank charges	(22)	(11)
Discount factor reversal on liability measured at amortised cost	(1 856)	-
Commissions and fees	(407)	(276)
Other	-	(2)
Finance expense	**(8 355)**	**(6 016)**
Gain/loss in fair value of financial instrument at fair value through profit and loss	-	5 640
Net finance income/(expense)	**(3 046)**	**6 380**

Note 10 – Related parties transactions

In the period of three months ended 31 March 2024 and 31 December 2023, respectively, there were no transactions between the Company on the one hand, and its shareholders, their affiliates and other related parties which would qualify as not being at arm's length.

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

During the three months ended March 31, 2024 and March 31, 2023, the total amount of expenses with A. Luzon Group was PLN 208 thousand and PLN 235 thousand, respectively.

Notes to the Interim Condensed Standalone Financial Statements

Note 11 – Financial liability to Shareholder

On 25 May 2023, the Company and Luzon Group entered into an agreement for settling the return of the amounts received from Israeli Investors in 2022 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. 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. Payments to Luzon Group in the total amount of PLN 40 million (approx. ILS 34.3 million) were made in May and November 2023.

As of 14 March 2024 new annex was signed about earlier settling of liability towards shareholder which would become due under new annex in April 2024. Based on that Group recognized PLN 1.9 million of finance cost of discount reversal on amortized cost related to change in maturity assumption and it was treated as a modification of the original liability.

The table below presents the movement on the new liability to Luzon Group for the period from December 31, 2023 to the end of the reporting period, i.e. March 31, 2024:

Investor	Value of the liability at amortized cost December 31, 2023 [in PLN]	Repayment of liability [in PLN]	Finance expense related to discount factor reversal [in PLN]	Finance income related to forex exchange cost [in PLN]	Value of the liability at amortized cost March 31, 2024 [in PLN]
Amos Luzon Development and Energy Group Ltd.	25 592 623	-	1 896 009	75 307	27 413 325
Long term part	19 519 018			Long term part	
Short term part	6 073 604			Short term part	27 413 325

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 previous year reporting period, i.e. December 31, 2023:

Investor	Liability at amortized cost as of May 25, 2023 [in PLN]	Liability recognition date	Repayment of liability [in PLN]	Finance expense related to discount factor reversal [in PLN]	Finance income related to forex exchange cost [in PLN]	Value of the liability at amortized cost December 31, 2023 [in PLN]
Amos Luzon Development and Energy Group Ltd.	64 083 496	25 May 2023	40 000 000	2 311 279	885 677	25 592 623
					Long term part	19 519 018
					Short term part	6 073 604

Note 12 – Subsequent events

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

The Management Board

Boaz Haim
President of the Management Board

Yaron Shama
Financial Vice-President of the Management Board

Andrzej Gutowski
Sales Vice-President of the Management Board,

Karolina Bronszewska
Member of the Management Board
Marketing and Innovation Director

Tomasz Kruczyński
Person responsible for financial statements preparation

Warsaw, 14 May 2024