



RONSON DEVELOPMENT SE

Interim Financial Report for the six months ended 30 June 2024

Including the Interim Condensed Consolidated Financial Statements of Ronson Development SE for the six months ended 30 June 2024 and the Interim Condensed Separate Financial Statements of Ronson Development SE for the six months ended 30 June 2024



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Introduction

Ronson Development SE ("the Company"), formerly named Ronson Europe N.V., is a 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 a European Company (SE) and, effectively as of 31 October 2018, transferred its registered office of the Company from the Netherlands to Poland.

As of 30 June 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 30 June 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 in January 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. 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.

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.

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 six months ended 30 June 2024 the Group realized sales of 258 units with the total value of PLN 191.0 million, which is a decrease of 48% (in number of units) comparing to sales of 494 units with the total value PLN 274.7 million during the six months ended 30 June 2023.

Until 30 June 2024 the Group delivered 381 units in 100% owned projects which represent a total revenue of PLN 236.3 million comparing to delivery of 383 units in 100% owned projects with a total revenue value of PLN 176.4 million for six months period ended 30 June 2023.

As at 30 June 2024, the Group has 577 units available for sale in 12 locations, of which 540 units are in ongoing projects and the remaining 37 units are in completed projects. The ongoing projects comprise a total of 1 182 units, with an aggregate floor space of 63 995 m². The construction of 663 units with a total area of 33 655 m² is expected to be completed during remaining period of 2024.

The Group has a pipeline of 16 projects in different stages of preparation, representing approximately 4 387 units with an aggregate floor space of approximately 239 453 m² 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 m² for future development of PRS in Warsaw.

During the remaining period of 2024, the Group is considering commencement of 2 projects comprising 506 units with a total area of 25 921 m².

In addition to the above as at 30 June 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 81 929 m² with an estimated 1 454 units for construction for a total purchase price of PLN 141.5 million and one plot located in Wrocław with a total projected PUM of 11 520 m² with estimated 198 units for a total purchase price of PLN 25.0 million.

Business highlights during the six months ended 30 June 2024

A. Results breakdown by project

The following table specifies revenue, cost of sales, gross profit and gross margin during the six months ended 30 June 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	%	PLN thousands	%
Ursus Centralny IIc	153	7 257	89 308	37.8%	46 393	29.9%	42 915	48.1%		
Osiedle Vola	82	4 642	69 345	29.4%	50 191	32.4%	19 155	27.6%		
Nowa Północ IA	81	3 649	30 642	13.0%	22 575	14.6%	8 067	26.3%		
Eko Falenty I	27	2 715	20 673	8.8%	18 025	11.6%	2 649	12.8%		
Miasto Moje VI	10	689	6 740	2.9%	4 422	2.9%	2 318	34.4%		
Viva Jagodno IIb	10	921	7 486	3.2%	4 494	2.9%	2 991	40.0%		
Viva Jagodno IIa	5	436	3 594	1.5%	2 529	1.6%	1 065	29.6%		
Grunwaldzka	5	338	3 316	1.4%	2 817	1.8%	499	15.1%		
Nowe Warzymice IV	6	247	2 168	0.9%	1 533	1.0%	636	29.3%		
Others ⁽⁴⁾	2	148	2 991	1.3%	2 038	1.3%	953	31.9%		
Total / Average	381	21 042	236 263	100%	155 016	100%	81 247	34.4%		
Impairment recognized	n.a.	n.a.	n.a.		n.a.		n.a.		n.a.	
Results after write-down adjustment	381	21 042	236 263		155 016		81 247	34.4%		
Wilanów Tulip ⁽³⁾	-	-	26		20		6	21.6%		
City Link ⁽³⁾	-	-	29		19		11	36.4%		
Economic results	381	21 042	236 318		155 055		81 263	34.4%		

(1) Revenue is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e., upon signing of the protocol of technical acceptance and the transfer of the key 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 six months ended 30 June 2024 amounted to PLN 236.3 million, whereas cost of sales before write-down adjustment amounted to PLN 155.0 million. Resulting in a gross profit before write-down adjustment amounting to PLN 81.2 million and a gross margin of 34.4%. Total economic revenue from sales of residential projects, when results from joint ventures are presented on a fully consolidated basis, amounted to PLN 236.3 million, whereas cost of sales amounted to PLN 155.1 million, that resulted in a gross profit amounting to PLN 81.3 million and a gross margin of 34.4%.

Projects completed during the six months ended on 30 June 2024

The table below presents information on the projects that were completed (i.e., completing all construction works and receiving occupancy permit) during the six months ended 30 June 2024:

Project name	Location	Number of units	Area of units (m ²)	Total units sold until 30 June 2024	Units delivered in 2024	Units sold not delivered as at 30 June 2024
Osiedle VOLA	Warsaw	84	4 851	83	82	1
Nowa Północ IA	Szczecin	110	5 230	95	81	14
Total		194	10 081	178	163	15

Business highlights during the six months ended 30 June 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 six months ended 30 June 2024:

Project name	Location	Completion date	Total Project Units	Total Area of units (m ²)	Total units sold until 30 June 2024	Total units delivered until 31 December 2023	Units delivered during 2024	Recognized income during year 2024 (PLN'000)	Units sold not delivered as at 30 June 2024	Units for sale as at 30 June 2024	Left to sale/deliver after 30 June 2024
Ursus Centralny IIc	Warsaw	Q3 2023	223	11 124	223	67	153	89 308	3	-	3
Eko Falenty I	Warsaw	Q4 2023	42	4 304	34	-	27	20 673	7	8	15
Viva Jagodno IIb	Wrocław	Q2 2023	152	8 876	148	137	10	7 486	1	4	5
Miasto Moje VI	Warsaw	Q1 2023	227	11 722	223	213	10	6 740	-	4	4
Viva Jagodno IIa	Wrocław	Q4 2022	76	4 329	74	69	5	3 594	-	2	2
Grunwaldzka	Poznań	Q2 2023	70	3 351	70	65	5	3 316	-	-	-
Nowe Warzymice IV	Szczecin	Q2 2023	75	3 818	75	68	6	2 168	1	-	1
Miasto Moje V	Warsaw	Q3 2022	170	8 559	170	169	1	1 129	-	-	-
Ursus Centralny IIb	Warsaw	Q1 2023	206	11 758	205	204	1	772	-	1	1
Miasto Moje IV	Warsaw	Q4 2021	176	8 938	176	176	-	222	-	-	-
Ursus Centralny IIa	Warsaw	Q4 2021	251	13 509	251	251	-	139	-	-	-
Nova Królikarnia Id	Warsaw	Q2 2018	12	1 488	12	12	-	121	-	-	-
Moko I	Warsaw	Q4 2016	178	11 238	178	178	-	51	-	-	-
Nowe Warzymice III	Szczecin	Q4 2022	62	3 537	62	62	-	32	-	-	-
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	2 753	2 518	218	135 775	17	21	38
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	3 214	2 979	218	135 830	17	21	38

Business highlights during the six months ended 30 June 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 m²) 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 six months ended 30 June 2024:

Project name	Location	Total Project Saleable area (m ²)	Total project units	Units sold until 31 December 2023	Units sold during 6 months ended 30 June 2024	Net Sold area (m ²)	Value of the preliminary sales agreements (in PLN thousands)	Units for sale as at 30 June 2024
Ursus Centralny IIc	Warsaw	16 127	291	144	73	3 907	54 462	74
Miasto Moje VII	Warsaw	11 725	255	157	69	3 369	40 959	29
Zielono Mi I	Warsaw	5 702	92	-	22	1 418	23 288	70
Nova Królikarnia 4b1	Warsaw	2 503	11	3	2	507	11 099	6
Ursus Centralny IIc	Warsaw	11 124	223	212	11	718	9 493	-
Miasto Moje VIII	Warsaw	7 734	152	-	16	455	6 935	136
Nowe Warzymice V.1	Szczecin	942	12	-	11	851	7 516	1
Nowa Północ Ia	Szczecin	5 230	110	82	13	684	5 986	15
Eko Falenty I	Warsaw	4 304	42	27	7	715	5 794	8
Między Drzewami I	Poznań	5 803	117	107	6	391	4 330	4
Viva Jagodno III	Wrocław	3 140	58	13	7	331	4 060	38
Nowe Warzymice V.2	Szczecin	2 263	27	-	4	381	3 544	23
Viva Jagodno IIb	Wrocław	8 876	152	144	4	379	3 275	4
Osiedle Vola	Warsaw	4 851	84	82	1	144	2 298	1
Między Drzewami II	Poznań	3 822	78	-	3	185	2 195	75
Nowa Północ Ib	Szczecin	4 234	89	-	5	200	2 050	84
Viva Jagodno IIa	Wrocław	4 329	76	72	2	166	1 504	2
Nowe Warzymice IV	Szczecin	3 818	75	74	1	59	684	-
Sakura Idea	Warsaw	1 854	26	25	1	70	642	-
Miasto Moje V	Warsaw	8 559	170	170	-	-	218	-
Ursus Centralny IIb	Warsaw	11 758	206	205	-	-	164	1
Miasto Moje VI	Warsaw	11 722	227	223	-	-	122	4
Nova Królikarnia Id	Warsaw	1 488	12	12	-	-	121	-
Grunwaldzka	Poznań	3 351	70	70	-	-	104	-
Ursus Centralny IIa	Warsaw	13 509	251	251	-	-	86	-
Moko I	Warsaw	11 238	178	178	-	-	29	-
Nowe Warzymice II	Szczecin	3 492	66	66	-	-	9	-
Vitalia III	Wrocław	6 790	81	81	-	-	4	-
Nowe Warzymice I	Szczecin	3 234	54	53	-	-	-	1
Młody Grunwald III	Poznań	7 091	108	107	-	-	-	1
Total excluding JV		190 612	3 393	2 558	258	14 930	190 972	577
Wilanów Tulip***	Warsaw	9 574	149	149	-	-	26	-
Total including JV		200 185	3 542	2 707	258	14 930	190 998	577

* For information on the completed projects see "Business highlights during the six months ended 30 June 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%.

Business highlights during the six months ended 30 June 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 six months ended		Increase/(decrease)	
	30 June 2024	30 June 2023	In PLN	%
<i>In thousands of Polish Zlotys (PLN)</i>				
Warsaw	155 737	172 953	(17 216)	-10%
Szczecin	19 789	40 968	(21 179)	-52%
Wrocław	8 842	33 591	(24 748)	-74%
Poznań	6 629	27 217	(20 588)	-76%
Total	190 998	274 729	(83 731)	-30%

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 30 June 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	20.0	1 454	81 929
Wrocław, Zakrzów	preliminary	24 May 2024	25.0	2.5	198	11 520
			166.5	24.0	1 652	93 449

Selected financial data

PLN/EUR	Exchange rate of Polish Zloty versus Euro			
	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2024 (6 months)	4.3178	4.2528	4.4016	4.3130
2023 (6 months)	4.6280	4.4286	4.7895	4.4503
2023 (12 months)	4.5437	4.3053	4.7895	4.3480

Source: National Bank of Poland ("NBP")

	EUR		PLN	
	<i>(thousands, except per share data)</i>			
	For the period ended 30 June			
	2024	2023	2024	2023
Revenues	54 718	38 123	236 263	176 431
Gross profit	18 816	12 138	81 247	56 172
Profit/(loss) before taxation	13 890	7 576	59 974	35 059
Net profit/(loss) for the period attributable to the equity holders of the parent	11 674	5 719	50 407	26 465
Cash flows from/(used in) operating activities	9 991	20 158	43 139	93 291
Cash flows from/(used in) investing activities	(23)	117	(99)	539
Cash flows from/(used in) financing activities	(8 913)	(8 888)	(38 484)	(41 133)
Increase/(decrease) in cash and cash equivalents	1 055	11 387	4 557	52 697
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)	0,072	0,035	0,310	0,163

Selected financial data

	EUR		PLN	
	<i>(thousands)</i>			
	As at			
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Inventory and Land designated for development	180 871	187 247	780 098	814 151
Total assets	273 001	276 817	1 177 452	1 203 599
Advances received	48 856	53 858	210 716	234 175
Long term liabilities	33 139	40 309	142 928	175 265
Short term liabilities (including advances received)	104 282	113 768	449 770	494 662
Equity attributable to the equity holders of the parent	135 579	122 740	584 754	533 672

Overview of results

The net profit attributable to the equity holders of the parent company for the six months ended 30 June 2024 was PLN 50.4 million and can be summarized as follows:

	For the period of 6 months ended		change	
	30 June			
	2024	2023	nominal	%
	PLN			
	<i>(thousands, except per share data)</i>			
Revenue from sales of residential units	236 263	176 431	59 832	34%
Revenues	236 263	176 431	59 832	34%
Cost of sales of residential units	(155 017)	(120 259)	(34 758)	29%
Cost of sales	(155 017)	(120 259)	(34 758)	29%
Gross profit	81 247	56 171	25 076	45%
Changes in the value of investment property	-	(842)	842	-100%
Selling and marketing expenses	(3 301)	(3 026)	(275)	9%
Administrative expenses	(16 281)	(13 310)	(2 971)	22%
Share of profit/(loss) from joint venture	11	(726)	737	-102%
Other Incomes /(expense)	2 197	(3 830)	6 027	-157%
Result from operating activities	63 872	34 438	29 434	85%
Finance income	4 119	1 328	2 791	210%
Finance expense	(8 017)	(7 083)	(934)	13%
Gain/(loss) on a financial instrument measured at fair value through profit and loss	-	6 376	(6 376)	-100%
Net finance income/(expense)	(3 898)	621	(4 519)	-728%
Profit/(loss) before taxation	59 974	35 059	24 915	71%
Income tax benefit/(expenses)	(9 567)	(8 594)	(973)	11%
Net profit/(loss) for the period before non-controlling interests	50 407	26 465	23 942	90%
Net profit/(loss) for the period attributable to the equity holders of the parent	50 407	26 465	23 942	90%
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)	0.310	0.163	0.147	90%

Overview of results

Revenue from sales of residential units

The revenue from recognized sales in residential units increased by PLN 59.8 million (34%) from PLN 176.4 million (383 units) during the six months ended 30 June 2023 to PLN 236.3 million (381 units) during the six months ended 30 June 2024, which is explained by higher average price of 620 TPLN per unit during the six months ended 30 June 2024, comparing to the average price of 461 TPLN per unit during the six months ended 30 June 2023 (in terms of project 100% owned by the Group).

Cost of sales of residential units

Cost of sales of residential units increased by PLN 34.8 million (29%) from PLN 120.3 million during the six months ended 30 June 2023 to PLN 155.0 million during the six months ended 30 June 2024. The increase relates to a higher average development cost in amount of 407 TPLN per unit in delivered units in projects fully owned by the Group during the six months ended 30 June 2024 compared to average development cost of 314 TPLN per unit delivered to customers during the six months ended 30 June 2023.

Gross margin

The gross margin from sales of residential units during the six months ended 30 June 2024 was 34.4% which increased comparing to 31.8% during the six months ended 30 June 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 six months ended 30 June 2024 compared to the mix of projects delivered to customers during the six months ended 30 June 2023.

During six months ended 30 June 2024 the project that significantly impacted profitability of the Group were Ursus Centralny IIc, Osiedle Vola and Nowa Pólnoc 1A which contributed respectively PLN 42.9 million, 19.2 million and 8.1 million representing a gross margin of 48.1%, 27.6% and 26.3% respectively.

Compering to the period ended 30 June 2023 the projects that significantly impacted profitability of the Group were Miasto Moje VI, Ursus Centralny IIb and Viva Jagodno IIb (contributed respectively PLN 21.1 million, 21.8 million and PLN 7.0 million to the gross profit representing a gross margin of 33.5%, 36.2% and 38.6%).

Selling and marketing expenses

Selling and marketing expenses increased by PLN 0.3 million (9%) from PLN 3.0 million during the six months ended 30 June 2023 to PLN 3.3 million during the six months ended 30 June 2024. The increase is related to increase of marketing services prices mainly outdoor advertising and the launching the sales of 7 new projects in the first two quarters of 2024.

Administrative expenses

Administrative expenses increased by PLN 3.0 million (22%) from PLN 13.3 million in the period ended 30 June 2023 to PLN 16.3 million in the period ended 30 June 2024 which is primarily explained by increase in remuneration costs by 2.7 million PLN.

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 six months period ended 30 June 2024 the Group recorded a net expense on financial operations of PLN 3.9 million compared to a net income of PLN 0.6 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 6.4 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 30 June 2024	As at 31 December 2023
	<i>PLN (thousands)</i>	
Inventory and Residential landbank	780 098	814 151
Investment properties	83 306	83 220
Advances received	210 716	234 175
Loans, bonds and borrowings	227 651	234 135
Liability to shareholder measured at amortised cost	0	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 30 June 2024 amounted to PLN 780.1 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 155.0 million. The decrease was partially offset by direct construction costs occurred in 2024 in the total amount of PLN 118.6 million.

Investment properties

The balance of Investment properties is PLN 83.3 million as at 30 June 2024 compared to PLN 83.2 million as at 31 December 2023. As at 30 June 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 210.7 million as at 30 June 2024 compared to PLN 234.2 million as at 31 December 2023. The decrease is explained by advances received from clients regarding sales of units during the period ended 30 June 2024 for a total amount PLN 213.8 million which was offset by the revenues recognized from the sale of residential units for a total amount of PLN 236.3 million during the six months ended 30 June 2024.

Loans, bonds and borrowings

The total of short-term and long-term loans and bonds is PLN 227.7 million as at 30 June 2024 compared to PLN 234.1 million as at 31 December 2023. The decrease in loans and bonds is primarily explained by repayment of bonds series V in the amount of 60.0 million. The decrease was offset by the issuance of bonds series P2023A in the nominal amount of PLN 60.0 million and accrued interest on bonds of PLN 7.2 million in comparison to PLN 6.8 million interests on bonds as at 31 December 2023. The level of debt from bonds as at 30 June 2024 amounted to PLN 224.8 million, out of which an amount of PLN 99.3 million comprises facilities maturing no later than 30 June 2025. The balance of bonds comprises of principal amount of PLN 220.0 million plus accrued interest of PLN 7.2 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 2.4 million). For additional information see Note 15 of the Interim Condensed Consolidated Financial Statements.

Liability to shareholder measured at amortised cost

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 to 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 5 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 six months ended 30 June	
	2024	2023
	PLN (thousands)	
Cash flows from/(used in) operating activities	43 139	93 292
Cash flow from/(used in) investing activities	(99)	539
Cash flow (used in)/from financing activities	(38 484)	(41 133)

Overview of cash flow results

Cash flow from/(used in) operating activities

The Company's positive net cash flow from operating activities for the six months ended 30 June 2024 amounted to PLN 43.1 million compared to positive net cash flows from these activities in the corresponding period ended 30 June 2023 of PLN 93.3 million. The decrease of PLN 50.2 million is primarily explained by:

- Payment of advance for land in the amount of PLN 3.9 million against no payment made during the 6 months ended on 30 June 2023;
- Payment of advance for land to Notary deposit in the amount of PLN 3.1 million against no payment made during the 6 months ended on 30 June 2023;
- Increase of PLN 9.3 million in settlements with contractors on investments of total amount of PLN 133,8 million in the six month period ended on 30 June 2024 to PLN 124.5 million in the six month period ended on 30 June 2023;
- repayment of Interest-bearing deferred trade payables (credit line from general constructor) at the amount of PLN 9.5 million;
- Increase of PLN 10.3 million in income tax paid from PLN 5.4 million in the six months period ended on 30 June 2023 to PLN 15.7 million paid in the six months period ended on 30 June 2024;
- Higher VAT payments in amount of PLN 3.4 million and decrease in tax returns in amount of PLN 14.8 million in period ended 30 June 2024.

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

- Decrease of PLN 1 million in the interests paid from PLN 12.1 million paid in the six months period ended 30 June 2023 to PLN 11.1 million paid in the same period of current year;
- Increase of PLN 1.7 million in the interest generated on deposits from PLN 0.8 million in the six months period ended on 30 June 2023 to PLN 2.5 million for the six months period ended on 30 June 2024.

Cash flows from financial activities

The Company's net cash outflow from financing activities amounted to PLN 38.5 million during the six months ended 30 June 2024 compared to a net cash outflow from financing activities amounted to PLN 41.1 million during the six months ended 30 June 2023.

The change of PLN 2.6 million is primarily explained by:

- Cash outflow in the total amount of PLN 1.6 million related to repayment of series V bonds in the amount of 51.1 million partially offset by the issuance of bonds (series P2023A) in the net amount of 49.4 million in occurred in the 6 months ended 30 June 2024 comparing to no activities related to bonds during the same period last year;
- Decrease in the net cash outflow in the amount of PLN 6.7 million related to bank loans during the period of 6 months ended 30 June 2024 in the total amount of PLN 8.1 million compared to PLN 14.8 million net outflow during 6 months ended on 30 June 2023;
- Increase in the net cash outflow in the amount of PLN 2.2 million related to repayment of a liability to shareholders in the amount of PLN 27.2 million in the 6-month period ended June 30, 2024, compared to PLN 25.0 million in the period ended June 30, 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 30 June 2024	Total units delivered	Units sold not delivered as at 30 June 2024	Units for sale as at 30 June 2024	Total units expected to be delivered	
Ursus Centralny IIc	Warsaw	67	153	220	3	-	3	223
Osiedle Vola	Warsaw	-	82	82	1	1	2	84
Nowa Północ 1A	Szczecin	-	81	81	14	15	29	110
Eko Falenty I	Warsaw	-	27	27	7	8	15	42
Miasto Moje VI	Warsaw	213	10	223	-	4	4	227
Viva Jagodno IIb	Wrocław	137	10	147	1	4	5	152
Nowe Warzymice IV	Szczecin	68	6	74	1	-	1	75
Viva Jagodno IIa	Wrocław	69	5	74	-	2	2	76
Grunwaldzka	Poznań	65	5	70	-	-	-	70
Ursus Centralny IIb	Warsaw	204	1	205	-	1	1	206
Miasto Moje V	Warsaw	169	1	170	-	-	-	170
Nowe Warzymice I	Szczecin	53	-	53	-	1	1	54
Nova Królikarnia Id	Warsaw	12	-	12	-	-	-	12
Młody Grunwald I	Poznań	146	-	146	2	-	2	148
Młody Grunwald III	Poznań	107	-	107	-	1	1	108
Verdis I-IV	Warsaw	440	-	440	1	-	1	441
Verdis Idea	Warsaw	10	-	10	1	-	1	11
Sakura Idea	Warsaw	25	-	25	1	-	1	26
Total		1 785	381	2 166	32	37	69	2 235

(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 six months ended 30 June 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/sale	Units sold until 30 June 2024	Units for sale as at 30 June 2024	Total units	Total area of units (m ²)	Expected completion of construction
Ursus Centralny IIe	Warsaw, Gierdziejewskiego st.	Q2 2022	217	74	291	16 127	Q4 2024
Miasto Moje VII	Warsaw, Marwińska st.	Q2 2022	226	29	255	11 725	Q4 2024
Między Drzewami I	Poznań, Smardzewska st.	Q2 2022	113	4	117	5 803	Q3 2024
Zielono Mi I	Warsaw, Ananasowa st.	Q1 2024	22	70	92	5 702	Q3 2025
Nowa Północ Ib	Szczecin, Bogusława Świątkiewicza st.	Q1 2024	5	84	89	4 234	Q3 2025
Viva Jagodno III	Wrocław, Buforowa st.	Q2 2022	20	38	58	3 140	Q3 2025
Nova Królikarnia 4b1	Warsaw, Srebrnych Świerków	Q1 2023	5	6	11	2 503	Q2 2025
Nowe Warzymice V.1	Szczecin, Do Rajkowa st.	Q1 2024	11	1	12	942	Q2 2025
Miasto Moje VIII	Warsaw, Marwińska st.	Q2 2024	16	136	152	7 734	Q2 2026
Nowe Warzymice V.2	Szczecin, Do Rajkowa st.	Q2 2024	4	23	27	2 263	Q3 2025
Między Drzewami II	Poznań, Babimojska st.	Q2 2024	3	75	78	3 822	Q4 2026
Subtotal			642	540	1 182	63 995	

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 II d	Warsaw	361	19 099
Epopei I	Warsaw	145	6 822
Total		506	25 921

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
Nowa Północ Ia	Szczecin	14	5 795	Completed
Eko Falenty I	Warsaw	7	5 774	Completed
Ursus Centralny II c	Warsaw	3	2 950	Completed
Osiedle Vola	Warsaw	1	1 889	Completed
Miasto Moje VI	Warsaw	-	1 622	Completed
Viva Jagodno II b	Wrocław	1	1 094	Completed
Młody Grunwald I	Poznań	2	964	Completed
Sakura Idea	Warsaw	1	642	Completed
Nowe Warzymice IV	Szczecin	1	546	Completed
Verdis Idea	Warsaw	1	437	Completed
Miasto Moje V	Warsaw	-	426	Completed
Verdis I-IV	Warsaw	1	277	Completed
Miasto Moje IV	Warsaw	-	111	Completed
Ursus Centralny II b	Warsaw	-	90	Completed
Viva Jagodno II a	Wrocław	-	60	Completed
Ursus Centralny II a	Warsaw	-	27	Completed
Nowe Warzymice II	Szczecin	-	9	Completed
Vitalia III	Wrocław	-	4	Completed
Subtotal completed projects		32	22 719	
Ursus Centralny II e	Warsaw	217	141 787	Q4 2024
Miasto Moje VII	Warsaw	226	114 895	Q4 2024
Między Drzewami I	Poznań	113	58 107	Q3 2024
Nova Królikarnia 4b1	Warsaw	5	25 171	Q2 2025
Zielono Mi I	Warsaw	22	23 288	Q3 2025
Viva Jagodno III	Wrocław	20	10 560	Q3 2025
Nowe Warzymice V.1	Szczecin	11	7 516	Q2 2025
Miasto Moje VIII	Warsaw	16	6 935	Q2 2026
Nowe Warzymice V.2	Szczecin	4	3 544	Q3 2025
Między Drzewami II	Poznań	3	2 195	Q4 2026
Nowa Północ II b	Szczecin	5	2 050	Q3 2025
Subtotal ongoing projects		642	396 048	
Total		674	418 767	

(1) For information on the completed projects see "Business highlights during the six months ended 30 June 2024 – A. Results breakdown by project".

(2) For information on current projects under construction and/or on sale, see under "B".

Management Board Report

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.

PLN/EUR	Exchange rate of Polish Zloty versus Euro			
	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2024 (6 months)	4.3178	4.2528	4.4016	4.3130
2023 (6 months)	4.6280	4.4286	4.7895	4.4503
2023 (12 months)	4.5437	4.3053	4.7895	4.3480

Source: National Bank of Poland ("NBP")

Selected financial data	EUR		PLN	
	<i>(thousands, except per share data)</i>			
	For the 6 months ended 30 June			
	2024	2023	2024	2023
Revenues from management services	1 917	367	8 275	1 701
Financial income (Wide majority from loans granted to subsidiaries)	2 650	2 922	11 444	13 522
Financial expenses (Wide majority from Interest on bonds and fair value measurement of the financial instrument)	(3 492)	(1 300)	(15 077)	(6 017)
Profit including results from subsidiaries	11 674	5 720	50 407	26 470
Cash flows from/(used in) operating activities	4 033	(2 313)	17 412	(10 705)
Cash flows from/(used in) investing activities	(133)	6 936	(575)	32 100
Cash flows from/(used in) financing activities	(6 679)	(5 402)	(28 838)	(25 000)
Increase/(decrease) in cash and cash equivalents	(2 779)	(779)	(12 001)	(3 605)
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)	0,072	0,035	0,310	0,163

	EUR		PLN	
	<i>(thousands)</i>			
	As at			
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Investment in subsidiaries	131 072	119 535	565 312	519 740
Loan granted to subsidiaries	53 847	55 265	232 243	240 294
Total assets	188 440	182 416	812 744	793 145
Long term liabilities	27 961	33 088	120 597	143 866
Short term liabilities	25 150	26 837	108 472	116 685
Equity	135 329	122 492	583 674	532 593

Additional information to the report

Changes in the Management and Supervisory Board during the six months ended 30 June 2024 and until the date of publication of this report

During the period ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 both parties in connection with the provision of services (such as travel or accommodation costs) will be made in each case based on 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 six months ended 30 June 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 30 June 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 in respect of the SAFE Agreements to settle the reimbursement of amounts received from Israeli investors in 2022 under the SAFE Agreements and to release the Company from its obligation to those investors.

On 14 March 2024, the Company and A. Luzon Group entered into an addendum to the aforementioned agreement dated 25 May 2023. 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 5 April 2024, the subject payment was made by the Company.

During the period ended 30 June 2024, transactions and balances with related parties included: remuneration of the Management Board, loans to related parties within the Group 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 six months ended 30 June 2024, the Group paid a total of PLN 485 thousand.

In addition, during the period ended 30 June 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 by Amos Luzon Development and Energy Group Ltd. 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 36 months from the allotment date – up to 20% of allocated Options
- (iii) after 48 months from the allotment date – up to 20% of allocated Options
- (iv) after 60 months from the allotment date – up to 20% of allocated Options

The Options can be exercised until the end of 7 years from the date of their allocation. Options that were not exercised within the above-mentioned period, expire. Assuming all the Options are exercised, Mr. 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 half 2024 amounted to PLN 0.7 million. The program is accounted under IFRS 2 standard as an employee expense, part of administrative costs and share-based payment expense 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.

Additional information to the report

Material court cases

As at 30 June 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.

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 and proceedings for the disclosure of the debtor's assets. 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 Interim 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., 12 enforcement proceedings (with one proceeding discontinued by a decision of 5 June 2024) were pending in the period of 6 months ended 30 June 2024 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. during the 6 months ended 30 June 2024 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 with the latter court proceedings culminating in the issuance of a payment order on 4 January 2024 on the basis of which, after it became final and an enforcement clause was issued, enforcement proceedings have already been initiated. 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 six months ended 30 June 2024.

Employees

The average number of personnel employed by the Group – on a fulltime equivalent basis – during the six months ended 30 June 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.

Management Board Report**Responsibility statement**

The Management Board of Ronson Development SE hereby declares that:

- a) to the best of its knowledge, the Interim Condensed Consolidated Financial Statements and Interim Condensed Standalone 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 six months period ended 30 June 2024 was prepared and approved by the Management Board of the Company on 12 August 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, 12 August 2024

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Interim Condensed Consolidated Statement of Financial Position

<i>In thousands of Polish Zlotys (PLN)</i>		As at 30 June 2024	As at 31 December 2023
	Note	(Reviewed/Unaudited)	(Audited)
Assets			
Property and equipment		7 343	7 506
Investment property	9	83 306	83 220
Intangible fixed assets		382	468
Investments in joint ventures	25	500	532
Deferred tax assets	18	7 365	6 369
Land designated for development	10	21 997	21 663
Total non-current assets		120 893	119 759
Inventory	10	758 101	792 488
Trade and other receivables and prepayments	11	56 605	53 539
Advances for Land	12	21 450	17 550
Income tax receivable		1 761	3 450
Loans granted to joint ventures	25	151	145
Other current financial assets		10 074	12 809
Cash and cash equivalents		208 417	203 860
Total current assets		1 056 559	1 083 841
Total assets		1 177 452	1 203 599
Equity			
Share capital		12 503	12 503
Share premium		150 278	150 278
Share based payment expense		2 245	1 571
Treasury shares		(1 732)	(1 732)
Retained earnings		421 460	371 052
Total equity/Equity attributable to equity holders of the parent		584 754	533 672
Liabilities			
Floating rate bonds	15	118 359	118 676
Liability to shareholders measured at amortised cost	14	-	19 519
Deferred tax liability	18	23 850	36 350
Lease liabilities related to perpetual usufruct of investment properties	13	720	720
Total non-current liabilities		142 928	175 265
Trade and other payables and accrued expenses	16	85 093	89 762
Floating rate bonds	15	99 258	99 834
Other payables – accrued interests on bonds	15	7 174	6 810
Secured bank loans	15	2 860	8 815
Interest bearing deferred trade payables	16	-	9 538
Advances received	19	210 716	234 175
Income tax payable		6 263	534
Provisions		3 103	3 103
Lease liabilities related to perpetual usufruct of land	13	35 302	36 017
Liability to shareholders measured at amortised cost	14	-	6 074
Total current liabilities		449 770	494 662
Total liabilities		592 698	669 927
Total equity and liabilities		1 177 452	1 203 599

The notes included on pages 23 to 53 are an integral part of these Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Interim Condensed Consolidated Statement of Comprehensive Income

<i>PLN (thousands, except per share data and number of shares)</i>		For the 6 months ended 30 June 2024	For the 3 months ended 30 June 2024	For the 6 months ended 30 June 2023	For the 3 months ended 30 June 2023
	<i>Note</i>	(Reviewed) / (unaudited)	(Reviewed) / (unaudited)	(Reviewed) / (unaudited)	(Reviewed) / (unaudited)
Revenue from residential projects	20	236 263	115 755	176 431	154 599
Revenue		236 263	115 755	176 431	154 599
Cost of sales	20	(155 017)	(82 082)	(120 259)	(105 023)
Gross profit		81 247	33 674	56 172	49 576
Changes in the fair value of investment property		-	-	(842)	(842)
Selling and marketing expenses		(3 301)	(1 808)	(3 026)	(1 672)
Administrative expenses		(16 281)	(8 149)	(13 310)	(6 955)
Share of profit/(loss) in joint ventures		11	(14)	(726)	(79)
Other expenses		(1 696)	(641)	(4 799)	(4 452)
Other income		3 893	3 603	969	365
Result from operating activities		63 872	26 665	34 438	35 941
Finance income		4 119	2 211	1 328	972
Finance expense		(8 017)	(3 673)	(7 083)	(4 965)
Gain (loss) on financial instrument measured at fair value through profit and loss	14	-	-	6 376	736
Net finance income/(expense)		(3 898)	(1 462)	621	(3 257)
Profit/(loss) before taxation		59 974	25 203	35 059	32 684
Income tax (expense)	17	(9 567)	(4 987)	(8 594)	(6 709)
Profit for the period		50 407	20 216	26 465	25 975
Other comprehensive income		-	-	-	-
Total comprehensive income for the period, net of tax		50 407	20 216	26 465	25 975
Total profit/(loss) for the period attributable to:					
Equity holders of the parent		50 407	20 216	26 465	25 975
Non-controlling interests		-	-	-	-
Total profit for the period, net of tax		50 407	20 216	26 465	25 975
Total profit/(loss) for the period attributable to:					
Equity holders of the parent		50 407	20 216	26 465	25 975
Non-controlling interests		-	-	-	-
Total comprehensive income for the period, net of tax		50 407	20 216	26 465	25 975

The notes included on pages 23 to 53 are an integral part of these Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Interim Condensed Consolidated Statement of Changes in Equity

<i>In thousands of Polish Zlotys (PLN)</i>	Attributable to the Equity holders of parent					
	Share capital	Share premium	Share based payment expense	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 six months ended 30 June 2024	-	-	-	-	50 407	50 407
Total comprehensive income	-	-	-	-	50 407	50 407
Share based payment expense	-	-	674	-	-	674
Balance at 30 June 2024 (Reviewed/ Unaudited)	12 503	150 278	2 245	(1 732)	421 459	584 753

<i>In thousands of Polish Zlotys (PLN)</i>	Attributable to the Equity holders of parent					
	Share capital	Share premium	Share based payment expense	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 six months ended 30 June 2023	-	-	-	-	26 465	26 465
Total comprehensive income/(expense)	-	-	-	-	26 465	26 465
Share based payment expense	-	-	879	-	-	879
Balance at 30 June 2023 (Reviewed/ Unaudited)	12 503	150 278	879	(1 732)	316 814	478 742

The notes included on pages 23 to 53 are an integral part of these Interim Condensed Consolidated Financial Statement

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June		2024	2023
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>		
Cash flows from/(used in) operating activities			
Profit/(loss) for the period		50 407	26 465
Adjustments to reconcile profit for the period to net cash used in operating activities			
Depreciation		394	493
(Increase)/decrease in fair value of investment property		-	819
Finance expense		6 937	6 556
Finance income		(2 913)	(824)
Foreign exchange rates differences gain/(loss)		(126)	21
(Gain)/loss on a financial instrument measured at fair value through profit and loss	14	-	(6 376)
Share of loss /(profit) from joint ventures		39	726
Share based payment expense		674	879
Income tax expense/(benefit)		9 567	8 594
Subtotal		64 980	37 353
Decrease/(increase) in inventory and land designated for development		43 268	(11 432)
Profit on sale of property, plant and equipment		(53)	(49)
Decrease/(increase) in advances for land		(3 900)	-
Decrease/(increase) in trade and other receivables and prepayments		(3 594)	19 131
Decrease/(increase) in other current financial assets		2 735	(1 122)
Decrease/(increase) in trade and other payables and interests bearing deferred trade payables		(12 609)	25 023
Increase/(decrease) in provisions		-	(535)
Increase/(decrease) in advances received	19	(23 459)	41 713
Subtotal		67 368	110 082
Interest paid		(11 054)	(12 187)
Interest received		2 477	761
Income tax received/(paid)		(15 652)	(5 365)
Net cash from/(used in) operating activities		43 139	93 291
Cash flows from/(used in) investing activities			
Acquisition of property and equipment		(120)	(30)
Payments for investment property	9	(82)	(569)
Dividends received from joint ventures		-	1 073
Proceeds from sale of property and equipment		104	65
Net cash from investing activities		(99)	539
Cash flows (used in)/from financing activities			
Proceeds from bank loans, net of bank charges	15	80 104	44 687
Repayment of bank loans	15	(88 251)	(59 531)
Proceeds from bonds, net of charges		49 479	-
Repayment of bonds	15	(51 085)	-
Repayment of Liability to shareholders measured at amortised cost		(27 232)	(25 000)
Payment of perpetual usufruct rights	13	(1 498)	(1 290)
Net cash (used in)/from financing activities		(38 484)	(41 133)
Net change in cash and cash equivalents		4 557	52 697
Cash and cash equivalents at beginning of period		203 860	51 185
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at end of period*		208 417	103 882

* Including restricted cash that amounted to PLN 57 290 thousand and PLN 14 313 thousand as at 30 June 2024 and as at 30 June 2023, respectively. Restricted cash as at 31 December 2023 amounted to PLN 13 903 thousand and PLN 9 353 thousand as at 31 December 2022.

The notes included on pages 23 to 53 are an integral part of these Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

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 a 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 a 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 30 June 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 treasury shares held by the Company. As of 30 June 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 in January 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 and ultimate controlling party 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 six months ended 30 June 2024 and contain comparative data for the six months ended 30 June 2023 and as at 31 December 2023. The Interim Condensed Consolidated Financial Statements of the Company for the six months ended 30 June 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 six months ended 30 June 2024 were authorized for issuance by the Management Board on 12 August 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 IFRS Accounting Standards issued by IASB are not different from the IFRS Accounting Standards endorsed by the European Union.

IFRS Accounting Standards 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

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements**Note 2 – Basis of preparation of Interim Condensed Consolidated Financial Statements**

These Interim Condensed Consolidated Financial Statements have been prepared 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 six months ended 30 June 2024 are included in the Management Board Report on pages 3 through 18.

Note 3 – Summary of material 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 IFRS Accounting Standards 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 IASB 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 above mentioned 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 Accounting Standards 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.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 6 – Seasonality

The Group's activities are not of a seasonal nature. Therefore, the results presented by the Group do not fluctuate significantly during the year due to the seasonality.

Note 7 – Composition of the Group

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

Entity name	Year of incorporation	Country of registration	Share of ownership & voting rights at the end of	
			30 June 2024	31 December 2023
a. held directly by the Company:				
1 Ronson Development Management Sp. z o.o.	1999	Poland	100%	100%
2 Ronson Development Sp. z o.o.	2006	Poland	100%	100%
3 Ronson Development Construction Sp. z o.o.	2006	Poland	100%	100%
4 City 2015 Sp. z o.o.	2006	Poland	100%	100%
5 Ronson Development Village Sp. z o.o. ⁽¹⁾	2007	Poland	100%	100%
6 Ronson Development Skyline Sp. z o.o.	2007	Poland	100%	100%
7 Ronson Development Universal Sp. z o.o. ⁽¹⁾	2007	Poland	100%	100%
8 Ronson Development South Sp. z o.o. ⁽²⁾	2007	Poland	100%	100%
9 Ronson Development Partner 5 Sp. z o.o.	2007	Poland	100%	100%
10 Ronson Development Partner 4 Sp. z o.o.	2007	Poland	100%	100%
11 Ronson Development Providence Sp. z o.o.	2007	Poland	100%	100%
12 Ronson Development Finco Sp. z o.o.	2009	Poland	100%	100%
13 Ronson Development Partner 2 Sp. z o.o.	2009	Poland	100%	100%
14 Ronson Development Partner 3 Sp. z o.o.	2012	Poland	100%	100%
15 Ronson Development Studzienna Sp. z o.o.	2019	Poland	100%	100%
16 Ronson Development SPV1 Sp. z o.o.	2021	Poland	100%	100%
17 Ronson Development SPV2 Sp. z o.o.	2021	Poland	100%	100%
18 Ronson Development SPV3 Sp. z o.o.	2021	Poland	100%	100%
19 Ronson Development SPV4 Sp. z o.o.	2021	Poland	100%	100%
20 Ronson Development SPV5 Sp. z o.o.	2021	Poland	100%	100%
21 Ronson Development SPV6 Sp. z o.o.	2021	Poland	100%	100%
22 Ronson Development SPV7 Sp. z o.o.	2021	Poland	100%	100%
23 Ronson Development SPV8 Sp. z o.o.	2021	Poland	100%	100%
24 Ronson Development SPV9 Sp. z o.o.	2021	Poland	100%	100%
25 Ronson Development SPV10 Sp. z o.o.	2021	Poland	100%	100%
26 Ronson Development SPV11 Sp. z o.o.	2021	Poland	100%	100%
27 LivinGO Holding sp. z o.o.	2022	Poland	100%	100%
28 Ronson Development SPV14 Sp. z o.o.	2023	Poland	100%	100%
29 Ronson Development SPV15 Sp. z o.o.	2023	Poland	100%	100%
30 Ronson Development SPV16 Sp. z o.o.	2023	Poland	100%	100%
b. held indirectly by the Company:				
31 Ronson Development Sp z o.o. – Estate Sp.k.	2007	Poland	100%	100%
32 Ronson Development Sp z o.o. – Horizon Sp.k.	2007	Poland	100%	100%
33 Ronson Development Partner 3 sp. z o.o. – Viva Jagodno sp. k.	2009	Poland	100%	100%
34 Ronson Development Sp. z o.o. – Apartments 2011 Sp.k.	2009	Poland	100%	100%
35 Ronson Development Partner 2 Sp. z o.o. – Retreat 2011 Sp.k.	2009	Poland	100%	100%
36 LivinGO Ursus sp. z o.o.	2022	Poland	100%	100%
37 Ronson Development Partner 5 Sp. z o.o. – Vitalia Sp.k.	2009	Poland	100%	100%
38 Ronson Development Sp. z o.o. – Naturalis Sp.k.	2011	Poland	100%	100%
39 Ronson Development Partner 3 Sp. z o.o. – Nowe Warzymice Sp. k	2011	Poland	100%	100%
40 Ronson Development Sp. z o.o. – Providence 2011 Sp.k.	2011	Poland	100%	100%
41 Ronson Development Partner 5 Sp. z o.o. – Miasto Marina Sp.k.	2011	Poland	100%	100%
42 Ronson Development Partner 5 Sp. z o.o. – City 1 Sp.k.	2012	Poland	100%	100%
43 Ronson Development Partner 2 Sp. z o.o. – Miasto Moje Sp. k.	2012	Poland	100%	100%
44 Ronson Development sp. z o.o. – Ursus Centralny Sp. k.	2012	Poland	100%	100%
45 Ronson Development Sp. z o.o. – City 4 Sp.k.	2016	Poland	100%	100%
46 Ronson Development Partner 2 Sp. z o.o. – Grunwald Sp.k.	2016	Poland	100%	100%
47 Ronson Development Sp. z o.o. Grunwaldzka” Sp.k.	2016	Poland	100%	100%
48 Ronson Development Sp. z o.o. – Projekt 3 Sp.k.	2016	Poland	100%	100%
49 Ronson Development Sp. z o.o. – Projekt 4 Sp.k.	2017	Poland	100%	100%
50 Ronson Development Sp. z o.o. – Projekt 5 Sp.k.	2017	Poland	100%	100%
51 Ronson Development Sp. z o.o. – Projekt 6 Sp.k.	2017	Poland	100%	100%
52 Ronson Development Sp. z o.o. – Projekt 7 Sp.k.	2017	Poland	100%	100%
53 Ronson Development Sp. z o.o. – Projekt 8 Sp.k.	2017	Poland	100%	100%
54 Bolzanus Limited	2013	Cyprus	100%	100%
55 Park Development Properties Sp. z o.o. – Town Sp.k.	2007	Poland	100%	100%

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 7 – Composition of the Group

	Entity name	Year of incorporation	Country of registration	Share of ownership & voting rights at the end of	
				30 June 2024	31 December 2023
56	Tras 2016 Sp. z o.o.	2011	Poland	100%	100%
57	Park Development Properties Sp. z o.o.	2011	Poland	100%	100%
58	Wroclaw 2016 Sp. z o.o.	2016	Poland	100%	100%
59	Tregaron Sp. z o.o.	2017	Poland	100%	100%
60	Tring Sp. z o.o.	2017	Poland	100%	100%
61	Thame Sp. z o.o.	2017	Poland	100%	100%
62	Troon Sp. z o.o.	2017	Poland	100%	100%
63	Tywyn Sp. z o.o.	2018	Poland	100%	100%
c.	other entities not subject to consolidation:				
64	Coralchief sp. z o.o.	2018	Poland	50%	50%
65	Coralchief sp. z o.o. – Projekt 1 sp. k.	2016	Poland	50%	50%
66	Ronson IS sp. z o.o.	2009	Poland	50%	50%
67	Ronson IS sp. z o.o. sp. k.	2012	Poland	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 have 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, bonds 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 amortised costs. 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.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

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 30 June 2024	
	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjust-ments	Total	
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses				
Segment assets	642 004	123 326	1 673	88 118	131 438	9 920	32 674	-	78 875	-	-	(1 022)	1 107 006	
Unallocated assets	-	-	-	-	-	-	-	-	-	-	70 446	-	70 446	
Total assets	642 004	123 326	1 673	88 118	131 438	9 920	32 674	-	78 875	-	70 446	(1 022)	1 177 452	
Segment liabilities	229 914	22 848	707	24 240	41 519	21	7 053	-	13 702	-	-	(707)	339 297	
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	253 401	-	253 401	
Total liabilities	229 914	22 848	707	24 240	41 519	21	7 053	-	13 702	-	253 401	(707)	592 698	

In thousands of Polish Zlotys (PLN)													As at 31 December 2023	
	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS Adjust-ments	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 six months ended 30 June 2024	
	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS Adjust-ments	Total	
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses				
Revenue/Revenue from external customers⁽¹⁾	167 782	20 795	55	425	3 316	-	11 080	-	32 864	-	-	(55)	236 263	
Segment result	61 579	2 030	33	223	710	(18)	3 635	-	6 771	-	-	(33)	74 930	
Unallocated result	-	-	-	-	-	-	-	-	-	-	(10 749)	-	(10 749)	
Depreciation	(105)	-	-	-	-	-	-	-	(3)	-	(201)	-	(309)	
Result from operating activities	61 474	2 030	33	223	710	(18)	3 635	-	6 769	-	(10 950)	(33)	63 872	
Net finance income/expenses	819	64	-	(19)	202	(2)	309	-	187	-	(5 457)	-	(3 898)	
Gain/loss on a financial instrument measured at fair value through profit and loss	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit/(loss) before tax	62 293	2 094	33	204	912	(20)	3 944	-	6 955	-	(16 407)	(33)	59 974	
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	(9 567)	
Profit/(loss) for the period													50 407	

(1) Revenue in Apartments Segments 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.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 – Segment reporting

	In thousands of Polish Zlotys (PLN)											For the six months ended 30 June 2023	
	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS Adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue/Revenue from external customers ⁽¹⁾	133 908	-	1 473	484	4 726	-	21 646	-	15 206	-	462	(1 473)	176 431
Segment result	36 732	(599)	(1 757)	(549)	316	-	7 055	-	3 575	-	-	1 757	46 530
Unallocated result	-	-	-	-	-	-	-	-	-	-	(11 666)	-	(11 666)
Depreciation	(176)	-	-	-	-	-	-	-	(2)	-	(248)	-	(426)
Result from operating activities	36 556	(599)	(1 632)	(549)	316	-	7 055	-	3 572	-	(11 914)	1 757	34 438
Net finance income/expenses	218	(21)	42	18	(57)	(2)	(33)	-	(126)	-	623	(42)	621
Gain/loss in fair value of financial instrument at fair value through profit and loss	-	-	-	-	-	-	-	-	-	-	6 376	-	6 376
Profit/(loss) before tax	36 775	(620)	(1 715)	(531)	260	(2)	7 022	-	3 446	-	(11 291)	1 715	35 059
Income tax expenses													(8 594)
Profit/(loss) for the period													26 465

(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.

Note 9 – Investment properties

In thousands of Polish Zlotys (PLN)	For the 6 months ended 30 June 2024	For the year ended 31 December 2023
Balance at 1 January	83 220	63 139
IFRS 16 adjustment	13	71
Purchase of investment property land	-	11 000
Investment expenditures incurred	72	717
Change in fair value during the period	-	8 293
Balance as of the balance sheet date, including:	83 306	83 220
Cost at the time of purchase	69 484	69 412
IFRS 16	757	744
Fair value adjustments	13 064	13 064

As at 30 June 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.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

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 based on above mentioned approach, except for investment land, are considered to be level 3. For land, the comparison method is being used, 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 six months ended 30 June 2024 were as follows:

<i>In thousands of Polish Zlotys (PLN)</i>	As at 1 January 2024	Transferred from land designated for development	Transferred to finished units	Additions	As at 30 June 2024
Land and related cost	401 358	-	(18 259)	478	383 577
Construction costs	173 298	-	(59 404)	102 724	216 618
Planning and permits	19 987	-	(1 417)	4 343	22 913
Borrowing costs	51 421	-	(3 046)	9 682	58 057
Borrowing costs on lease and depreciation perpetual usufruct right ⁽¹⁾	7 363	-	-	1 428	8 792
Other	2 990	-	(1 375)	995	2 610
Work in progress	656 417	-	(83 501)	119 652	692 568

<i>In thousands of Polish Zlotys (PLN)</i>	As at 1 January 2024	Transferred from work in progress	Recognized in the statement of comprehensive income	As at 30 June 2024
Finished goods	109 608	83 501	(153 416)	39 693

<i>In thousands of Polish Zlotys (PLN)</i>	As at 1 January 2024	Transferred from land designated for development	Write-down recognized in statement of comprehensive income		As at 30 June 2024
			Increase	Utilization/ Reversal	
Write-down	(4 577)	-	-	-	(4 577)

<i>In thousands of Polish Zlotys (PLN)</i>	As at 1 January 2024	Recalculation adjustment	Depreciation	Transferred to Land designated for development	Transfer to Other receivables	As at 30 June 2024
Perpetual usufruct right⁽¹⁾	31 041	817	(333)	-	(1 106)	30 418
Inventory, valued at lower of – cost and net realisable value	792 488					758 101

(1) For additional information see Note 13.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

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
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(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 22 (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 6 months ended 30 June 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	334	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	21 997	21 633
Closing balance includes:		
Book value	28 977	28 643
Write-down	(6 980)	(6 980)
Total closing balance	21 997	21 663

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 11 – Trade and other receivables and prepayments

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 June 2024	As at 31 December 2023
Value added tax (VAT) receivables	22 753	23 017
Trade receivables	2 954	3 313
Other receivables	14 114	13 361
Trade and other receivables – IFRS 16 (impact of perpetual usufruct)	1 047	2 800
Notary's deposit	3 075	–
Prepayments ⁽¹⁾	12 662	11 048
Total trade and other receivables and prepayments	56 605	53 539

⁽¹⁾ The capitalized contract costs relating to signed agreements with clients have been presented in this line and amounted to PLN 2.3 million for the 6 months ended 30 June 2024 and PLN 2.4 million for the year ended 31 December 2023.

During the period ended 30 June 2024 and the year ended 31 December 2023, the Group booked allowance for expected credit losses in the amount of PLN 1.5 million and PLN 3.8 million respectively included in trade and other receivables.

On 24 May 2024, the Company signed a preliminary agreement for purchasing a plot of land in Wroclaw for the total amount of PLN 25 million, on the date of signing the agreement the company deposited PLN 3.1 million on a notary deposit.

Other receivables balance consists mostly of receivables under dispute described in the Note 22. 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.

On 7 February 2024, Ronson Development Sp. z o.o. – Projekt 3 sp.k. ("Projekt 3") was served with the result of a customs and fiscal inspection conducted on 6 February 2024 by the Head of the Mazovian Customs and Fiscal Office in Warsaw concerning the settlements of Projekt 3 in the tax on goods and services for the period from February to April 2021.

The Head of the UCS claim they found irregularities in Project 3's VAT settlements and questioned Project 3's right to deduct input VAT from invoices issued in connection with Project 3's acquisition of land property. In the opinion of the Head of the UCS, the inclusion by Projekt 3 of the invoices in question in the VAT purchase registers and then in VAT returns constitutes a breach of Article 88(3a)(4a) of the VAT Act (according to which issued invoices and customs documents do not constitute grounds for a reduction in output tax and a refund of the difference in tax or a refund of input tax in the event that they state activities which have not been carried out – in the part concerning these activities). Projekt 3, disagreeing with the findings of the Head of the UCS, did not correct its VAT returns for the periods from February to April 2021.

On 24 June 2024, Projekt 3 was served with a ruling on the conversion of the customs and fiscal control into tax proceedings.

Based on the current status of the proceedings and the Management Board's assessment, the entire amount of VAT covered by the proceedings is recoverable.

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

On 29 January 2024, Ronson Development Sp. z o.o. – Projekt 6 sp.k. ("Projekt 6") was served with the result of a customs and fiscal inspection issued by the Head of the Mazovian Customs and Fiscal Office in Warsaw on 17 January 2024 in respect of Projekt 6's settlements of goods and services tax for the period of August 2021.

The Head of the UCS claim they found irregularities in Project 6's settlements in value added tax and questioned Project 6's right to deduct input VAT from invoices issued in connection with Project 6's acquisition of land property. In the opinion of the Head of the UCS, the inclusion by Projekt 6 of the invoices in question in the VAT purchase registers and then in VAT returns constitutes a breach of Article 88(3a)(4a) of the VAT Act (according to which issued invoices and customs documents do not constitute grounds for a reduction in output tax and a refund of the difference in tax or a refund of input tax in the event that they state activities which have not been carried out – in the part concerning these activities). Projekt 6, disagreeing with the findings of the Head of the UCS, did not correct its VAT return for August 2021.

On 17 April 2024, Projekt 6 was served with a ruling on the conversion of the customs and fiscal control into tax proceedings.

Based on the current status of the proceedings and the Management Board's assessment, the entire amount of VAT covered by the proceedings is recoverable.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

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 30 June 2024 and 31 December 2023:

Investment location	As at 30 June 2024	As at 31 December 2023
<i>In thousands of Polish Zlotys (PLN)</i>		
Warsaw, Białoleka	1 450	1 450
Warsaw, Ursus ⁽¹⁾	20 000	16 100
Total	21 450	17 550

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

During the period ended 30 June 2024 group paid next tranche of payment for land in Ursus district in amount PLN 3.9 million – payment was done accordingly to the agreement schedule.

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

The movement on the right-of-use assets and lease liabilities during the period ended 30 June 2024 is presented below:

<i>In thousands of Polish Zlotys (PLN)</i>	1 January 2024	Transferred to Land designated for development	Additions/ Disposal net	Depreciation charge	Fair value adjustment	Recalculation adjustment	Transfer to trade receivables	30 June 2024
Right of use assets related to inventory	31 040	-	-	(333)	-	817	(1 106)	30 418
Right of use assets related to investment property	744	-	-	(10)	23	-	-	757
Right of use assets related to land designated for development	1 625	-	-	(53)	-	-	-	1 572
Right of use assets related to fixed assets	558	-	152	(76)	-	-	-	634
<i>In thousands of Polish Zlotys (PLN)</i>	1 January 2024	Transferred to Land designated for development	Additions/ Disposal net	Finance expense	Payments	Recalculation adjustment	Transfer to trade payables	30 June 2024
Lease liabilities related to inventory	35 368	-	-	1 095	(1 463)	880	(1 228)	34 652
Lease liabilities related to fixed assets	650	-	-	1	-	-	-	651
Lease liabilities related to investment property	720	-	-	46	(46)	-	-	720

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

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

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

<i>In thousands of Polish Zlotys (PLN)</i>	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

<i>In thousands of Polish Zlotys (PLN)</i>	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

⁽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.

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 towards 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 amortised costs 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 amortised costs related to change in maturity assumption and it was treated as a modification of the original liability.

On 5 April 2024, the financial liability to Shareholder has been fully paid.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Financial liability to Shareholder

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., 30 June 2024:

Investor	Value of the liability at amortised costs 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 amortised costs June 30, 2024 [in PLN]
Amos Luzon Development and Energy Group Ltd.	25 592 623	(27 231 660)	1 851 769	(212 732)	-
Long term part	19 519 018				
Short term part	6 073 604				

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 amortised costs 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 amortised costs 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 15 – Loans and Bonds**Bonds**

The table below presents the movements in bonds during the six months ended 30 June 2024 and during the year ended 31 December 2023 as well as the Current and Non-currents balances as at the end of respective periods:

<i>In thousands of Polish Zloty (PLN)</i>	For the period ended 30 June 2024 (Reviewed/ Unaudited)	For the year ended 31 December 2023 (Audited)
Opening balance	225 320	203 370
Repayment of bond	(51 085)	(40 000)
Redemption of bonds at new issuance ⁽¹⁾	(8 915)	-
Proceeds from bonds (nominal value)	60 000	60 000
Issue cost	(1 606)	(863)
Issue cost amortization	714	1 262
Accrued interest	11 418	24 134
Interest repayment	(11 054)	(22 583)
Total closing balance	224 791	225 320
Closing balance includes:		
Current liabilities	106 432	106 644
Non-current liabilities	118 359	118 676
Total Closing balance	224 791	225 320

⁽¹⁾ At the issuance date of new series P2023A part of the bonds V were redeemed – for more details please refer to Note 26.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Loans and Bonds

Bonds

Bonds as at 30 June 2024:

In thousands of Polish Zlotys (PLN)	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Charges and fees	Carrying value	Fair value ⁽²⁾
Bonds series W ⁽¹⁾	PLN	6-month Wibor + 4.00%	2025	100 000	2 055	(371)	101 684	100 800
Bonds series X ⁽³⁾	PLN	6-month Wibor + 4.20%	2026	60 000	2 948	(577)	62 372	61 800
Bonds series P2023A ⁽⁴⁾	PLN	6-month Wibor + 3.85%	2027	60 000	2 171	(1 435)	60 735	60 900
Total				220 000	7 174	(2 383)	224 791	223 500

- 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.
- The fair value is set based on the bond price on Catalyst as at 30 June 2024. Classified as level 1 of fair value hierarchy.
- The series X bonds issued on July 2023 are secured by joint mortgage up to the amount of 90.0 million Polish zlotys.
- The series P2023A were issued in 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.

Bonds as of 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 series V ⁽¹⁾	PLN	6-month Wibor + 4.30%	2024	60 000	1 472	(166)	61 306	60 120
Bonds series W ⁽²⁾	PLN	6-month Wibor + 4.00%	2025	100 000	2 021	(605)	101 416	100 890
Bonds 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

- 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 were repaid in April 2024.
- 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.
- 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.
- 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

In the terms and conditions of the issue of the Series W Bonds, the Company undertook that the net debt to equity ratio ('Ratio' or 'Net Debt Ratio') would not exceed 80% at any time.

In the terms and conditions of the issue of the series X bonds and the series P2023A bonds, the Company undertook that the Net Debt Ratio would not exceed 100% at any time.

Exceeding the aforementioned levels of the Ratio will result in an increase in the margin of the respective bond series and may lead to the obligation of the Company to redeem the respective bonds. Group analyses level of the ratio on monthly basis.

As at the date of publication of this report, as at 30 June 2024 and as at 31 December 2023, the Company has not exceeded any of the Ratios contained in the Terms and Conditions of the Bonds.

The Net Debt Ratios as at 30 June 2024 and 31 December 2023 are set out below:

In thousands of Polish Zlotys (PLN)	As at 30 June 2024	As at 31 December 2023
Bonds	224 791	225 320
Secured bank loans	2 860	8 815
Liability to shareholders measured at amortised cost	-	25 593
IFRS 16 – Lease liabilities related to cars	573	489
Less: cash on individual escrow accounts (other current financial assets)	(10 074)	(12 809)
Less: Cash and cash equivalents	(208 417)	(203 860)
Net Debt	9 734	43 547
Equity	584 754	533 672
Ratio	1.7%	8.2%
Max Ratio series V and W	80.0%	80.0%
Max Ratio series X and P2023A	100.0%	100.0%

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Loans and Bonds**Other covenants**

Pursuant to Terms and Conditions of Issue of Series W Bonds, transactions of purchase of services, products or assets from a shareholder of the Company holding more than 25 percent of the Company's shares or from a related entity (within the meaning of IAS 24, including an entity controlling the Company jointly or individually, in a direct or indirect manner) or from a subsidiary outside the Group, may not in total exceed PLN 1.0 million during a given calendar year.

Pursuant to the Terms and Conditions of Issue of Series X Bonds and Series P2023A Bonds, transactions of purchase of services, products or assets from a shareholder of the Company holding more than 25 percent of the Company's shares (within the meaning of IAS 24) or from a related entity (including an entity controlling the Company jointly or individually, in a direct and indirect manner, the Company) or from its subsidiary outside the Group may not in total exceed the amount of PLN 2,0 million in any calendar year and, for the avoidance of doubt, the reimbursement of expenses incurred by such shareholder or entity in connection with the purchase of services, products or assets for the Group from third parties does not constitute an acquisition of such services, products or assets from such shareholder or entity.

During the period ended 30 June 2024 and period ended 30 June 2023, the consulting fees related to A. Luzon Group amounted to PLN 485 thousand and PLN 421 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

<i>In thousands of Polish Zloty (PLN)</i>	For the period ended 30 June 2024 (Reviewed/ Unaudited)	For the year ended 31 December 2023 (Audited)
Opening balance	8 815	16 297
New bank loan drawdown	82 296	96 538
Bank loans repayments	(88 251)	(104 020)
Interests accrued	434	1 361
Interests repayment	(434)	(1 361)
Bank charges paid	(2 192)	(987)
Bank charges presented as prepayments	1 225	874
Bank charges amortization (capitalized on Inventory)	968	112
Total closing balance	2 860	8 815
Closing balance includes:		
Current liabilities	2 860	8 815
Non-current liabilities	-	-
Total closing balance	2 860	8 815

Bank loans as at 30 June 2024

Investment	Currency	Nominal interest rate	Signing date	Year of maturity	Credit line amount in ('000 PLN)	Balance as at 30 June 2024 ('000 PLN)
Nova Królikarnia 4b1	PLN	1 Month Wibor + 2.90%	23 Jun 2023	2026	29 000	665
Między Drzewami I	PLN	1 Month Wibor + 2.80%	23 Jun 2023	2026	40 500	2 145
Ursus Centralny IIe	PLN	3 Month Wibor + 2.10%	11 Jan 2024	2027	121 400	29
Miasto Moje VII	PLN	3 Month Wibor + 2.10%	11 Jan 2024	2027	77 900	21
Total					268 800	2 860

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Loans and Bonds**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 I	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 from each tranche loan drawdown).

Note 16 – Trade and other payables and accrued expenses

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 June 2024	As at 31 December 2023
Trade payables	22 477	26 728
Trade payable related to purchase of land ⁽¹⁾	23 450	23 450
Accrued expenses	29 480	29 656
Guarantees for construction work	4 537	2 663
Value added tax (VAT) and other tax payables	3 141	3 536
Non-trade payables	846	969
Other trade payables – IFRS 16	1 163	2 761
Total trade and other payables and accrued expenses	85 093	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 31 December 2024.

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

Interest bearing deferred trade payables

Group had also Credit line from General Constructor with WIBOR 6M interests rate. As of 31 December 2023, 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. During the period ended 30 June 2024 the Credit line was fully repaid.

Note 17 – Income tax

<i>In thousands of Polish Zlotys (PLN)</i>	For the 6 months ended 30 June 2024 (Unaudited) / (unreviewed)	For the 3 months ended 30 June 2024 (Reviewed) / (unaudited)	For the 6 months ended 30 June 2023 (Unaudited) / (unreviewed)	For the 3 months ended 30 June 2023 (Reviewed) / (unaudited)
Current tax expense				
Current period	23 013	13 322	5 176	3 341
Taxes in respect of previous periods	51	11	(261)	(379)
Total current tax expense	23 064	13 333	4 914	2 961
Deferred tax expense				
Origination and reversal of temporary differences	(11 455)	(7 337)	5 559	4 903
Deferred tax asset recognized from the tax losses	(2 042)	(1 009)	(1 879)	(1 155)
Total deferred tax (benefit)/expense	(13 497)	(8 346)	3 680	3 747
Total income tax expense	9 567	4 987	8 594	6 709

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 17 – Income tax

The effective income tax rate in the period ended 30 June 2024 amounted to 16.0% (24.01% in comparative period). The effective interest rate for the period of six months ended 30 June 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 six months ended 30 June 2024 were as follows:

<i>In thousands of Polish Zlotys (PLN)</i>	Opening balance 1 January 2024	Recognized in the statement of comprehensive income	Closing balance 30 June 2024
Deferred tax assets			
Tax loss carry forward	4 915	2 042	6 957
Not used interests in previous periods	-	1 914	1 914
Difference between tax and accounting basis of inventory	36 741	(13 294)	23 447
Accrued interest	1 294	69	1 363
Accrued expense	1 117	(278)	839
Write-down on work in progress	2 635	-	2 635
Fair value valuation of Investment property	423	-	423
Other	797	(19)	778
Total deferred tax assets	47 922	(9 567)	38 355
Deferred tax liabilities			
Difference between tax and accounting revenue recognition	63 903	(23 539)	40 364
Difference between tax base and carrying value of capitalized finance costs on inventory	9 811	876	10 687
Accrued interest	567	3	570
Fair value gain on investment property	2 754	31	2 785
Difference on tax value on liability to shareholders	431	(431)	-
Other	438	(4)	434
Total deferred tax liabilities	77 904	(23 064)	54 840
Total deferred tax benefit (see Note 17)		(13 497)	
Deferred tax assets	47 922		38 355
Deferred tax liabilities	77 904		54 840
Offset of deferred tax assets and liabilities for individual companies	(41 554)		(30 990)
Deferred tax assets reported in the statement of financial position	6 369		7 365
Deferred tax liabilities reported in the statement of financial position	36 350		23 850

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).

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 June 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)	213 756	485 505
- decrease (revenue recognized)	(235 762)	(394 408)
Total advances received	209 002	231 088
Other (deferred income)*	1 714	3 167
Total	210 716	234 175

* Deferred income from invoices issued for premises delivered but not fully paid as well as reservation fees for apartments paid at 30 June 2024.

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

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 19 – Advances received

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

	For the 6 months ended 30 June 2024	For the 3 months ended 30 June 2024	For the 6 months ended 30 June 2023	For the 3 months ended 30 June 2023
	(Unaudited) / (unreviewed)	(Reviewed) / (unaudited)	(Unaudited) / (unreviewed)	(Reviewed) / (unaudited)
<i>In thousands of Polish Zlotys (PLN)</i>				
Sales revenue				
Revenue from residential projects	236 263	115 755	176 431	154 599
Total sales revenue	236 263	115 755	176 431	154 599
Cost of sales				
Cost of finished goods sold	(155 017)	(82 082)	(120 259)	(105 023)
Total cost of sales	(155 017)	(82 082)	(120 259)	(105 023)
Gross profit on sales	81 247	33 674	56 172	49 576
Gross profit on sales %	34%	29%	32%	32%

Note 21 – Impairment losses and provisions

During the six months period ended 30 June 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:

	Contracted amount as at 30 June 2024	Commitments as at 30 June 2024	Contracted amount as at 31 December 2023	Commitments as at 31 December 2023
<i>In thousands of Polish Zlotys (PLN)</i>				
TechBau Budownictwo Sp. z o.o.	95 318	22 207	96 918	49 342
Hochtief Polska S.A.	103 123	39 741	70 300	33 657
W.P.I.P. – Mardom Sp. z o.o.	36 600	2 717	36 000	13 966
Totalbud S.A.	17 836	5 562	17 434	11 914
EBUD – Przemysłówka Sp. z o.o.	48 925	21 780	43 178	4 162
Leancon Sp. z o.o.	32 500	2 020	32 510	3 455
ARKOP Sp. Z o.o. Sp. K.	20 538	15 916	-	-
KMJ Developer Sp. z o.o.	17 050	15 667	-	-
Karmar S.A.	-	-	112 078	2 192
Total	371 891	125 609	408 418	118 687

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

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:

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 June 2024	As at 31 December 2023
Osiedle Vola	-	22 429
Nova Królikarnia 4b1	19 745	27 283
Między Drzewami I	9 153	23 892
Miasto Moje VII	53 654	-
Ursus Centralny IIe	91 092	-
Total	173 643	73 604

(iii) Contracted proceeds not yet received

The table below shows the amounts that the Group expects to receive from clients undersigned agreements for the sale of apartments, i.e. expected payments undersigned agreements with clients up to 30 June 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):

<i>In thousands of Polish Zlotys (PLN)</i>	Completi on date*	As at 30 June 2024 (Reviewed/Unaudited)			As at 31 December 2023 (Audited)		
		Total value of preliminary sales agreements signed with clients	Advances received from Clients until 30 June 2024	Contracted payments not received yet as at 30 June 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	141 787	67 247	74 539	87 325	19 391	67 934
Ursus Centralny IIc	Q3 2023	2 950	1 285	1 665	82 765	71 746	11 019
Miasto Moje VII	Q4 2024	114 895	68 805	46 089	73 936	25 722	48 214
Osiedle Vola	Q1 2024	1 889	1 883	7	68 937	49 593	19 344
Między Drzewami I	Q3 2024	58 107	33 735	24 373	53 777	17 613	36 164
Nowa Północ Ia	Q1 2024	5 795	2 799	2 997	30 451	15 354	15 097
Eko Falenty I	Q4 2023	5 774	2 259	3 514	20 653	14 288	6 365
Nova Królikarnia 4b1	Q2 2025	25 171	15 680	9 491	14 071	4 743	9 329
Miasto Moje VI	Q1 2023	1 622	1 229	393	8 240	6 116	2 125
Viva Jagodno III	Q3 2025	10 560	2 860	7 700	6 499	438	6 062
Viva Jagodno IIb	Q2 2023	1 094	931	164	5 305	1 330	3 976
Grunwaldzka	Q2 2023	-	(7)	7	3 213	778	2 435
Viva Jagodno IIa	Q4 2022	60	50	10	2 151	226	1 925
Nowe Warzymice IV	Q2 2023	546	59	487	2 030	598	1 432
Miasto Moje V	Q3 2022	426	283	143	1 336	383	953
Ursus Centralny IIb	Q1 2023	90	39	51	699	691	7
Miasto Moje IV	Q4 2021	111	87	24	334	229	105
Nowe Warzymice III	Q4 2022	-	6	(6)	32	37	(4)
Nowe Warzymice II	Q2 2022	9	15	(6)	22	28	(6)
Zielono Mi I	Q3 2025	23 288	5 164	18 125	-	-	-
Nowe Warzymice V.1	Q2 2025	7 516	2 120	5 396	-	-	-
Nowa Północ IB	Q2 2025	2 050	477	1 573	-	-	-
Miasto Moje VIII	Q2 2026	6 935	-	6 935	-	-	-
Nowe Warzymice V.2	Q3 2025	3 544	-	3 544	-	-	-
Między Drzewami II	Q4 2026	2 195	-	2 195	-	-	-
Other (old) projects		2 352	2 000	352	1 810	1 706	104
Total (excluding JV)		418 767	209 005	209 762	463 587	231 008	232 578
Wilanów Tulip	Q3 2021	-	-	-	8 833	5 023	3 810
Total (including JV)		418 767	209 005	209 762	472 419	236 031	236 389

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

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 22 – Commitments and contingencies

(iv) Litigations

Ursus Centralny

Ronson Development sp. z o.o. – Ursus Centralny sp.k. ('Ursus Centralny Company') is a party to court proceedings to determine the amount of the perpetual usufruct fee for the land owned by the State Treasury, located in Warsaw at 6, 6A Taylora Street. The Group treats this as a contingent liability.

In the court proceedings pending in the case, an expert property appraiser's opinion valuing the property at PLN 124,928,900.00 (in words: one hundred and twenty-four million, nine hundred and twenty-eight thousand, nine hundred zloty) was issued on 14 March 2024. The subject of the valuation was plot of land with registration number 98/2. The date on which the value and condition of the subject of the valuation was determined is 19 November 2021, i.e. the date on which the President of the Capital City of Warsaw gave notice of termination of the annual fee. The expert opinion is based on the comparative method and the indirect price adjustment method. Ursus Centralny Company raised objections to the expert opinion. As a result of the objections raised, the court issued an order on 16 May 2024 to admit evidence of a supplementary opinion to answer the questions raised in the objections. The supplementary opinion has not yet been served.

Adjudication is not expected in 2024 and it is difficult to assess the adjudication of the case itself at this stage.

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).

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 previous year. To date, the Galileo Company has reached settlements in four cases in which the price reduction claims have been paid, and the parties have agreed to enter into court settlements under which the lawsuits will be withdrawn.

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.

In first quarter of 2024 two 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. The plaintiffs appealed against the judgment. During the year 2024 group did not use or create new provision in respect to this matter.

The remaining cases involving the Galileo Company remain pending before the court of first instance. Currently, Galileo Company is a participant in a total of 8 proceedings (of which 6 are in the court of first instance, 1 in the court of second instance and 1 before the Supreme Court).

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Notes to the Interim Condensed Consolidated Financial Statements

Note 22 – Commitments and contingencies

(iv) Litigations

Matters relating to the acquisition of certain real estate

Three Group companies, namely Ronson Development sp. z o.o. – Projekt 3 sp.k. ('Project 3'), Ronson Development SPV4 sp. z o. o. ('SPV4') and Ronson Development sp. z o.o. – Projekt 4 sp.k. ('Projekt 4') are parties to several court proceedings, and several enforcement proceedings, against a group of several related companies that were sellers or otherwise involved in the sale of certain land properties. The claims of the Group companies are, in particular, claims for the return of down payments made or demands for payment of double the amount, claims for the return of a loan granted, or claims for the payment of damages.

On June 5, 2024, of the 11 pending enforcement proceedings, one was discontinued due to the lack of foreclosure on the property. A new foreclosure on this property will not be able to be initiated until 6 months after the date of the second auction. At the same time, due to the validity of the payment order issued on January 4, 2024 in one of the pending court cases, another enforcement proceeding has been initiated after it was granted an enforcement clause. In view of the above, as of the date of this report, a total of 11 enforcement proceedings are pending. In addition, Group companies have filed four motions with the court to disclose the debtor's assets, the cases have been given references and the first hearings have already been held, and the dates of the next hearings have been set for September 2024.

In the court proceeding to reconcile the contents of the land and mortgage register with the real state of affairs, in which the SPV3 company is the plaintiff in the six-month period ending June 30, 2024, the defendants filed answers to the lawsuit, while the plaintiff company filed a reply to the defendants' answers to the lawsuit. In addition, on June 10, 2024, the court issued an order denying the plaintiff's request for security in the form of cancellation of the contractual mortgage. The plaintiff company is awaiting the reasons for this order.

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 30 June 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 amortised costs, trade receivables and trade payables. The main purpose of these financial instruments is to manage the Group's liquidity and to raise finance for the Group's operations.

In terms of risks specific for the sector, in which the Group operates, 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 30 June 2024.

Global risks – The impact on the Polish economy and the real estate industry

After a slowdown in 2023, economic growth is set to pick up in 2024 and 2025. According to a recent publication by the main Statistic office for Poland (GUS), Poland's economic growth in 2024 should oscillate around 2.8%. It will be supported by strong private, as well as public, consumption, while the trade balance is expected to hold back growth. Investment is set to contribute positively to growth in 2024, less than in 2023, but to accelerate in 2025. Inflation is projected to ease in 2024 and 2025, but price pressures are set to remain elevated in the context of rising domestic demand, increasing labour costs, and gradual unfreezing of energy prices. Investments in defense and social spending are delaying fiscal consolidation ". Inflation is expected to decrease from 10,9% at the end of the 2023 to around 4,3% at the end of 2024.

The general government deficit is expected to increase to 5.4% of GDP in 2024. Spending on defense is set to further expand. The net budgetary cost of energy-support measures is projected at 0.5% of GDP, reflecting the extension of most of the support schemes with limited revenues from levies on the windfall profits of energy companies.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management

Global risks – The impact on the Polish economy and the real estate industry

The unemployment rate is set to rise marginally in 2024 but remain at a historical low of close to 5% amid negative demographic trends. Employment is projected to stagnate in 2024 and 2025. Wages are expected to continue growing at a fast pace, with expected increase of a 20% in minimum wage in 2024, a large salary increase in the public sector, and a historically-low unemployment rate. Real wages are set to increase significantly in both 2024 and 2025.

In 2025, real GDP is forecast to increase by 3.4%. Private consumption is set to remain the key driver of growth amid accelerating EU-funded investment while growth of public consumption slows. The negative contribution from net exports is expected to shrink.

Risks to the outlook relate mainly to further delays in the implementation of EU-funded investment and a higher saving rate of households.

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 but till June 2024 it grew by 0.6% to 2.6%.

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 second quarter. The effect of the decreased 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 30 June 2024 amounted to PLN 11.4 million, as compared to PLN 11.2 million in (including costs capitalized in stock) for the period ended 30 June 2023, the increase in the financial costs is mainly due to higher debt base held by the company in the period ended 30 June 2024.

The first half year of 2024 started with strong sales which later, decreased due to uncertainty related to the new government plan for subsidized loans as well as the delay of approving it.

The main key factor affecting the market in the first half year of 2024 was the fact that as at the end of December 2023, it was no longer possible to apply for subsidized loans (BK21 loans). Throughout the first half year, 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.

In April 2024, the new elected government was finalizing first draft of the project of subsidies for mortgage loans – “Mieszkanie na start” causing quite a stir between the new government fractions, in June 2024 an announcement was made that the program will start in January 2025. The new program will be different from the previous one, the Mortgage loans will be available to Singles, couples and families. The larger the household, the greater the credit limits and subsidies. The new program also includes a quarterly limit of accepted applications. Market participants are waiting for a clear decision on “Mieszkanie na start”. The increasing probability of passing the act will probably gradually increase the number of transactions and reservations. Still, the real scale of demand support will depend on the details of the regulation.

In general, the program will have 35 years age limit applying to single persons' households only. As a general rule, it will be eligible for the purchase of the first apartment only. An exception will be made for families of five individuals (or larger). Maximum income limits depending on the number of persons in a household. Interest rates will also be different depending on the size of a household: 0–1.5%. Limitation of the usable area: $25 + 25 * [\text{number of people in the household}]$

Maximum amount of subsidised credit (or part of the loan subject to a subsidy):

- for single-person households: PLN 200,000;
- for two-person households: PLN 400,000;
- for three-person households: PLN 450,000;
- for four-person households: PLN 500,000;
- for five-person households: PLN 600,000;
- and an additional PLN 100,000 for each additional person.

¹ BK2, which can be translated to English as Secure Loan 2% programme

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Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management

Global risks – The impact on the Polish economy and the real estate industry

These limits may be increased if the dwelling unit or single-family house to which the housing loan relates is located in a suburbs or city with a population of more than 300,000. residents, for whom the conversion rate of the replacement cost of 1 m². floor area of residential buildings is higher than the one recently announced by the President of the Central Statistical Office by at least:

- 25% and less than 50% – the amounts are increased by 10%.
- 50%, the amount is increased by 20%

The Group has observed the above situation and is preparing it offers accordingly.

Market risk – Inflation risk

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

Inflation accelerated for food & non-alcoholic beverages (2.5% vs 1.6% in May), housing & utilities (1.7% vs 1.6%), furnishings, household equipment & maintenance (1.7% vs 1.4%), and recreation & culture (3.8% vs 3.7%). On the other hand, prices rose at a slower pace for alcoholic beverages & tobacco (3.9% vs 4.1%), transportation (0.6% vs 2.2%), communication (1.2% vs 2.2%), restaurants & hotels (7.7% vs 7.9%), and miscellaneous goods & services (4.3% vs 3.7%). Meanwhile, costs fell further for clothing & footwear (-0.9% vs -0.2%). On a monthly basis, consumer prices rose by 0.1% in June, in line with preliminary estimates.

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, labour costs 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 30th June 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 33.6% comparing to previous first half year of 2023 and as much as 10.7% decrease concerning sales in Q2 2024 comparing to Q1 2024.

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

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, raw material cost increase, shortage of qualified workforce, increase in labour costs and delay in obtaining the necessary permits to start construction. The construction costs have significantly risen within the last two years, reaching its peak in the second half of 2022 and stabilized during 2023. There is still a risk that the construction costs may continue to 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 labour costs due to increase in higher minimum average remuneration to employees the forecast unemployment will reach to 5% by the end of 2024.

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.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements**Note 23 – Risk management****Market risk – Construction cost risk and nonperformance by General contractors**

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.

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 based on 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 30th June 2024, the carrying amount of land held for development in the PRS segment was PLN 83.3 million, representing approximately 7% 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 30th June 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.

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Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management

Market risk – Legislation and administrative risk

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.

In addition, on 1 July 2024, the transitional period of the existing 2011 Development Act ended and, as of 2 July 2024, the sale of flats in ongoing development projects is already being carried out in full in accordance with the new Act of 20 May 2021 on the protection of the rights of the purchaser of a dwelling or single-family house and the Developer Guarantee Fund (the so-called Development Act).

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 30th June 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 through profit and loss denominated in currencies other than the Polish zloty.

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

Following the repayments of liability to the shareholders on 5th April 2024 There are no other significant monetary balances held by Group entities at 30th June 2024 that are denominated in a non-functional currency and have material effect on the Group results.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management**Financial risk factors****(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 table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<i>In thousands of Polish Zlotys (PLN)</i>	Period ended 30 June 2024				Total
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years	
Bond loans (principal only)	99 258	-	118 359	-	217 617
Interests on bond loans	25 345	11 838	6 610	-	43 793
Secured bank loans	2 860	-	-	-	2 860
Lease liabilities related to perpetual usufruct of land and investment property	1 463	1 463	4 388	28 709	36 022
Trade and other payables	85 093	-	-	-	85 093
Total	214 019	13 301	129 356	28 709	385 385

<i>In thousands of Polish Zlotys (PLN)</i>	Year ended 31 December 2023				Total
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years	
Bond loans (principal only)	99 834	59 396	59 280	-	218 510
Interests on bond loans	20 178	7 616	3 031	-	30 825
Secured bank loans	8 815	-	-	-	8 815
Lease liabilities related to perpetual usufruct of land and investment property	1 628	1 628	4 883	28 599	36 738
Interest bearing deferred trade payables	9 538	-	-	-	9 538
Trade and other payables	89 761	-	-	-	89 761
Liability to shareholders measured at amortised costs	6 322	22 410	-	-	28 732
Total	236 077	91 050	67 194	28 599	422 919

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 cash, bank loans, bonds.

The Group constantly looks for other opportunities to obtain funds which will ensure necessary financing and their favourable conditions.

(iii) Fair value measurement risk

The Investment properties are valued at fair value determined by an independent appraiser (please refer to Note 9). During the six months ended 30th June 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.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Risk management**Financial risk factors****(iii) Interest rate risk**

The vast majority of loans and bonds (including under issued bonds) obtained by the Group bear interest at a floating rate based on WIBOR plus a margin. As of June 2024, the WIBOR6M was 5.86% (as of 31 December 2023, it was 5.82%). The Company's bonds are based on WIBOR6M plus margin, while bank loans are based on WIBOR3M or WIBOR1M plus margin. Changes in the WIBOR rate will have a significant impact on the Group's cash flow and profitability.

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.

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:

<i>In thousands of Polish Zlotys (PLN)</i>	30 June 2024		31 December 2023	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Income statement				
Variable interest rate assets	1 346	(1 346)	1 682	(1 682)
Variable interest rate liabilities	(2 277)	2 277	(2 437)	2 437
Total	(931)	931	(755)	755
Net assets				
Variable interest rate assets	1 346	(1 346)	1 682	(1 682)
Variable interest rate liabilities	(2 277)	2 277	(2 437)	2 437
Total	(931)	931	(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.

Note 24 – Related party transactions**The main related parties' transactions arise on:**

- Agreement with the major shareholder;
- Transactions with key management personnel;
- Liability to shareholder measured at amortised cost
- Share based payment

Agreement with the major shareholder

Consulting services agreement with A. Luzon Group, for a monthly amount of PLN 70 thousand (ended by the parties on 31 January 2024), and a consulting services agreement with Luzon Ronson N.V. for a monthly amount of PLN 83 thousand (effective from 1 February 2024), 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 six months ended 30 June 2024, the Group incurred costs of PLN 485 thousand and 421 PLN for the period ended 30 June 2023.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 24 – Related party transactions**Transactions with key management personnel**

During the period ended 30 June 2024 and 30 June 2023, key management personnel of the Company included the following members of the Management Board and Supervisory 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
 Mr. Ofer Kadouri – Member of Supervisory Board
 Mr. Alon Kadouri – Member of Supervisory Board
 Mr. Amos Luzon – Chairman of Supervisory Board

Compensation paid and due or payable to members of Management and Supervisory Board in the period of 6 months ended 30 June 2024 and in the period of 6 months ended 30 June 2023:

Compensation of the Management Board:	For 6 months ended 30 June 2024			For 6 months ended 30 June 2023		
	From the Company	In other subsidiaries of the Group	Total	From the Company	In other subsidiaries of the Group	Total
<i>In thousands of Polish Zlotys (PLN)</i>						
Salary and other short time benefit	862	1 230	2 092	863	947	1 810
Management bonus	140	90	230	107	-	107
Incentive plan linked to financial results	134	-	134	220	-	220
Share based payment	674	-	674	879	-	879
Other (1)	66	458	524	51	388	439
Total	1 876	1 778	3 654	2 120	1 335	3 455
Compensation of the Supervisory Board:						
Salary and other short time benefit	64	-	64	55	-	55
Total	1 940	1 778	3 718	2 175	1 335	3 510

(1) Mainly contractual benefits related to accommodation, private school and car expenses.

Liability to shareholder measured at amortised cost.

On 25 May 2023, the Company and Luzon Group entered into an agreement in respect of the SAFE Agreements to settle the reimbursement of amounts received from Israeli investors in 2022 under the SAFE Agreements and to release the Company from its obligation to those investors.

On 14 March 2024, the Company and A. Luzon Group entered into an addendum to the aforementioned agreement dated 25 May 2023. 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 5 April 2024, the subject payment was made by the Company. For more information, please refer to note 14.

Share based payment expense

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 NIS 0.01 par value, for an exercise price of 2 NIS (which however will be settled by Amos Luzon Development and Energy Group Ltd. 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

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 24 – Related party transactions**Share based payment expense**

The Options can be exercised until the end of 7 years from the date of their allocation. Options that were not exercised within the above-mentioned period, expire. Assuming all the Options are exercised, Mr. Haim will hold c.a. 2.38% of the issued and paid-up capital of A. Luzon Group and about 1.89% of the issued and paid-up capital of A. Luzon Group on a full dilution basis.

The Option program envisages adjustments in 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 half 2024 amounted to PLN 0.7 million. Program is accounted under IFRS 2 standard as a personnel expense, part of administrative costs and share based payment expense in equity. Total value of the program as of grant date amounted to PLN 4.7 million.

Note 25 – Investment in joint ventures**Share of profit/(loss) of joint venture**

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 June 2024	As at 31 December 2023
Loans granted	151	145
Share in net equity value of joint ventures	500	532
The Company's carrying amount of the investment	651	677
Presented as Loans granted to joint ventures (current assets)	(151)	(145)
Investment in joint ventures	500	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

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 June 2024	As at 31 December 2023
Opening balance	145	133
Loans repaid	-	-
Accrued interest	6	12
Total closing balance	151	145

As of 30 June 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 (m²)
Osiedle Vola	Warsaw	13 March 2024	84	4 851
Nowa Północ 1a	Szczecin	26 April 2024	110	5 230
Total			194	10 081

Building permits

Project name	Location	Building permit date	Number of units	Area of units (m²)
Między Drzewami II	Poznań	25 January 2024	78	3 822
Nowa Północ II-III	Szczecin	16 February 2024	340	16 632
Nova Królikarnia 4a	Warsaw	20 February 2024	5	1 213
Bechatowska*	Poznań	29 May 2024	48	4 078
Nova Królikarnia 4b2	Warsaw	06 June 2024	12	2 652
Nowe Warzymice VII-VIII	Szczecin	28 June 2024	116	8 397
Total			599	36 794

* The Final Building Permit was given but appeals against the voivode's decision were filed to the Administrative Court.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

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
Nowe Warzymice V.2	Szczecin	27	KMJ Deweloper Sp. z o.o.	28 June 2024	12.3	None
Total		278			93.0	

Construction Bank Loan agreements

On 20th 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.

On 11th of June 2024 financing of Zielono Mi was signed, respectively for a total value of PLN 45,500 thousand

Purchase of New Land

On 24 May 2024 the Company signed a preliminary agreement for purchasing a plot of land in Wrocław for the total amount of PLN 25 million, the land area of approximately 8.900 which will be dedicated for a building of total salable area of about 11,500 sqm, on the date of signing the agreement the company deposited PLN 3.1 million on a notary deposit.

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 "P2023A 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 P2023A Bonds began on 24 January 2024 and ended on 7 February 2024. The P2023A Bonds were offered through a public offering, in which up to 60,000 unsecured P2023A Bonds with a par value of PLN 1,000 each were offered. The P2023A Bonds were offered at a fixed issue price equal to the par value of PLN 1,000.

The P2023A Bonds were conditionally allotted by the Management Board on 12 February 2024. The final (unconditional) allotment of P2023A 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) P2023A Bonds with a total nominal value of PLN 60,000,000.00 (sixty million zlotys) were allocated. Subscriptions for the P2023A Bonds were submitted by 1,226 persons (entities). The P2023A Bonds were allocated to 1,074 persons (entities). The P2023A Bonds were subscribed for cash contributions only.

The P2023A Bonds are not in documentary form and are dematerialized. The P2023A 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 P2023A Bonds is variable and are set at six-month WIBOR (WIBOR 6M) plus a fixed margin of 3.85%. The maturity date of the P2023A 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 thousand 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 ("V Bonds"). The total value of the acquisition of the V Bonds was PLN 9,246 thousand and the average unit purchase price was PLN 622.24 including accrued interest. The V Bonds were acquired by means of agreements concluded outside organized trading.

The holders of the redeemed V Bonds became bondholders of the newly issued P2023A Bonds. The redemption of V 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 V Bonds with a maturity date of 2 April 2024.

On 2 April 2024, the Company redeemed all of the remaining V Bonds, 85,141 in number, with a nominal value of PLN 600 each, in accordance with their maturity, and also paid the interest accrued on these V Bonds. The V Bonds were thus fully redeemed.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Consolidated Financial Statements

Note 26 – Other events during the period**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.

Occupancy permits

Project name	Location	Occupancy permit date	Number of units	Area of units (m ²)
Między Drzewami I	Poznań	23 July 2024	117	5 803
Total			117	5 803

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
Miasto Moje VIII	Warsaw	152	HOCHTIEF POLSKA SPÓŁKA AKCYJNA	16 July 2024	50.3	none
Total		152			50.3	

Agreements relating to ongoing litigation and enforcement proceedings

With reference to the information presented in Note 22, section "Disputes relating to the acquisition of certain properties", the Company announces that in July 2024, the Ronson Group companies involved in the disputes described therein, entered into an agreement with the main shareholder and the sole member of the management board of the entities with which these disputes are being conducted and with certain of these entities. Pursuant to this agreement: (i) all the obligations of these entities to the aforementioned Ronson Group companies have been confirmed and acknowledged, (ii) additional security has been provided for the repayment of the receivables of the Ronson Group companies in the form of a voluntary submission to enforcement by the abovementioned shareholder and a member of the Management Board and by one of those entities, (iii) consent has been given to the cancellation of a mortgage from a Ronson Group company's real estate and recognition of an action for the cancellation of this mortgage (one of the proceedings referred to under 'Disputes related to the acquisition of certain real estate') and, as of the date of this report, this mortgage has already been removed from the mortgage book, (iv) an amount covered by one of the claims referred to under 'Disputes related to the acquisition of certain real estate' has been deposited and, upon satisfaction of certain conditions, will be released to a Ronson Group company. In addition, a future claims transfer agreement has been concluded under which other claims of the Ronson Group companies may be settled. In return, one of the Ronson Group companies agreed to discontinue enforcement proceedings against the selected property.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 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
Marketing and Innovation Director

Tomasz Kruczyński

Person responsible for financial statements
preparation

Warsaw, 12 August 2024

Interim Condensed Standalone Financial Statements for the six months ended 30 June 2024

Interim Condensed Standalone Statement of Financial Positions

As of <i>In thousands of Polish Zlotys (PLN)</i>	Note	As at 30 June 2024 (Reviewed/Unaudited)	As at 31 December 2023 (Audited)
Assets			
Investment in subsidiaries	6	565 312	519 740
Loans granted to subsidiaries	7	197 152	206 442
Total non-current assets		762 464	726 181
Trade and other receivables and prepayments		1 394	869
Receivable from subsidiaries		2 965	9 413
Loan granted to subsidiaries	7	35 091	33 853
Cash and cash equivalents		10 829	22 830
Total current assets		50 279	66 964
Total assets		812 744	793 145
Equity			
Share capital		12 503	12 503
Share premium reserve		150 278	150 278
Share based payment expense		2 245	1 571
Treasury shares		(1 732)	(1 732)
Retained earnings		420 381	369 974
Total shareholders' equity		583 674	532 593
Liabilities			
Long-term liabilities			
Floating rate bonds	8	118 359	118 676
Deferred tax liabilities		2 239	5 671
Liability to shareholders measured at amortised cost	11	-	19 519
Total long-term liabilities		120 597	143 866
Current liabilities			
Floating rate bonds	8	99 258	99 834
Other payables – accrued interests on bonds	8	7 174	6 810
Trade and other payables and accrued expenses		2 040	3 967
Liability to shareholders measured at amortised cost	11	-	6 074
Total current liabilities		108 472	116 685
Total liabilities		229 069	260 551
Total shareholders' equity and liabilities		812 744	793 145

The notes included on pages 58 to 64 are an integral part of these Interim Condensed Standalone Financial Statements

Interim Condensed Standalone Financial Statements for the six months ended 30 June 2024

Interim Condensed Standalone Statement of Comprehensive Income

	Note	For the 6 months ended 30 June	For the 3 months ended 30 June	For the 6 months ended 30 June	For the 3 months ended 30 June
		2024 (Reviewed) / (unaudited)	2024 (Reviewed) / (unaudited)	2023 (Reviewed) / (unaudited)	2023 (Reviewed) / (unaudited)
<i>In thousands of Polish Zlotys (PLN)</i>					
Revenues from consulting services		8 275	5 665	1 701	997
General and administrative expense		(2 714)	(1 275)	(2 799)	(1 440)
Other income/(expenses)		(53)	118	(9)	-
Operating profit / (loss)		5 508	4 508	(1 107)	(443)
Share of profit/loss from the investments in subsidiaries accounted for using the equity method	6	45 568	17 083	22 713	25 580
Operating profit after result from subsidiaries		51 076	21 591	21 610	25 136
Finance income	9	11 444	6 135	13 522	6 765
Finance expense	9	(15 077)	(6 722)	(12 393)	(6 377)
Gain/loss in fair value of financial instrument at fair value through profit and loss	11	-	-	6 376	736
Net finance income/(expense)		(3 633)	(587)	7 505	1 124
Profit/(loss) before taxation		47 443	21 004	29 115	26 260
Income tax benefit/(expense)		2 964	(787)	(2 645)	(281)
Profit for the period		50 407	20 216	26 470	25 979
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the period, net of tax		50 407	20 216	26 470	25 979

The notes included on pages 58 to 64 are an integral part of these Interim Condensed Standalone Financial Statements

Interim Condensed Standalone Financial Statements for the six months ended 30 June 2024

Interim Condensed Standalone Statement of Changes in Equity

Attributable to the Equity Owners

In thousands of Polish Zlotys (PLN)

	<u>Share capital</u>	<u>Share premium</u>	<u>Share based payment expense</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 January 2024	12 503	150 278	1 571	(1 732)	369 974	532 593
Net profit for the period ended 30 June 2024	-	-	-	-	50 407	50 407
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(expense)	-	-	-	-	50 407	50 407
Share based payment expense			674			674
Balance at 30 June 2024	12 503	150 278	2 245	(1 732)	420 381	583 674

Attributable to the Equity Owners

In thousands of Polish Zlotys (PLN)

	<u>Share capital</u>	<u>Share premium</u>	<u>Share based payment expense</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 January 2023	12 503	150 278	-	(1 732)	289 268	450 317
Net profit for the period ended 30 June 2023	-	-	-	-	26 470	26 470
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(expense)	-	-	-	-	26 470	26 470
Share based payment expense	-	-	879	-	-	879
Balance at 30 June 2023	12 503	150 278	879	(1 732)	315 738	477 666

The notes included on pages 58 to 64 are an integral part of these Interim Condensed Standalone Financial Statements

Interim Condensed Standalone Financial Statements for the six months ended 30 June 2024

Interim Condensed Standalone Statement of Cash Flows

For the 6 months period ended 30 June

In thousands of Polish Zlotys (PLN)

	Note	2024	2023
Cash flows from operating activities			
Profit for the year		50 407	26 470
<i>Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:</i>			
Finance income	9	(10 241)	(13 027)
Finance expense	9	13 226	12 393
Depreciation		-	1
(Gain)/loss in fair value of financial instrument at fair value through profit and loss	11	-	(6 376)
Foreign exchange rates differences (gain)/loss		649	(495)
Income tax expense / (benefit)		(3 130)	2 605
Share based payment expense		674	879
Share of profit/loss from the investments in subsidiaries accounted for using the equity method	6	(45 568)	(22 713)
Subtotal		6 016	(262)
Decrease/(increase) in trade and other receivables and prepayments		(525)	(619)
Decrease/(increase) in receivable from subsidiaries		6 448	(48)
Increase/(decrease) in trade and other payable and accrued expense		(1 928)	(1 038)
Subtotal		10 011	(1 968)
Income tax paid		(375)	-
Interest paid	8,9	(11 086)	(11 474)
Interest received		18 862	2 737
Net cash used in operating activities		17 412	(10 705)
Cash flows from investing activities			
Loans granted to subsidiaries, net of issue cost	7	(585)	(4 400)
Repayment of loans granted to subsidiaries	7	15	36 500
Dividend from subsidiary		-	-
Contribution to subsidiaries		(5)	-
Net cash used in investing activities		(575)	32 100
Cash flows from financing activities			
Proceeds from bond issuance, net of issuance costs	8	49 479	-
Repayment of financial liability measured at amortised costs		(27 232)	(25 000)
Repayment of bonds	8	(51 085)	-
Net cash from financing activities		(28 838)	(25 000)
Net change in cash and cash equivalents		(12 001)	(3 605)
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		10 829	2 792

The notes included on pages 58 to 64 are an integral part of these Interim Condensed Standalone Financial Statements

Interim Condensed Standalone Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Standalone Financial Statements

Note 1 – General

Ronson Development SE ("the Company"), formerly named Ronson Europe N.V., is a 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 a European Company (SE) and, effectively as of 31 October 2018, transferred its registered office of the Company from the Netherlands to Poland.

As of June 30, 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 treasury shares held by the Company. As of June 30, 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 in January 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 Company's beneficial owner and ultimate controlling party is Mr. Amos Luzon, who is also Chairman of the Company's Supervisory Board.

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

These Interim Condensed Standalone 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 Accounting Standards 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 Standalone Financial Statements, the IFRS Accounting Standards applied by the Company are not different from the IFRS Accounting Standards endorsed by the European Union. IFRS Accounting Standards 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 30 June 2024. These consolidated financial statements are available together with standalone financial statements in this Interim Financial Report.

The Interim Condensed Standalone 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 Standalone Financial Statements of Ronson Development SE were approved by the Management Board for publication on 12 August 2024 in both English and Polish languages, while the Polish version is binding.

For additional information about material accounting policy information and the influence of the new accounting pronouncements, 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.

Interim Condensed Standalone Financial Statements for the six months ended 30 June 2024

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 six months ended 30 June 2024 and during the year ended 31 December 2023:

Changes in the value of shares in subsidiaries:

<i>In thousands of Polish Zlotys (PLN)</i>	For the 6 months ended 30 June 2024	For the 12 months ended 31 December 2023
Balance at beginning of the period	519 740	445 275
Investments in subsidiaries	5	5
Net result subsidiaries during the period	45 568	74 460
Dividend from subsidiary	-	-
Balance at end of the period	565 313	519 740

As at 30 June 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 six months ended 30 June 2024 amounted PLN 45.6 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 six months ended 30 June 2024 and during the year ended 31 December 2023:

<i>In thousands of Polish Zloty (PLN)</i>	For the 6 months ended 30 June 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	9 724	24 325
Repayment of interest	(18 345)	(16 809)
Total closing balance	232 243	240 294
Current assets	35 091	33 853
Non-current assets	197 152	206 441
Total closing balance*	232 243	240 294

* Including the ECL on Loans granted to subsidiaries as at 30 June 2024 and 31 December 2023 in amount of PLN 10.1 mln

The company estimates the credit risk on its loans as minimal. All loans were granted within the Group, where the main shareholder Ronson SE, which, as the main company in the Group, manages its subsidiaries.

Interim Condensed Standalone Financial Statements for the six months ended 30 June 2024

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 materially different from their carrying amount.

Note 8 – Bonds

The table below presents changes in bonds during the period ended 30 June 2024 and during the period ended 31 December 2023

<i>In thousands of Polish Zloty (PLN)</i>	For the period ended 30 June 2024 (Reviewed/ Unaudited)	For the year ended 31 December 2023 (Audited)
Opening balance	225 320	203 370
Repayment of bonds	(51 085)	(40 000)
Redemption of bonds at new issuance	(8 915)	-
Proceeds from bond issuance – nominal value	60 000	60 000
Bonds issuance costs	(1 606)	(863)
Issue cost amortization	714	1 262
Accrued interest	11 418	24 134
Interest repayment	(11 054)	(22 583)
Total closing balance	224 791	225 320
Closing balance includes:		
Current liabilities	106 432	106 644
Non-current liabilities	118 359	118 676
Total Closing balance	224 791	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

<i>In thousands of Polish Zlotys (PLN)</i>	For the period of 6 months ended 30 June 2024	For the period of 3 months ended 30 June 2024	For the period of 6 months ended 30 June 2023	For the period of 3 months ended 30 June 2023
Interests and fees on granted loans to subsidiaries	9 724	4 867	12 969	6 252
Interest income on bank deposits	517	96	57	30
Foreign exchange gain	1 203	1 173	495	482
Finance income	11 444	6 135	13 522	6 765
Interest expense on bonds measured at amortised costs	(11 418)	(5 349)	(11 194)	(5 467)
Interest and fees on loans received from subsidiaries	-	-	(132)	(132)
Bank charges	(32)	(10)	(22)	-
Discount factor reversal on liability measured at amortised cost	(1 852)	4	-	-
Commissions and fees	(714)	(307)	(555)	(279)
Other	(1 061)	(1 061)	(491)	(489)
Finance expense	(15 077)	(6 722)	(12 393)	(6 366)
Gain/loss in fair value of financial instrument at fair value through profit and loss	-	-	6 376	736
Net finance income/(expense)	(3 633)	(587)	(7 505)	1 134

Interim Condensed Standalone Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Standalone Financial Statements

Note 10 – Related parties transactions

In the period of six months ended 30 June 2024 and 30 June 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 main related parties' transactions arise on:

- Agreement with the major shareholder;
- Transactions with key management personnel.
- Liability to shareholder measured at amortised cost
- Share based payment.

Agreement with the major shareholder

Consulting services agreement with Luzon Ronson N.V. for a monthly amount of PLN 83 thousand (effective from 1 February 2024), 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 six months ended 30 June 2024, the Group incurred costs of PLN 415 thousand and 421 PLN for the period ended 30 June 2023 (in comparable period fee was paid from Ronson Development Management Sp. z o.o.).

Transactions with key management personnel

During the period ended 30 June 2024 and 30 June 2023, key management personnel of the Company included the following members of the Management Board and Supervisory 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

Mr. Ofer Kadouri – Member of Supervisory Board

Mr. Alon Kadouri – Member of Supervisory Board

Mr. Amos Luzon – Chairman of Supervisory Board

Compensation paid and due or payable to members of Management and Supervisory Board in the period of 6 months ended 30 June 2024 and in the period of 6 months ended 30 June 2023:

Compensation of the Management Board:	For the 6 month period ended 30 June 2024	For the 6 month period ended 30 June 2023
<i>In thousands of Polish Zlotys (PLN)</i>		
Salary and other short time benefit	862	863
Management bonus	140	107
Incentive plan linked to financial results	134	220
Share based payment	674	879
Other(1)	66	51
Total	1 876	2 120
Compensation of the Supervisory Board:		
Salary and other short time benefit	64	55
Total	1 940	2 175

(1) Mainly contractual benefits related to accommodation, private school and car expenses.

Liability to shareholder measured at amortised cost

On 25 May 2023, the Company and Luzon Group entered into an agreement in respect of the SAFE Agreements to settle the reimbursement of amounts received from Israeli investors in 2022 under the SAFE Agreements and to release the Company from its obligation to those investors.

On 14 March 2024, the Company and A. Luzon Group entered into an addendum to the aforementioned agreement dated 25 May 2023. 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 5 April 2024, the subject payment was made by the Company. For more information, please refer to note 11.

Interim Condensed Standalone Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Standalone Financial Statements

Note 10 – Related parties transactions**Share based payment expense**

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

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

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

The Options can be exercised until the end of 7 years from the date of their allocation. Options that were not exercised within the above-mentioned period, expire. Assuming all the Options are exercised, Mr. Haim will hold c.a. 2.38% of the issued and paid-up capital of A. Luzon Group and about 1.89% of the issued and paid-up capital of A. Luzon Group on a full dilution basis.

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 towards 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 amortised costs 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 amortised costs related to change in maturity assumption and it was treated as a modification of the original liability. On 5 April 2024 the financial liability to Shareholder has been fully paid.

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. June 30, 2024:

Investor	Value of the liability at amortised costs 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 amortised costs June 2024 [in PLN]
Amos Luzon Development and Energy Group Ltd.	25 592 623	(27 231 660)	1 851 769	(212 732)	-
Long term part	19 519 018				
Short term part	6 073 604				

Interim Condensed Standalone Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Standalone Financial Statements

Note 11 – Financial liability to Shareholder

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 amortised costs 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 amortised costs 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 – Risk management**Liquidity risk**

Liquidity risk is the risk that the Entity will not be able to meet its financial obligations as they fall due. The Entity'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 Entity's reputation. The table below analyses the Entity's financial liabilities into relevant maturity groupings based on the remaining period from reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

In thousands of Polish Zlotys (PLN)	Period ended 30 June 2024				Total
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years	
Bond loans (principal only)	99 258	-	118 359	-	217 617
Interests on bond loans	25 345	11 838	6 610	-	43 793
Total	124 603	11 838	124 696	-	261 410

In thousands of Polish Zlotys (PLN)	Period ended 31 December 2023				Total
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years	
Bond loans (principal only)	99 834	59 396	59 280	-	218 510
Interests on bond loans	21 315	4 153	1 270	-	26 738
Total	121 149	63 549	60 550	-	245 248

The Entity is exposed to liquidity risk as a result of mismatching maturity of assets and liabilities. The Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of cash, bank loans, bonds.

The Entity constantly looks for other opportunities to obtain funds which will ensure necessary financing and their favourable conditions.

Interim Condensed Standalone Financial Statements for the six months ended 30 June 2024

Notes to the Interim Condensed Standalone Financial Statements

Note 13 – Subsequent events

There were no material subsequent events after balance sheet date that could have significant impact on Condensed Standalone 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, 12 August 2024