

Ronson Development SE

Interim Financial Report
for the six months
ended
30 June 2021

Including the Interim Condensed Consolidated Financial Statements of Ronson Development SE
for the six months ended 30 June 2021
and the Interim Condensed Company Financial Statements of Ronson Development SE
for the six months ended 30 June 2021

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Management Board Report

Introduction

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

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. According to publicly available information, as at 30 June 2021, 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group') and 0.96% of the shares are held by the Company. The remaining 32.98% of the outstanding shares are held by other investors including Nationale Nederlanden Otwarty Fundusz Emerytalny and Metlife Otwarty Fundusz Emerytalny. The number of shares held by the investors is equal to the number of votes, as there are no privileged shares issued by the Company. It shall be noted that as at 30 June 2021, the Company held 1,567,954 own shares (0.96%) and, in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares. For an overview of shares, voting rights and major shareholders of the Company reference is made to page 18.

On 9 August 2021, the market price was PLN 2.32 per share giving the Company a market capitalization of PLN 380.5 million.

Overview of the Activity of the Company and the Group

The Company (together with its subsidiaries, 'the Group') is active in the development and sale of residential units, primarily apartments, in residential real-estate projects to individual customers in Poland. The Company has been operating through its subsidiaries on the following markets in Poland: Warsaw, Wrocław, Poznań and Szczecin.

During the six months ended 30 June 2021, the Group realized sales of 604 units with the total value of PLN 291.4 million, which compares to sales of 426 units with the total value PLN 196.1 million during the six months ended 30 June 2020.

During the six months ended 30 June 2021, the Group completed six projects/ stages with total number of units 350 and a total area 25,322 m² of which, 337 units are already sold

Until 30 June 2021 the Group delivered 445 units in 100% owned projects which represent a total revenue of PLN 247 million.

As at 30 June 2021, the Group has 476 units available for sale in 12 locations, of which 442 units are in ongoing projects and the remaining 34 units are in completed projects. The ongoing projects comprise a total of 1,535 units, with an aggregate floor space of 83,405 m². The construction of 772 units with a total area of 41,853 m² is expected to be completed during remaining period of 2021.

The Group has a pipeline of 14 projects in different stages of preparation, representing approximately 4,208 units with an aggregate floor space of approximately 267,052 m² for future development in Warsaw, Poznań, Wrocław and Szczecin.

During the remaining period of 2021, the Group is considering commencement of 7 stages of the currently running projects and 2 new projects comprising 734 units with a total area of 48,250 m².

In addition to the above as at 30 June 2021 the Group is in process of finalizing the purchase of 2 plots located in Warsaw with a total projected PUM of 106,700 sq.m with an estimated 1,954 units for construction.

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Business highlights during the six months ended 30 June 2021

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 2021 on a project by project basis:

Project	Information on the delivered units		Revenue ⁽¹⁾		Cost of sales ⁽²⁾		Gross profit	Gross margin
	Number of units	Area of units (m ²)	PLN thousands	%	PLN thousands	%	PLN thousands	%
Ursus Centralny Ia	123	6,636	50,475	20.4%	41,422	20.2%	9,053	17.9%
Vitalia III	81	6,790	45,706	18.5%	37,442	18.2%	8,264	18.1%
Miasto Moje III	94	4,965	33,532	13.6%	28,370	13.8%	5,162	15.4%
Nova Królikarnia 3a	19	1,940	23,532	9.5%	20,006	9.7%	3,526	15.0%
Nova Królikarnia 3b	21	2,007	23,350	9.5%	20,788	10.1%	2,562	11.0%
Nova Królikarnia 2c	9	1,887	21,669	8.8%	19,240	9.4%	2,429	11.2%
Grunwald2	27	2,043	13,709	5.6%	10,523	5.1%	3,186	23.2%
Nowe Warzymice I	38	2,050	12,708	5.1%	10,421	5.1%	2,287	18.0%
City Link III	7	686	8,063	3.3%	4,807	2.3%	3,256	40.4%
Panoramika V	13	880	5,686	2.3%	5,355	2.6%	331	5.8%
Other	13	978	8,476	3.4%	7,153	3.5%	1,322	n.a.
Total / Average	445	30,860	246,905	100%	205,527	100%	41,378	16.8%
Impairment recognized	n.a.	n.a.	n.a.		(2,212)		2,212	n.a.
Results after write-down adjustment	445	30,860	246,905		203,315		43,590	17.7%
Economic results	445	30,860	246,905		203,315		43,590	17.7%

(1) Revenue is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key of the residential unit to the buyer and total payment obtained.

(2) Cost of sales allocated to the delivered units proportionally to the total expected revenue of the project.

Revenue from the sale of residential units is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key to the buyer of the residential unit and total payment obtained. Revenue from sales and services of residential projects recognized during the six months ended 30 June 2021 amounted to PLN 246.9 million, whereas cost of sales before reversal of write-down adjustment amounted to PLN 205.5 million, that resulted in a gross profit before write-down adjustment amounting to PLN 41.4 million representing a gross margin of 16.8%.

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Business highlights during the six months ended 30 June 2021

A. Results breakdown by project

Projects completed during the six months ended on 30 June 2021

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 2021:

Project name	Location	Number of units	Area of units (m ²)	Total units sold until 30 June 2021	Units delivered in 2021	Units sold not delivered as at 30 June 2021
Vitalia III	Wrocław	81	6,790	81	81	-
Ursus Centralny Ia	Warsaw	138	7,542	137	123	14
Nova Królikarnia 3a	Warsaw	31	3,188	29	19	10
Nova Królikarnia 3b	Warsaw	23	2,270	22	21	1
Nova Królikarnia 3c	Warsaw	23	2,298	23	-	23
Nowe Warzymice I	Szczecin	54	3,234	45	38	7
Total		350	25,322	337	282	55

Vitalia III

The construction of Vitalia III project was completed in March 2021. The project was developed on a land strip located in Wrocław at Kabaczkowa Street. The Vitalia III project comprises 81 apartments with an aggregate floor space 6,790 m². Until 30 June 2021 the Company sold all units. During the six months ended 30 June 2021, the Company delivered all units and recognized sale revenue of PLN 45.7 million.

Ursus Centralny Ia

The Ursus Centralny Ia project was completed in March 2021. The project was developed on a land strip located in Warsaw, Ursus district, at Gierdziejewskiego street. The project comprises 129 apartments and 9 commercial units with an aggregate floor space of 7,542 m². Until 30 June 2021 the Company sold 137 units. During the six months ended 30 June 2021, the Company delivered 123 units and recognized sale revenue of PLN 50.5 million.

Nova Królikarnia 3a

The construction of the Nova Królikarnia 3a was completed in April 2021, respectively. The project was developed on a land strip located in the Mokotów district in Warsaw near Jaśminowa Street. The Nova Królikarnia 3a project comprises 31 apartments and an aggregate floor space of 3,188 m². Until 30 June 2021 the Company sold 29 units. During the six months ended 30 June 2021 the Company delivered 19 units and recognized sale revenue of PLN 23.5 million.

Nova Królikarnia 3b

The construction of the Nova Królikarnia 3b was completed in February 2021, respectively. The project was developed on a land strip located in the Mokotów district in Warsaw near Jaśminowa Street. The Nova Królikarnia 3b project comprises 23 apartments and an aggregate floor space of 2,270 m². Until 30 June 2021 the Company sold 22 units. During the six months ended 30 June 2021 the Company delivered 21 units and recognized sale revenue of PLN 23.4 million.

Nova Królikarnia 3c

The construction of the Nova Królikarnia 3c was completed in May 2021, respectively. The project was developed on a land strip located in the Mokotów district in Warsaw near Jaśminowa Street. The Nova Królikarnia 3c project comprises 23 apartments and an aggregate floor space of 2,298 m². Until 30 June 2021 the Company sold all units. During the six months ended 30 June 2021 the Company did not delivered any units. Delivery is planned for Q3 2021.

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Business highlights during the six months ended 30 June 2021

A. Results breakdown by project

Nowe Warzymice I

The construction of Nowe Warzymice I project was completed in May 2021. The project was developed on a land strip located in Szczecin, at Rajkowa Street. The project comprises 54 apartments with an aggregate floor space 3,234 m². Until 30 June 2021 the Company sold 45 units. During the six months ended 30 June 2021, the Company delivered 38 units and recognized sale revenue of PLN 12.7 million.

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

The table below presents information on the projects that were completed in previous years and the income that was recognised based on units delivered during the six months ended 30 June 2021:

Project name	Location	Completion date	Total Project Units	Total Area of units (m2)	Total units sold until 30 June 2021	Total units delivered until 31 December 2020	Units delivered during HY 2021	Recognised income during HY 2021 (PLN'000)	Units sold not delivered as at 30 June 2021	Units for sale as at 30 June 2021	Left to sale/deliver after 30 June 2021
Miasto Marina	Wrocław	06/2019	151	6,196	151	146	5	2,127	0	0	0
City Link III	Warsaw	11/2019	368	18,763	368	354	7	8,063	7	0	7
Grunwald2	Poznań	05/2020	268	14,456	266	236	27	13,709	3	2	5
Panoramika V	Szczecin	07/2020	115	5,992	114	95	13	5,686	6	1	7
Nova Królikarnia 2c	Warsaw	08/2020	18	3,743	18	7	9	21,669	2	0	2
Miasto Moje III	Warsaw	11/2020	196	10,176	195	98	94	33,532	3	1	4
Others			36	2,199	19	0	8	5,496	11	17	28
Total			1,152	61,525	1,131	936	163	90,281	32	21	53

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Business highlights during the six months ended 30 June 2021

B. Units sold during the period

The table below presents information on the total number of units sold (i.e. total number of units for which the Company signed the preliminary sale agreements with the clients), including net saleable area (in m²) of the units sold and net value (exclusive of VAT) of the preliminary sales agreements (including also parking places and storages) executed by the Company during the six months ended 30 June 2021:

Project name	Location	Total Project Saleable area (m ²)	Total project units	Units sold until 31 December 2020	Units sold during 6 months ended 30 June 2021	Net Sold area (m ²)	Value of the preliminary sales agreements (in PLN thousands)	Units for sale as at 30 June 2021
Ursus Centralny IIb ⁽²⁾	Warsaw	11,758	206	-	70	3,920	35,472	136
Miasto Moje V ⁽²⁾	Warsaw	8,559	170	51	90	4,492	35,332	29
Ursus Centralny IIa ⁽²⁾	Warsaw	13,509	251	194	56	3,242	26,267	1
Ursus Centralny Ib ⁽²⁾	Warsaw	5,740	97	34	51	3,138	25,808	12
Viva Jagodno I ⁽²⁾	Wrocław	6,241	121	64	54	2,829	20,236	3
Nowe Warzymice II ⁽²⁾	Szczecin	3,492	66	-	58	2,918	18,673	8
Miasto Moje IV ⁽²⁾	Warsaw	8,938	176	118	39	2,458	18,156	19
Panoramika VI ⁽²⁾	Szczecin	3,591	75	46	29	1,562	9,859	-
Nova Królikarnia 3a ⁽¹⁾	Warsaw	3,188	31	22	7	750	9,606	2
Vitalia III ⁽¹⁾	Wrocław	6,790	81	69	12	1,247	8,170	-
Nova Królikarnia 2c ⁽¹⁾	Warsaw	3,743	18	15	3	647	8,095	-
Nova Królikarnia 3c ⁽¹⁾	Warsaw	2,298	23	17	6	654	8,092	-
Panoramika V ⁽¹⁾	Szczecin	5,992	115	99	15	1,100	7,119	1
Grunwald2 ⁽¹⁾	Poznań	14,456	268	253	13	1,026	7,032	2
Nowe Warzymice I ⁽¹⁾	Szczecin	3,234	54	29	16	1,037	6,316	9
City Link III ⁽¹⁾	Warsaw	18,763	368	363	5	541	5,942	-
Miasto Moje III ⁽¹⁾	Warsaw	10,176	196	182	13	869	5,628	1
Grunwaldzka ⁽²⁾	Poznań	3,351	70	-	16	573	5,359	54
Młody Grunwald I-III ⁽¹⁾	Poznań	23,855	393	385	5	497	3,955	5
Nova Królikarnia 3b ⁽¹⁾	Warsaw	2,270	23	21	1	133	1,629	1
Marina Miasto ⁽¹⁾	Wrocław	6,196	151	148	3	138	1,260	-
Verdis I-IV ⁽¹⁾	Warsaw	26,858	452	447	2	156	1,327	4
Viva Jagodno IIa ⁽²⁾	Wrocław	8,653	154	-	3	128	978	151
Miasto Moje I ⁽¹⁾	Warsaw	10,917	205	202	1	134	819	2
Ursus Centralny Ia ⁽¹⁾	Warsaw	7,542	138	136	1	83	726	1
Panoramika IV ⁽¹⁾	Szczecin	5,775	111	110	1	72	396	-
Miasto Moje II ⁽¹⁾	Warsaw	8,095	148	147	1	50	269	-
Vitalia I ⁽¹⁾	Wrocław	7,434	139	138	-	-	213	1
Other ⁽¹⁾	other	n/a	n/a	n/a	1	71	679	5
Total excluding JV		241,413	4,300	3,290	572	34,463	273,415	447
Wilanów tulip	Warsaw	9,574	149	88	32	2,050	18,019	29
Total including JV		250,986	4,449	3,378	604	36,513	291,433	476

(1) For information on the completed projects see "Business highlights during the six months ended 30 June 2021 – A. Results breakdown by project".

(2) For information on current projects under construction, see "Outlook for the remaining period of 2021 – B. Current projects under construction and/or on sale".

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

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Business highlights during the six months ended 30 June 2021

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, exclusive of VAT) executed by the Group:

Location	Value of the preliminary sales agreements sold during 6 months ended		Increase/(decrease)	
	30 June 2021	30 June 2020	In PLN	%
<i>In thousands of Polish Zlotys (PLN)</i>				
Warsaw	201,188	139,568	61,620	44.2%
Wrocław	30,857	22,844	8,013	35.1%
Szczecin	42,363	20,805	21,558	103.6%
Poznań	16,346	12,549	3,797	30.3%
other	679	359	320	89.2%
Total	291,433	196,125	95,308	48.6%

C. Commencements of new projects

The table below presents information on the projects for which the construction and/or sales process commenced during the six months ended 30 June 2021:

Project name	Location	Number of units	Area of units (m2)
Ursus Centralny IIb	Warsaw	206	11,758
Viva Jagodno IIa	Wrocław	154	8,653
Grunwaldzka	Poznań	70	3,351
Total		430	23,762

For additional information see section “Outlook for the remaining period of 2021 – B. Current projects under construction and/or on sale”.

D. Agreements significant for the business activity of the Group

The table below presents the summary of the signed preliminary and final purchase agreements of land during the period ended 30 June 2021:

Location	Type of agreement	Signed date	Agreement net value (million PLN)	Paid net till 30 June 2021 (million PLN)	Number of units	Potential PUM
Poznań, Smardzewska	final	11-Feb-21	26.0	26.0	352	17,000
Warsaw, Epopei	preliminary	23-Nov-20	20.0	13.4	432	20,700
Warsaw, KEN	preliminary	3-Mar-21	16.0	9.0	94	5,700
Warsaw, Ursus	preliminary	27-Jan-21	150.0	0.0	1860	100,000
Warsaw, Studzienna	final	18-Dec and 29-Jun-21	13.5	13.5	82	4,800
Warsaw, Stojowskiego	preliminary	2-Jun-21	13.2	3.0	184	11,000
Warsaw, Wysockiego	preliminary	2-Jun-21	14.0	4.0	125	9,500
Total			252.7	68.9	3,129	168,700

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Selected financial data

PLN/EUR	Exchange rate of Polish Zloty versus Euro			
	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2021 (6 months)	4.540	4.454	4.660	4.521
2020 (6 months)	4.414	4.228	4.604	4.466
2020 (12 months)	4.445	4.228	4.633	4.615

Source: National Bank of Poland ("NBP")

Selected financial data

	EUR		PLN	
	(thousands, except per share data)			
	For the six months ended 30 June			
	2021	2020	2021	2020
Revenues	54,389	57,336	246,905	253,099
Gross profit	9,602	15,143	43,590	66,847
Profit/(loss) before taxation	6,114	10,993	27,756	48,529
Net profit/(loss) for the period attributable to the equity holders of the parent	4,835	9,207	21,949	40,641
Cash flows from/(used in) operating activities	1,732	2,433	7,863	10,741
Cash flows from/(used in) investing activities	-	(266)	-	(1,173)
Cash flows from/(used in) financing activities	7,923	(5,745)	35,968	(25,359)
Increase/(decrease) in cash and cash equivalents	9,655	(3,577)	43,831	(15,791)
Average number of equivalent shares (basic)	162,447,328	163,285,842	162,447,328	163,285,842
Net earnings/(loss) per share (basic and diluted)	0.030	0.056	0.135	0.249

Selected financial data

	EUR		PLN	
	(thousands)			
	As at			
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Inventory and Land designated for development	143,093	153,906	646,894	710,247
Total assets	216,146	203,209	977,151	937,767
Advances received	47,655	48,597	215,437	224,267
Long term liabilities	46,208	40,204	208,899	185,534
Short term liabilities (including advances received)	81,093	80,700	366,605	372,416
Equity attributable to the equity holders of the parent	88,844	82,304	401,647	379,817

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Overview of results

The net profit attributable to the equity holders of the parent company for the six months ended 30 June 2021 was PLN 21,949 thousand and can be summarized as follows:

	For 6 months ended		change	
	30 June			
	2021	2020	nominal	%
	PLN			
	<i>(thousands, except per share data)</i>			
Revenue from sales of residential units	246,905	253,099	(6,194)	-2.4%
Revenues	246,905	253,099	(6,194)	-2.4%
Cost of sales of residential units	(203,315)	(186,252)	(17,063)	9.2%
Cost of sales	(203,315)	(186,252)	(17,063)	9.2%
Gross profit	43,590	66,847	(23,257)	-34.8%
Selling and marketing expenses	(2,548)	(2,945)	397	-13.5%
Administrative expenses	(11,217)	(12,638)	1,421	-11.2%
Share of profit/(loss) from joint venture	(172)	(545)	373	-68.4%
Other expense	25	8	17	213.7%
Result from operating activities	29,678	50,727	(21,049)	-41.5%
Finance income	348	367	(19)	-5.2%
Finance expense	(2,270)	(2,565)	295	-11.5%
Net finance income/(expense)	(1,922)	(2,198)	276	-12.6%
Profit/(loss) before taxation	27,756	48,529	(20,773)	-42.8%
Income tax benefit/(expenses)	(5,807)	(7,888)	2,081	-26.4%
Net profit/(loss) for the period before non-controlling interests	21,949	40,641	(18,692)	-46.0%
Net profit/(loss) for the period attributable to the equity holders of the parent	21,949	40,641	(18,692)	-46.0%
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)	0.135	0.249	(0.114)	-45.8%

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Overview of results

Revenue from sales and services of residential projects

The revenue from sales and services of residential units decreased by PLN 6.2 million (2.4%) from PLN 253.1 million during the six months ended 30 June 2020 to PLN 246.9 million during the six months ended 30 June 2021, is primarily explained by the delivery of 445 units to the customers during the six months ended 30 June 2021, comparing to the 600 units delivered during the six months ended 30 June 2020 (in terms of fully owned projects).

Cost of sales of residential units

Cost of sales of residential units increased by PLN 17.1 million (9.2%) from PLN 186.3 million during the six months ended 30 June 2020 to PLN 203.3 million during the six months ended 30 June 2021. The increase relates to a different mix of projects delivered to the customers characterized by a different profitability during the six months ended 30 June 2021 compared to the mix of projects delivered to customers during the six months ended 30 June 2020.

Gross margin

The gross margin from sales and services of residential units during the six months ended 30 June 2021 was 17.7% which decreased comparing to 26.3% during the six months ended 30 June 2020. The change in gross margin relates to a different mix of projects delivered to the customers characterized by a different profitability during the six months ended 30 June 2021 compared to the mix of projects delivered to customers during the six months ended 30 June 2020. During six months ended 30 June 2021 the projects that significantly impacted revenues and profitability of the Group were Ursus Centralny Ia and Vitalia III (contributed respectively PLN 9.1 million and PLN 8.3 million to the gross profit representing a gross profit margin of 17.9% and 18.1%). Comparing to the period ended 30 June 2020 the project that significantly impacted revenues and profitability of the Group was City Link III in Warsaw (contributed PLN 55.6 million to the gross profit representing a gross profit margin of 38.7%).

Selling and marketing expenses

Selling and marketing expenses decreased by PLN 0.4 million (13.5%) from PLN 2.9 million during the six months ended 30 June 2020 to PLN 2.5 million during the six months ended 30 June 2021, which is primarily explained by more effective management of selling and marketing costs as well as shortened sale period due to very high demand for apartment purchase. During the reporting period the Company adopted new marketing strategy adjusting to the new market situation, which contributed significantly to the increase of the number of units sales by 178 units reaching to 604 units in the period ended 30 June 2021 comparing to 426 units in the 6 months ended on 30 June 2020.

Net finance income/(expenses)

Finance income/(expenses) is accrued and capitalized as part of the cost price of inventory to the extent that is directly attributable to the construction of residential units. Unallocated finance income/(expenses) not capitalized is recognized in the statement of comprehensive income. Net finance expenses decreased by PLN 0.3 million (12.6%) from PLN 2.2 million during the six months ended 30 June 2020 to PLN 1.9 million during the six months ended 30 June 2021. It is mainly explained by lower interest rates during the period ended on 30 June 2021 comparing to the period ended on 30 June 2020 and partially offset by higher bonds borrowing compared to the six months ended on 30 June 2020.

Management Board Report**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 2021	As at 31 December 2020
	PLN (thousands)	
Inventory and Land designated for development	<u>646,894</u>	<u>710,247</u>
Advances received	<u>215,437</u>	<u>224,267</u>
Loans and borrowings	<u>275,127</u>	<u>230,072</u>
Trade and other payables and accrued expenses	<u>56,061</u>	<u>58,347</u>

Inventory and Residential landbank

The balance of Inventory and Residential landbank is PLN 646.9 million as at 30 June 2021 compared to PLN 710.2 million as at 31 December 2020. The change is primarily explained by purchases of land during the six months ended 30 June 2021 in the amount of PLN 35.9 million and investments in direct construction costs and capitalized finance costs for a total amount of PLN 102.7 million, which is partly offset by the recognized costs of sales in the total amount of PLN 203.6 million.

Advances received

The balance of advances received is PLN 215.4 million as at 30 June 2021 compared to PLN 224.3 million as at 31 December 2020. The decrease is explained by advances received from clients regarding sales of units during the period ended 30 June 2021 for a total amount PLN 237.8 million, which was offset by the revenues recognized from the sale of residential units for a total amount of PLN 246.4 million during the six months ended 30 June 2021.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 275.1 million as at 30 June 2021 compared to PLN 230.1 million as at 31 December 2020. The increase in loans and borrowings is primarily explained by the effect of proceeds from issuing series W bonds in amount of PLN 100.0 million. Of the mentioned PLN 275.1 million, an amount of PLN 77.7 million comprises facilities maturing no later than 30 June 2022. The balance of bond loans comprises of: principal amount of PLN 275.2 million plus accrued interest of PLN 2.7 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 2.8 million). For additional information see Note 13 of the Interim Condensed Consolidated Financial Statements.

Trade and other payables and accrued expenses

The balance of trade and other payables and accrued expenses is PLN 56.1 million as at 30 June 2021 compared to PLN 58.3 million as at 31 December 2020. The decrease is mainly explained by decrease of trade accounts payables related to constructions work (decrease by the total amount of PLN 5.8 million), partially offset by the increase of VAT payables and securities from general contractors in the total amount of PLN 3.7 million.

Management Board Report

Overview of cash flow results

The Group funds its day-to-day operations principally from cash flow provided by its operating activities, loans and borrowings under its loan facilities.

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

	For the year ended 30 June	For the year ended 30 June
	2021	2020
	PLN (thousands)	PLN (thousands)
Cash flows from/(used in) operating activities	7,863	10,741
Cash flow from/(used in) investing activities	-	(1,173)
Cash flow (used in)/from financing activities	35,968	(25,359)

Cash flow from/(used in) operating activities

The Company's net cash inflow from operating activities for the six months ended 30 June 2021 amounted to PLN 7.9 million which compares to a net cash inflow from operating activities during the six months ended 30 June 2020 amounted to PLN 10.7 million. The decrease is primarily explained by:

- a higher net cash outflow due to purchase of landbank, paid advances and prepayments for land purchase (held as notary deposits) in the total amount of PLN 64.5 million in the period ended 30 June 2021 in comparison to the period ended 30 June 2020 whereas the Company paid advances for land (including notary deposits) and payments for Nova Królikarnia project in total amount of PLN 39.9 million;
- a higher payment of corporate income tax paid in the amount of PLN 13 million during the period ended 30 June 2021 in comparison to PLN 1.7 million paid in the period ended 30 June 2020;
- a higher cash outflow due to decrease in trade accounts payable in the amount PLN 1.9 million in the period ended 30 June 2021 in comparison to cash inflow in amount PLN 8.0 million in the period ended 30 June 2020;
- an increase in other current financial assets (money received in escrow account) from clients by PLN 25 million.

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

- the increase in advance received from clients of PLN 237.7 million during the period ended 30 June 2021 comparing to advances from clients in the amount of PLN 170.6 million received during the period ended 30 June 2020.

Cash flow from/(used in) financing activities

The Company's net cash inflow used in financing activities amounted to PLN 36.0 million during the six months ended 30 June 2021 compared to a net cash outflow from financing activities amounted to PLN 25.4 million during the six months ended 30 June 2020. The change is primarily explained by:

- a net inflow of bond loans amounting to PLN 43.7 million during the six months ended 30 June 2021 compared to net repayment of bond loans amounting to PLN 10.0 million during the six months ended 30 June 2020;
- a net repayment of secured bank loans amounting to PLN 12.5 million during the six months ended 30 June 2020, while there was no repayments in the period ended 30 June 2021;
- a net repayment of loans from others amounting to PLN 6.6 million during the six months ended 30 June 2021 compared to repayment in amount of PLN 1.5 million during the six months ended 30 June 2020.

Management Board Report

Outlook for the remaining period of 2021

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 2021:

Project name	Location	Number of residential units delivered ⁽¹⁾			Number of residential units expected to be delivered ⁽¹⁾			Total project
		Until 31 December 2020	During the period ended 30 June 2021	Total units delivered	Units sold not delivered as at 30 June 2021	Units for sale as at 30 June 2021	Total units expected to be delivered	
Ursus Centralny Ia	Warsaw	-	123	123	14	1	15	138
Miasto Moje III	Warsaw	98	94	192	3	1	4	196
Vitalia III	Wrocław	-	81	81	-	-	-	81
Nowe Warzymice I	Szczecin	-	38	38	7	9	16	54
Grunwald2	Poznań	236	27	263	3	2	5	268
Nova Królikarnia 3b	Warsaw	-	21	21	1	1	2	23
Nova Królikarnia 3a	Warsaw	-	19	19	10	2	12	31
Panoramika V	Szczecin	95	13	108	6	1	7	115
Nova Królikarnia 2c	Warsaw	7	9	16	2	-	2	18
City Link III	Warsaw	354	7	361	7	-	7	368
Marina Miasto	Wrocław	146	5	151	-	-	-	151
Panoramika IV	Szczecin	109	2	111	-	-	-	111
Verdis I-IV	Warsaw	441	2	443	5	4	9	452
Młody Grunwald I-III	Poznań	383	2	385	3	5	8	393
Nova Królikarnia 2b	Warsaw	26	1	27	1	-	1	28
Sakura I-IV	Warsaw	513	1	514	-	1	1	515
Nova Królikarnia 3c	Warsaw	-	-	-	23	-	23	23
Other (old) projects		-	-	-	2	7	9	9
Total		2,408	445	2,853	87	34	121	2,974

(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 2021- A. Results breakdown by project".

Management Board Report

Outlook for the remaining period of 2021

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 2021, 2022 and in 2023. The Company has obtained valid building permits for all projects/stages and has commenced construction and /or sales.

Project name	Location	Start date of construction	Units sold until 30 June 2021	Units for sale as at 30 June 2021	Total units	Total area of units (m ²)	Expected completion of construction
Viva Jagodno I	Wrocław, Jagodno, Buforowa st.	Q3 2019	118	3	121	6,241	Q3 2021
Ursus Centralny IIa	Warsaw, Ursus, Gierdziejewskiego st.	Q2 2020	250	1	251	13,509	Q4 2021
Miasto Moje IV	Warsaw, Bialoleka , Marwilaska st.	Q1 2020	157	19	176	8,938	Q4 2021
Panoramika VI	Szczecin, Panoramiczna st.	Q2 2020	75	-	75	3,591	Q4 2021
Nowe Warzymice II	Szczecin, Duńska st.	Q4 2020	58	8	66	3,492	Q2 2022
Ursus Centralny Ib	Warsaw, Ursus, Gierdziejewskiego st.	Q4 2020	85	12	97	5,740	Q3 2022
Miasto Moje V	Warsaw, Bialoleka , Marwilaska st.	Q4 2020	141	29	170	8,559	Q4 2022
Ursus Centralny IIb	Warsaw, Ursus, Gierdziejewskiego st.	Q1 2021	70	136	206	11,758	Q4 2022
Viva Jagodno IIa	Wrocław, Jagodno, Buforowa st.	Q2 2021	3	151	154	8,653	Q4 2022
Grunwaldzka	Poznań, Grunwaldzka st.	Q2 2021	16	54	70	3,351	Q1 2023
Subtotal excluding JV			973	413	1,386	73,832	
Wilanów Tulip ⁽¹⁾	Warsaw, Wilanów, Syta st.	Q1 2019	120	29	149	9,574	Q3 2021
Subtotal including JV			1,093	442	1,535	83,405	

(1) The project is presented in the Interim Condensed Consolidated Financial Statements under Investment in joint venture; the Company's share in the project is 50%.

C. Projects for which construction work is planned to commence during the remaining period of 2021

During the remaining period of 2021, the Company is considering the commencement of 7 stages for ongoing projects and 2 new projects (comprising in total 734 units with a total area of 48,250 m²), which the management believes are well-suited to current customer requirements, including smaller apartments at more economical prices. Furthermore, in order to minimize market risk, the Company's management dividing new projects into relatively smaller stages. In the event of any market disruption or difficulties with securing bank financing for the considered projects, the management may decide to suspend , postpone or alter its plan for the commencement of some of those projects.

The table below presents information on projects for which the commencement of construction works is scheduled in the remaining period of 2021.

Project name	Location	Total units	Total area of units (m ²)
Nowe Warzymice III	Szczecin	63	3,500
Viva Jagodno IIb	Wrocław	74	4,500
Renaissance (Siekierki)	Warsaw	92	4,800
Falenty I	Warsaw	40	3,300
Miasto Moje VI	Warsaw	227	11,700
Ursus Centralny IIc	Warsaw	195	11,100
Nova Królikarnia 3d	Warsaw	15	2,200
Nova Królikarnia 4a	Warsaw	5	1,350
Nova Królikarnia 4b	Warsaw	23	5,800
Total		734	48,250

Management Board Report

Outlook for the remaining period of 2021

D. Value of the preliminary sales agreements signed with clients for which revenue has not been recognized in the Consolidated Statement of Comprehensive Income

The current volume and value of the preliminary sales agreements signed with the clients do not impact the Interim Condensed Consolidated Statement of Comprehensive Income immediately but only after final settlement (i.e. upon signing of protocol for technical acceptance and transfer of the key to the client as well as obtaining full payment for the unit purchased) of the contracts with the customers. The table below presents the value of the preliminary sales agreements (excluding VAT) executed with the Company's clients in particular for units that have not been recognized in the Interim Condensed Consolidated Statement of Comprehensive Income:

Project name	Location	Number of the sold but not delivered units signed with Clients	Value of the preliminary sales agreements signed with clients	Completed / expected completion of construction
Grunwald2 ⁽¹⁾	Poznań	3	1,549	Completed
Nova Królikarnia 2c ⁽¹⁾	Warsaw	2	5,426	Completed
City Link III ⁽¹⁾	Warsaw	7	7,748	Completed
Miasto Moje III ⁽¹⁾	Warsaw	3	1,397	Completed
Panoramika V ⁽¹⁾	Szczecin	6	2,898	Completed
Młody Grunwald I-III ⁽¹⁾	Poznań	3	2,130	Completed
Nova Królikarnia 3a ⁽¹⁾	Warsaw	10	12,081	Completed
Nova Królikarnia 3b ⁽¹⁾	Warsaw	1	1,509	Completed
Nova Królikarnia 3c ⁽¹⁾	Warsaw	23	28,111	Completed
Ursus Centralny Ia ⁽¹⁾	Warsaw	14	6,508	Completed
Nowe Warzymice I ⁽¹⁾	Szczecin	7	2,727	Completed
Other (old) projects ⁽¹⁾		8	5,194	Completed
Subtotal completed projects		87	77,277	
Ursus Centralny IIa ⁽²⁾	Warsaw	250	104,994	2021
Viva Jagodno I ⁽²⁾	Wrocław	118	42,967	2021
Miasto Moje IV ⁽²⁾	Warsaw	157	56,184	2021
Panoramika VI ⁽²⁾	Szczecin	75	23,139	2021
Ursus Centralny Ib ⁽²⁾	Warsaw	85	40,571	2022
Miasto Moje V ⁽²⁾	Warsaw	141	50,863	2022
Nowe Warzymice II ⁽²⁾	Szczecin	58	18,673	2022
Ursus Centralny IIb ⁽²⁾	Warsaw	70	35,472	2022
Viva Jagodno IIa ⁽²⁾	Wrocław	3	978	2022
Grunwaldzka ⁽²⁾	Poznań	16	5,359	2023
Subtotal ongoing projects		973	379,198	
Wilanów Tulip ^{(2)/(3)}	Warsaw	120	65,884	2021
Subtotal project held by joint venture		120	65,884	
Total		1,180	522,360	

(1) For information on the completed projects see "Business highlights during the six months ended 30 June 2021–A. Results breakdown by project".

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

(3) This project is presented in the Interim Condensed Consolidated Financial Statements under Investment in joint ventures; the Company's share in this project is 50%.

Management Board Report

Additional information to the report

Major shareholders

To the best of the Company's knowledge, as at 9 August 2021, the following shareholders are entitled to exercise over 5% of the voting rights at the General Meeting of Shareholders in the Company:

<i>Shares</i>	As of 9 August 2021		As of 30 June 2021		As of 31 December 2020	
	Number of shares / % of shares	Change in number of shares	Number of shares / % of shares	Change in number of shares	Number of shares / % of shares	Change in number of shares
Shares issued:	164 010 813	-	164 010 813	-	164 010 813	-
I.T.R. Dori B.V. (1)	108 349 187 66.06%	-	108 349 187 66.06%	-	108 349 187 66.06%	-
Nationale Nederlanden Otwarty Fundusz Emerytalny	23 884 091 14.56%	-	23 884 091 14.56%	4 091	23 880 000 14.56%	0%
Metlife Otworthy Fundusz	N/A	-	N/A	N/A	N/A	N/A
Emerytalny	Between 5%-10%	-	Between 5%-10%	N/A	Between 5%-10%	N/A

<i>Votes</i>	As of 9 August 2021		As of 30 June 2021		As of 31 December 2020	
	Number of shares / % of shares	Change in number of shares ⁽²⁾	Number of shares / % of shares	Change in number of shares	Number of shares / % of shares	Change in number of shares
Shares issued⁽²⁾:	162 442 859	-	162 442 859	(78 719)	162 521 578	-
I.T.R. Dori B.V. (1)	108 349 187 66.70%	-	108 349 187 66.70%	-	108 349 187 66.67%	-
Nationale Nederlanden Otwarty Fundusz Emerytalny	23 884 091 14.70%	-	23 884 091 14.70%	4 091	23 880 000 14.69%	0.00%
Metlife Otworthy Fundusz	N/A	-	N/A	N/A	N/A	N/A
Emerytalny	Between 5%-10%	-	Between 5%-10%	N/A	Between 5%-10%	N/A

(1) The subsidiaries of A. Luzon Group.

(2) The overall number of votes decreased by the amount of votes resulting from own shares held by the Company, as in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares.

The total number of own shares held by the Company as at 30 June 2021 was equal to 1,567,954 shares, which constitute 0.96% of the share capital of the Company and votes at the General Meeting. There were no changes in own shares until the publication date.

Management Board Report

Additional information to the report

Changes in ownership of shares and rights to shares by Management and Supervisory Board members during the six months ended 30 June 2021 and until the date of publication of this report

Mr Amos Luzon, member of the Supervisory Board, as at 31 December 2020 held 83.83%, while as at 30 June 2021 and as at the day preceding the publication of this report held 72.33% of the shares and voting rights in A. Luzon Group (to the best of the company's knowledge, inter alia through A. Luzon Properties and Investments Ltd., a private company owned by Mr Amos Luzon "99%"), and as a result, thus indirectly held a 54.83% of shares in the Company as at 31 December 2020, 47.30% as at 30 June 2021 and at the day preceding the publication of this report. Taking into account own shares held by the Company as at 31 December 2020, 30 June 2021 and as at the day preceding the publication of this report, Mr. Amos Luzon indirectly controlled following percentage of votes at those dates: 55.33%, 47.76% and 47.76%, respectively.

Mr Piotr Palenik, member of the Supervisory Board, as at 31 December 2020, 30 June 2021 and at the day preceding the publication of this report held 0.012% of the shares and voting rights in the Company (in total 20 thousand shares). Number of shares owned by the Company did not influence the percentage of votes held by Mr. Piotr Palenik after rounding.

Changes in the Management and Supervisory Board during the six months ended 30 June 2021 and until the date of publication of this report

On 27 May 2021 the Supervisory Board, acting pursuant to Article 8.1 of the articles of association of the Company, appointed, effective as of 1 June 2021, Ms. Karolina Bronszewska to the position of Marketing and Innovation Member of the Management Board of the Company for a five-year joint term of office of the Management Board, which commenced on 1 April 2019.

At the same time, the Management Board informs that in connection with the appointment of Ms. Karolina Bronszewska to the position of the Marketing and Innovation Management Board Member, the name of Mr. Andrzej Gutowski's position has changed from "Sales and Marketing Vicepresident" to "Sales Vicepresident".

Changes in the Company's group structure

During the six months ended 30 June 2021 there were the following changes in the Company's group structure:

- 1) Creation of new Companies:
 - Ronson Development SPV1 Sp. z o.o.
 - Ronson Development SPV2 Sp. z o.o.
 - Ronson Development SPV3 Sp. z o.o.
 - Ronson Development SPV4 Sp. z o.o.
 - Ronson Development SPV5 Sp. z o.o.
 - Ronson Development SPV6 Sp. z o.o.

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

The Company's group structure as at 30 June 2021 and 31 December 2020 is presented in the Note 7 to the Interim Condensed Consolidated Financial Statements.

Management Board Report

Additional information to the report

Seasonality

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

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

The Management Board of Ronson Development SE does not publish any financial forecasts concerning the Group and the Company.

Related parties transactions

There were no transactions and balances with related parties during the six months ended 30 June 2021 other than the remuneration of the Management Board, loans granted to related parties within the Group, the reimbursement of audit review costs and the consulting services agreement with A. Luzon Group, the major (indirect) shareholder, for a total monthly amount of PLN 70 thousand and covering travel and out of pocket expenses. All transactions with related parties were performed based on market conditions.

Quarterly reporting by the Company

As a result of requirements pertaining to A. Luzon Group, the Company's controlling shareholder, whose ultimate parent company is listed on the Tel Aviv Stock Exchange, the first quarter reports, semi-annual reports and third quarter reports are subject to a full scope review by the Company's auditors. For the Company itself, being domiciled in Poland and listed on the Warsaw Stock Exchange, only the semi-annual report is subject to a review. The Company has agreed with A. Luzon Group that the costs for the first and third quarter review will be shared between the Company and its shareholder. The Company considers having its first and third quarter report provided with a review report a benefit to all of its shareholders.

The Company prepared this Interim Financial Report for the six months ended 30 June 2021 in both English and Polish languages, while the Polish version is binding.

Disclosure obligations of controlling shareholder

Please note that A. Luzon Group, the Company's controlling shareholder, is a company listed on the Tel Aviv Stock Exchange with the registered office in Raanana, Israel, and is subject to certain disclosure obligations. Some of the documents published by A. Luzon Group in performance of such obligations, available here: <http://maya.tase.co.il> (some of which are only available in Hebrew), may contain certain information relating to the Company.

Material court cases

There is no proceeding pending before a court, a complement arbitration authority or a public administration authority concerning liabilities or claims of Ronson Development SE or its subsidiaries, the value of which equaled at least 10% of the Company's equity.

Guarantees provided by the Company

During the six months ended 30 June 2021, the Company did not grant any guarantees.

Employees

The average number of personnel employed by the Group – on a fulltime equivalent basis – during the six months ended 30 June 2021 was 73 compared to 74 during the six months ended 30 June 2020. There were no personnel employed in the Company.

Management Board Report

Additional data for the Company

The Company is mainly a holding company and management services provider with respect to the development of residential projects for its subsidiaries. The majority of the Company income are from the following sources: (i) interests from loans granted to subsidiaries for the development of projects, (ii) management fee received from subsidiaries for the provision of projects management services, and (iii) dividend received from subsidiaries. All above revenues are being eliminated on a consolidated level.

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

PLN/EUR	Exchange rate of Polish Zloty versus Euro			
	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2021 (6 months)	4.540	4.454	4.660	4.521
2020 (6 months)	4.414	4.228	4.604	4.466
2020 (12 months)	4.445	4.228	4.633	4.615

Source: National Bank of Poland ("NBP")

Selected financial data

	EUR		PLN	
	(thousands, except per share data)			
	For the 6 months ended 30 June			
	2021	2020	2021	2020
Revenues from management services	911	1,088	4,134	4,804
Financial income (wise majority from loans granted to subsidiaries)	670	813	3,040	3,587
Financial expenses (wise majority from interest on bonds)	(1,366)	(1,162)	(6,201)	(5,128)
Profit including results from subsidiaries	4,845	9,207	21,949	40,640
Cash flows from/(used in) operating activities	(1,006)	(394)	(4,565)	(1,737)
Cash flows from/(used in) investing activities	3,744	846	16,995	3,737
Cash flows from/(used in) financing activities	7,701	(1,809)	34,961	(7,987)
Increase/(decrease) in cash and cash equivalents	10,440	(1,356)	47,392	(5,987)
Average number of equivalent shares (basic)	162,447,328	163,285,842	162,447,328	163,285,842
Net earnings/(loss) per share (basic and diluted)	0.030	0.056	0.135	0.249

Selected financial data

	EUR		PLN	
	(thousands)			
	As at			
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Investment in subsidiaries	98,789	94,451	446,607	435,874
Loan granted to subsidiaries	34,146	34,746	154,365	160,347
Total assets	150,475	135,910	680,268	627,199
Long term liabilities	44,303	40,676	200,285	187,712
Short term liabilities	17,328	12,930	78,336	59,670
Equity	88,844	82,304	401,647	379,817

Management Board Report

Responsibility statement

The Management Board of Ronson Development SE hereby declares that:

- a) to the best of its knowledge, the Interim Condensed Consolidated Financial Statements and Interim Condensed Company Financial Statements and comparative data have been prepared in accordance with the applicable accounting principles and that they reflect in a true, reliable and clear manner financial position of the Company, the Group and its financial result,
- b) the Management Board Report contains a true picture of the Company's and Group's development and achievements, as well as a description of the main threats and risks.

This Management Board Report of activities of the Company and the Group during the six months period ended 30 June 2021 was prepared and approved by the Management Board of the Company on 10 August 2021.

The Management Board

Boaz Haim

President of the Management Board

Yaron Shama

Vicepresident of the Management Board, CFO

Andrzej Gutowski

Vicepresident of the Management Board,
Sales Director

Alon Haver

Member of the Management Board

Karolina Bronszewska

Member of the Management Board
Marketing and Innovation Director

Warsaw, 10 August 2021

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021**Interim Condensed Consolidated Statement of Financial Position**

<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	As at 30 June 2021 (Unaudited/Reviewed)	As at 31 December 2020 (Audited)
Assets			
Property and equipment		8,302	8,797
Investment property		8,952	8,956
Intangible fixed assets		34	39
Non-current loans from joint ventures	24	8,755	8,902
Deferred tax assets	17	9,124	9,037
Land designated for development	9	46,853	45,486
Total non-current assets		82,020	81,217
Inventory	9	600,041	664,761
Trade and other receivables and prepayments	10	45,956	37,374
Advances for Land	25	29,200	3,700
Income tax receivable		460	338
Current loans from joint ventures	24	1,224	1,039
Other current financial assets		39,320	14,239
Cash and cash equivalents		178,930	135,099
Total current assets		895,131	856,550
Total assets		977,151	937,767
Equity			
Share capital		12,503	12,503
Share premium		150,278	157,905
Treasury shares		(1,732)	(1,613)
Retained earnings		240,598	211,022
Total equity/Equity attributable to equity holders of the parent		401,647	379,817
Liabilities			
Bond loans	13	197,416	175,382
Deferred tax liability	17	10,874	9,562
Lease liabilities related to perpetual usufruct of investment properties	11	609	590
Total non-current liabilities		208,899	185,534
Trade and other payables and accrued expenses	15	56,061	58,347
Bond loans	13	75,053	52,625
Other payables - interests accrued on bonds	13	2,658	2,065
Interest bearing deferred trade payables		1,716	8,482
Advances received	18	215,437	224,267
Income tax payable		3,403	11,734
Provisions		577	994
Lease liabilities related to perpetual usufruct of land	11	11,700	13,902
Total current liabilities		366,605	372,416
Total liabilities		575,504	557,950
Total equity and liabilities		977,151	937,767

The notes included on pages 26 to 51 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021

Interim Condensed Consolidated Statement of Comprehensive Income

		For the 6 months ended 30 June 2021	For the 3 months ended 30 June 2021	For the 6 months ended 30 June 2020	For the 3 months ended 30 June 2020
<i>PLN (thousands, except per share data and number of shares)</i>	<i>Note</i>	(Reviewed) / (unaudited)	(Reviewed) / (unaudited)	(Reviewed) / (unaudited)	(Reviewed) / (unaudited)
Revenue from residential projects		246,425	153,873	252,605	85,629
Revenue from sale of services		480	240	494	243
Revenue	<i>19</i>	246,905	154,113	253,099	85,872
Cost of sales	<i>19,9</i>	(203,315)	(127,796)	(186,252)	(64,872)
Gross profit		43,590	26,317	66,847	21,000
Selling and marketing expenses		(2,548)	(1,270)	(2,945)	(1,504)
Administrative expenses		(11,217)	(5,629)	(12,638)	(6,944)
Share of profit/(loss) in joint ventures	<i>24</i>	(172)	59	(545)	(499)
Other expenses		(1,238)	(430)	(1,016)	(68)
Other income		1,263	255	1,024	501
Result from operating activities		29,678	19,302	50,727	12,486
Finance income		348	223	367	127
Finance expense		(2,270)	(1,288)	(2,565)	(1,507)
Net finance income/(expense)		(1,922)	(1,065)	(2,198)	(1,380)
Profit/(loss) before taxation		27,756	18,237	48,529	11,106
Income tax benefit/(expense)	<i>16,17</i>	(5,807)	(3,896)	(7,888)	147
Profit for the period		21,949	14,341	40,641	11,253
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the period, net of tax		21,949	14,341	40,641	11,253
Total profit/(loss) for the period attributable to:					
equity holders of the parent		21,949	14,341	40,641	11,253
Non-controlling interests		-	-	-	-
Total profit/(loss) for the period, net of tax		21,949	14,341	40,641	11,253
Total profit/(loss) for the period attributable to:					
equity holders of the parent		21,949	14,341	40,641	11,253
Non-controlling interests		-	-	-	-
Total comprehensive income/(expense) for the period, net of tax		21,949	14,341	40,641	11,253
Weighted average number of ordinary shares (basic and diluted)		162,447,328	162,442,859	163,285,842	163,873,259
<i>In Polish Zlotys (PLN)</i>					
Net earnings/(loss) per share attributable to the equity holders of the parent basic		0.135	0.088	0.249	0.069
Net earnings/(loss) per share attributable to the equity holders of the parent diluted		0.135	0.088	0.249	0.069

The notes included on pages 26 to 51 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021

Interim Condensed Consolidated Statement of Changes in Equity

<i>In thousands of Polish Zlotys (PLN)</i>	Share capital	Share premium	Treasury shares	Retained earnings	Total Equity/ Equity attributable to the Equity holders of the parent
Balance at 1 January 2021	12,503	157,905	(1,613)	211,022	379,817
<i>Comprehensive income:</i>					
Profit for the six months ended 30 June 2021	-	-	-	21,949	21,949
Own shares acquired	-	-	(119)	-	(119)
Reclassification of 2019 net result from Share premium to retained earnings ⁽¹⁾	-	(7,627)	-	7,627	-
Balance at 30 June 2021 (Reviewed/ Unaudited)	12,503	150,278	(1,732)	240,598	401,647

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

<i>In thousands of Polish Zlotys (PLN)</i>	Share capital	Share premium	Treasury shares	Retained earnings ⁽¹⁾	Total Equity/ Equity attributable to the Equity holders of the parent
Balance at 1 January 2020	12,503	150,278	(580)	188,293	350,494
<i>Comprehensive income:</i>					
Profit for the six months ended 30 June 2020	-	-	-	40,641	40,641
Own shares acquired	-	-	(50)	-	(50)
Declaration of dividends	-	-	-	(9,840)	(9,840)
Balance at 30 June 2020 (Reviewed/ Unaudited)	12,503	150,278	(630)	219,094	381,245

(1) In order to fund the purchase of own shares under the buyback program, a capital reserve (within retained earnings) was established for an amount of PLN 2,000 thousand. The capital reserve was subsequently reduced by the amount of the consideration paid for the shares bought back. The amount of capital reserve as at 24 January 2020 (lasting date of authorization granted to the Management Board for the purchase of own shares) amounted to PLN 1,573 thousand and was presented as a part of the retained earnings. As at 25 January 2020 the capital reserve was liquidated.

The notes included on pages 26 to 51 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021**Interim Condensed Consolidated Statement of Cash Flows**

For the six months ended 30 June		2021	2020
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>		
Cash flows from/(used in) operating activities			
Profit/(loss) for the period		21,949	40,641
<i>Adjustments to reconcile profit for the period to net cash used in operating activities</i>			
Depreciation		503	547
Write-down of inventory	20	(2,213)	-
Finance expense		2,270	2,498
Finance income		(344)	(367)
Purchases of land	9,25	(35,906)	(3,000)
Loss/(profit) on sale of property and equipment		-	(14)
Share of loss /(profit) from joint ventures		182	545
Income tax expense/(benefit)		5,807	7,888
Subtotal		(7,751)	48,738
Decrease/(increase) in inventory and land designated for development	9	104,065	71,343
Acquisition of Nova Królikarnia project	12	-	(36,924)
Decrease/(increase) in advances for land	25	(20,000)	-
Decrease/(increase) in trade and other receivables and prepayments	10	(14,416)	5,021
Decrease/(increase) in other current financial assets		(25,081)	3,426
Increase/(decrease) in trade and other payables and accrued expenses	25	(1,965)	7,956
Increase/(decrease) in provisions		(417)	(514)
Increase/(decrease) in advances received	18	(8,830)	(81,788)
Subtotal		25,604	17,258
Interest paid	13	(4,703)	(4,989)
Interest received		-	180
Income tax received/(paid)		(13,038)	(1,708)
Net cash from/(used in) operating activities		7,863	10,741
Cash flows from/(used in) investing activities			
Loans granted to joint ventures		-	(1,126)
Proceeds from sale of property and equipment		-	(47)
Net cash from/(used in) investing activities		-	(1,173)
Cash flows (used in)/from financing activities			
Proceeds from bank loans, net of bank charges		-	25,036
Repayment of bank loans		-	(37,578)
Proceeds from bond loans, net of issue costs	13	96,387	-
Repayment of bond loans	13	(52,707)	(10,000)
Proceeds from loans from other		(6,674)	(1,500)
Payment of perpetual usufruct rights	11	(919)	(1,267)
Buy-back of shares	25	(119)	(50)
Net cash from/(used in) financing activities		35,968	(25,359)
Net change in cash and cash equivalents		43,832	(15,791)
Cash and cash equivalents at beginning of period		135,099	95,591
Cash and cash equivalents at end of period		178,931	79,800

The notes included on pages 26 to 51 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 1 – General and principal activities**

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

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. According to publicly available information, as at 30 June 2021:

- 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group'). The Ultimate Parent is Mr Amos Luzon, member of the Supervisory Board, who held indirectly through A. Luzon Group 47.30% as at 30 June 2021 and as at the day preceding the publication of this report;
- 0.96% of the shares are held by the Company;
- 32.98% of the outstanding shares are held by other investors including Nationale Nederlanden Otwarty Fundusz Emerytalny and Metlife Otwarty Fundusz Emerytalny.

The number of shares held by the investors is equal to the number of votes, as there are no privileged shares issued by the Company. It shall be noted that as at 30 June 2021, the Company held 1,567,954 own shares (0.96%) and, in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares.

The Interim Condensed Consolidated Financial Statements of the Company have been prepared for the six months ended 30 June 2021 and contain comparative data for the six months ended 30 June 2020 and as at 31 December 2020. The Interim Condensed Consolidated Financial Statements of the Company for the six months ended 30 June 2021 with all its comparative data have been reviewed by the Company's external auditors.

As at 30 June 2021, the Groups' market capitalization was below the value of net assets. The Company's Management took appropriate steps to review the accounts in respect if there is any additional impairment required and found no basis for it. The Management verified that the forecast margin potential in respect of the inventory is significantly positive.

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 2021 were authorized for issuance by the Management Board on 10 August 2021 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 2020 prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union. At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the nature of the Group's activities, the IFRSs issued by IASB are not different from the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). The Consolidated Financial Statements of the Group for the year ended 31 December 2020 are available upon request from the Company's registered office at Al. Komisji Edukacji Narodowej 57, Warsaw, Poland or at the Company's website: www.ronson.pl.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021

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 2021 are included in the Management Board Report on pages 3 through 21.

Note 3 – Summary of significant accounting policies

Except as described below, the accounting policies applied by the Company and the Group in these Interim Condensed Consolidated Financial Statements are the same as those applied by the Company in its consolidated financial statements for the year ended 31 December 2020.

The following standards and amendments became effective as of 1 January 2021.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS4 and IFRS 16 due to IBOR reform - the changes refer to the accounting issues that will arise when the financial instruments based on IBOR switch to the new interest rates. The amendments introduce a number of guidelines and exemptions, in particular, a practical simplification in case of changes in contracts that are required by the reform, which will be recognized by updating interest rates, exemption from the obligation to terminate hedge accounting, temporary exemption from the need to identify the risk component, and the obligation to include additional disclosures.
- Amendments to IFRS4: Implementation of IFRS 9 “Financial instruments”. The amendment has no apply to the Group’s operations.

The impact of the above amendments and improvements to IFRSs has been analysed by the Management. Based on the first assessment the amendments do not impact the Annual Consolidated Financial Statements of the Group nor the Interim Condensed Consolidated Financial Statements of the Groups.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity or the Group in the current or future reporting periods and on foreseeable future transactions.

Note 4 – The use of estimates and judgments

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

In preparing these Interim Condensed Consolidated Financial Statements, the significant judgments made by the Management Board in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

Note 5 – Functional and reporting currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Interim Condensed Consolidated Financial Statements are presented in thousands of Polish Zloty (“PLN”), which is the functional currency of the Parent Company and the Group’s presentation currency.

Transactions in currencies other than the functional currency are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than the functional currency are recognized in the statement of comprehensive income.

Note 6 – Seasonality

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

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 7 – Composition of the Group**

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

Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
		30 June 2021	31 December 2020
a. held directly by the Company:			
1 Ronson Development Management Sp. z o.o.	1999	100%	100%
2 Ronson Development Warsaw Sp. z o.o.	2000	100%	100%
3 Ronson Development Investment Sp. z o.o.	2011	100%	100%
4 Ronson Development Metropol Sp. z o.o.	2011	100%	100%
5 Ronson Development Creations Sp. z o.o.	2005	100%	100%
6 Ronson Development Sp. z o.o.	2006	100%	100%
7 Ronson Development Construction Sp. z o.o.	2006	100%	100%
8 City 2015 Sp. z o.o.	2006	100%	100%
9 Ronson Development Village Sp. z o.o. ⁽¹⁾	2007	100%	100%
10 Ronson Development Skyline Sp. z o.o.	2007	100%	100%
11 Ronson Development Universal Sp. z o.o. ⁽¹⁾	2007	100%	100%
12 Ronson Development South Sp. z o.o.	2007	100%	100%
13 Ronson Development Partner 5 Sp. z o.o.	2007	100%	100%
14 Ronson Development Partner 4 Sp. z o.o.	2007	100%	100%
15 Ronson Development North Sp. z o.o.	2007	100%	100%
16 Ronson Development Providence Sp. z o.o.	2007	100%	100%
17 Ronson Development Finco Sp. z o.o.	2009	100%	100%
18 Ronson Development Partner 2 Sp. z o.o.	2009	100%	100%
19 Ronson Development Partner 3 Sp. z o.o.	2012	100%	100%
20 Ronson Development Studzienna Sp. z o.o. (previously: ACG 23 Sp. z o.o.)	2019	100%	100%
21 Ronson Development SPV1 Sp. z o.o. ⁽²⁾	2021	100%	n/a
22 Ronson Development SPV2 Sp. z o.o. ⁽²⁾	2021	100%	n/a
23 Ronson Development SPV3 Sp. z o.o. ⁽²⁾	2021	100%	n/a
24 Ronson Development SPV4 Sp. z o.o. ⁽²⁾	2021	100%	n/a
25 Ronson Development SPV5 Sp. z o.o. ⁽³⁾	2021	100%	n/a
26 Ronson Development SPV6 Sp. z o.o. ⁽³⁾	2021	100%	n/a
b. held indirectly by the Company :			
27 Nova Królikarnia B.V. (Company with the registered office in the Netherlands)	2016	100%	100%
28 AGRT Sp. z o.o.	2007	100%	100%
29 Ronson Development Partner 4 Sp. z o.o. – Panoramika Sp.k.	2007	100%	100%
30 Ronson Development Sp. z o.o. - Estate Sp.k.	2007	100%	100%
31 Ronson Development Sp. z o.o. - Home Sp.k.	2007	100%	100%
32 Ronson Development Sp. z o.o. - Horizon Sp.k.	2007	100%	100%
33 Ronson Development Partner 3 Sp. z o.o. - Sakura Sp.k.	2007	100%	100%
34 Ronson Development Partner 3 sp. z o.o. – Viva Jagodno sp. k.	2009	100%	100%
35 Ronson Development Sp. z o.o. - Apartments 2011 Sp.k.	2009	100%	100%
36 Ronson Development Sp. z o.o. - Idea Sp.k.	2009	100%	100%
37 Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 Sp.k.	2009	100%	100%
38 Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k.	2009	100%	100%
39 Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k.	2009	100%	100%
40 Ronson Development Partner 5 Sp. z o.o - Vitalia Sp.k.	2009	100%	100%
41 Ronson Development Sp. z o.o. - 2011 Sp.k.	2009	100%	100%
42 Ronson Development Sp. z o.o. - Gemini 2 Sp.k.	2009	100%	100%

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Consolidated Financial Statements

Note 7 – Composition of the Group

Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
		30 June 2021	31 December 2020
b. held indirectly by the Company :			
43 Ronson Development Sp. z o.o. - Verdis Sp.k.	2009	100%	100%
44 Ronson Espresso Sp. z o.o.	2006	100%	100%
45 Retreat Sp. z o.o.	2010	100%	100%
46 Ronson Development Nautica 2010 Sp. z o.o.	2010	100%	100%
47 Ronson Development Sp. z o.o. - Naturalis Sp.k.	2011	100%	100%
48 Ronson Development Sp. z o.o. - Impressio Sp.k.	2011	100%	100%
49 Ronson Development Partner 3 Sp. z o.o. - Nowe Warzymice Sp. k.	2011	100%	100%
50 Ronson Development Sp. z o.o. - Providence 2011 Sp.k.	2011	100%	100%
51 Ronson Development Partner 2 Sp. z o.o. - Capital 2011 Sp. k.	2011	100%	100%
52 Ronson Development Partner 5 Sp. z o.o. - Miasto Marina Sp.k.	2011	100%	100%
53 Ronson Development Partner 5 Sp. z o.o. - City 1 Sp.k.	2012	100%	100%
54 Ronson Development Partner 2 Sp. z o.o. - Miasto Moje Sp. k.	2012	100%	100%
55 Ronson Development sp. z o.o. – Ursus Centralny Sp. k.	2012	100%	100%
56 Ronson Development Sp. z o.o. - City 4 Sp.k.	2016	100%	100%
57 Ronson Development Partner 2 Sp. z o.o. – Grunwald Sp.k.	2016	100%	100%
58 Ronson Development Sp. z o.o. Grunwaldzka” Sp.k.	2016	100%	100%
59 Ronson Development Sp. z o.o. - Projekt 3 Sp.k.	2016	100%	100%
60 Ronson Development Sp. z o.o. - Projekt 4 Sp.k.	2017	100%	100%
61 Ronson Development Sp. z o.o. - Projekt 5 Sp.k.	2017	100%	100%
62 Ronson Development Sp. z o.o. - Projekt 6 Sp.k.	2017	100%	100%
63 Ronson Development Sp. z o.o. - Projekt 7 Sp.k.	2017	100%	100%
64 Ronson Development Sp. z o.o. - Projekt 8 Sp.k.	2017	100%	100%
65 Bolzanus Limited <i>(Company with the registered office in Cyprus)</i>	2013	100%	100%
66 Park Development Properties Sp. z o.o. - Town Sp.k.	2007	100%	100%
67 Tras 2016 Sp. z o.o.	2011	100%	100%
68 Park Development Properties Sp. z o.o.	2011	100%	100%
69 Jasminova 2016 Sp. z o.o.	2016	100%	100%
70 Town 2016 Sp. z o.o.	2016	100%	100%
71 Enterprise 2016 Sp. z o.o.	2016	100%	100%
72 Wrocław 2016 Sp. z o.o.	2016	100%	100%
73 Darwen Sp. z o.o.	2017	100%	100%
74 Truro Sp. z o.o.	2017	100%	100%
75 Tregaron Sp. z o.o.	2017	100%	100%
76 Totton Sp. z o.o.	2017	100%	100%
77 Tring Sp. z o.o.	2017	100%	100%
78 Thame Sp. z o.o.	2017	100%	100%
79 Troon Sp. z o.o.	2017	100%	100%
80 Tywyn Sp. z o.o.	2018	100%	100%
c. other which are not subject to consolidation:			
81 Coralchief sp. z o.o.	2018	50%	50%
82 Coralchief sp. z o.o. - Projekt 1 sp. k.	2016	50%	50%
83 Ronson IS sp. z o.o.	2009	50%	50%
84 Ronson IS sp. z o.o. sp. k.	2012	50%	50%

(1) The Company has the power to govern the financial and operating policies of this entity and to obtain benefits from its activities, whereas Kancelaria Radcy Prawnego Jarosław Zubrzycki holds the legal title to the shares of this entity.

(2) Companies created and registered in KRS in first quarter of 2021

(3) Companies created and registered in KRS in second quarter of 2021

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 8 – Segment reporting**

The Group's operating segments are defined as separate entities developing particular residential projects, which for reporting purposes were aggregated. The aggregation for reporting purpose is based on geographical locations (Warsaw, Poznań, Wrocław and Szczecin) and type of activity (development of apartments, development of houses). Moreover, for two particular assets the reporting was based on type of income: rental income from investment property. The segment reporting method requires also the Company to present separately joint venture within Warsaw segment. There has been no changes in the basis of segmentation or in the basis of measurement of segment profit or loss from the last annual financial statements. There is no aggregation of the services to one Client, the revenue is distracted to many clients, mostly individual clients.

According to the Management Board's assessment, the operating segments identified have similar economic characteristics. Aggregation based on the type of development within the geographical location has been applied since primarily the location and the type of development determine the average margin that can be realized on each project and the project's risk factors. Considering the fact that the construction process for apartments is different from that for houses and considering the fact that the characteristics of customers buying apartments slightly differ from those of customers interested in buying houses, aggregation by type of development within the geographical location has been used for segment reporting and disclosure purposes.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated indirectly based on reasonable criteria. Unallocated assets comprise mainly unallocated cash and cash equivalents and income tax assets. Unallocated liabilities comprise mainly income tax liabilities and Bond loans. The unallocated result (loss) comprises mainly head office expenses. IFRS adjustments represents the elimination of the Joint venture segment for reconciliation of the profit (loss), assets and liabilities to the consolidated numbers. Joint ventures are accounted using the equity method.

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 2021

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Segment assets	564,695	76,053	75,951	9,776	62,850	-	78,862	-	81,299	-	-	(65,972)	883,513
Unallocated assets	-	-	-	-	-	-	-	-	-	-	93,638	-	93,638
Total assets	564,695	76,053	75,951	9,776	62,850	-	78,862	-	81,299	-	93,638	(65,972)	977,151
Segment liabilities	209,559	4,605	68,340	784	2,825	-	37,653	-	21,263	-	-	(68,340)	276,690
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	298,814	-	298,814
Total liabilities	209,559	4,605	68,340	784	2,825	-	37,653	-	21,263	-	298,814	(68,340)	575,504

In thousands of Polish Zlotys (PLN)

As at 31 December 2020

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Segment assets	417,474	224,241	57,143	9,797	39,602	-	86,106	-	72,486	-	-	(47,202)	859,648
Unallocated assets	-	-	-	-	-	-	-	-	-	-	78,119	-	78,119
Total assets	417,474	224,241	57,143	9,797	39,602	-	86,106	-	72,486	-	78,119	(47,202)	937,767
Segment liabilities	187,191	64,058	48,937	1,552	5,601	-	45,123	-	11,047	-	-	(48,937)	314,572
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	243,378	-	243,378
Total liabilities	187,191	64,058	48,937	1,552	5,601	-	45,123	-	11,047	-	243,378	(48,937)	557,950

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021

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 2021

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments		Houses		Joint venture	Rental	Apartments		Houses				
	Apartments	Houses	Apartments	Houses			Apartments	Houses					
Revenue/Revenue from external services ⁽¹⁾	141,569	22,321	-	391	15,453	-	47,998	-	19,173	-	-	-	246,905
Segment result	21,546	3,536	(472)	(11)	4,500	-	7,519	-	3,191	-	-	472	40,282
Unallocated result	-	-	-	-	-	-	-	-	-	-	(10,604)	-	(10,604)
Result from operating activities	21,546	3,536	(472)	(11)	4,500	-	7,519	-	3,191	-	(10,604)	472	29,678
Net finance income/(expenses)	(79)	(48)	287	99	(13)	-	(36)	-	(105)	-	(1,739)	(287)	(1,922)
Profit/(loss) before tax	21,467	3,488	(185)	88	4,487	-	7,483	-	3,086	-	(12,343)	185	27,756
Income tax expenses													(5,807)
Profit/(loss) for the period													21,949

(1) Revenue is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key of the residential unit to the buyer and total payment obtained.

In thousands of Polish Zlotys (PLN)

For the six months ended 30 June 2020

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments		Houses		Joint venture	Rental	Apartments		Houses				
	Apartments	Houses	Apartments	Houses			Apartments	Houses					
Revenue/Revenue from external services ⁽¹⁾	151,476	1,400	1,897	418	38,138	-	36,638	-	25,029	-	-	(1,897)	253,099
Segment result	55,340	216	(191)	196	9,082	-	(1,718)	-	(371)	-	-	(354)	62,200
Unallocated result	-	-	-	-	-	-	-	-	-	-	(11,473)	-	(11,473)
Result from operating activities	55,340	216	(191)	196	9,082	-	(1,718)	-	(371)	-	(11,473)	(354)	50,727
Net finance income/(expenses)	(286)	(11)	(932)	(9)	(15)	-	(366)	-	(9)	-	(1,502)	932	(2,198)
Profit/(loss) before tax	55,054	205	(1,123)	187	9,067	-	(2,084)	-	(380)	-	(12,975)	578	48,529
Income tax expenses													(7,888)
Profit/(loss) for the period													40,641

(1) Revenue is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key of the residential unit to the buyer and total payment obtained.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting

In thousands of Polish
Zlotys (PLN)

	For the three months ended 30 June 2021												IFRS adjustments	Total
	Warsaw				Poznań		Wroclaw		Szczecin		Unallocated			
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses				
Revenue/Revenue from external services ⁽¹⁾	107,157	13,234	(25)	194	6,318	-	10,579	-	16,632	-	-	25	154,113	
Segment result	16,468	2,329	(267)	48	1,428	-	1,409	-	2,604	-	-	267	24,287	
Unallocated result	-	-	-	-	-	-	-	-	-	-	(4,986)	-	(4,986)	
Result from operating activities	16,468	2,329	(267)	48	1,428	-	1,409	-	2,604	-	(4,986)	267	19,302	
Net finance income/ (expenses)	(84)	(21)	240	(11)	(13)	-	(8)	-	(33)	-	(893)	(240)	(1,064)	
Profit/(loss) before taxation	16,384	2,308	(27)	36	1,415	-	1,401	-	2,571	-	(5,879)	27	18,237	
Income tax expense													(3,896)	
Profit/(loss) for the period													14,341	

(1) Revenue is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key of the residential unit to the buyer and total payment obtained.

In thousands of Polish Zlotys (PLN)

	For the three months ended 30 June 2020												IFRS adjustments	Total
	Warsaw				Poznań		Wroclaw		Szczecin		Unallocated			
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses				
Revenue/Revenue from external services ⁽¹⁾	29,636	-	231	418	38,126	-	15,392	-	2,500	-	-	(231)	85,872	
Segment result	11,780	32	(390)	(235)	8,964	-	(1,296)	-	(340)	-	-	(109)	18,406	
Unallocated result	-	-	-	-	-	-	-	-	-	-	(5,920)	-	(5,920)	
Result from operating activities	11,780	32	(390)	(235)	8,964	-	(1,296)	-	(340)	-	(5,920)	(109)	12,486	
Net finance income/ (expenses)	(201)	(2)	(801)	-	(3)	-	(353)	-	(9)	-	(812)	801	(1,380)	
Profit/(loss) before tax	11,579	30	(1,191)	(235)	8,961	-	(1,649)	-	(349)	-	(6,732)	692	11,106	
Income tax expenses													147	
Profit/(loss) for the period													11,253	
Capital expenditure	(70)	-	-	-	-	-	-	-	-	-	-	-	(70)	

(1) Revenue is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key of the residential unit to the buyer and total payment obtained.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory and Residential landbank

Inventory

Movements in Inventory during the six months ended 30 June 2021 were as follows:

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2020		Transferred to finished units	Additions	As at 30 June 2021
Land and related expense	294,430	-	(40,647)	38,093	291,876
Construction costs	194,539	-	(130,956)	89,412	153,305
Planning and permits	16,760	-	(2,980)	2,901	16,681
Borrowing costs ⁽¹⁾	34,844	-	(3,596)	4,636	35,884
Borrowing costs on lease and depreciation perpetual usufruct right ⁽²⁾	2,758	-	(344)	503	2,917
Other	3,839	-	(1,768)	3,504	5,575
Work in progress	547,170	-	(180,290)	139,049	506,239

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2020		Transferred from work in progress	Recognized in the statement of comprehensive income	As at 30 June 2021
Finished goods	109,419	-	180,290	(203,614)	86,095

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2020		Revaluation write-down recognized in statement of comprehensive income		As at 30 June 2021
			Increase	Utilization	
Write-down	(5,503)	-	-	1,184	(4,319)

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2020	Recalculation adjustment	Depreciation	Transfer to Other receivables	As at 30 June 2021
Perpetual usufruct right	13,675	32	(88)	(1,594)	12,026

Inventory, valued at lower of - cost and net realisable value	664,761				600,041
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(1) Borrowing costs are capitalized to the value of inventory with 4.2158% average effective capitalization interest rate.

(2) For additional information see note 11.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

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

Plots of land purchased for development purposes on which construction is not planned within a period of three years has been reclassified as Residential landbank presented within Non-current assets. The table below presents the movement in the Residential landbank:

<i>In thousands of Polish Zloty (PLN)</i>	For the 6 months ended 30 June 2021	For the year ended 31 December 2020
Opening balance	45,486	44,321
Reclassified from inventory	-	31,920
Moved to inventory	-	(28,750)
Write-down adjustment	1,367	(2,005)
Total closing balance	46,853	45,486
Closing balance includes:		
Book value	50,043	50,043
Write-down	(3,189)	(4,557)
Total Closing balance	46,853	45,486

Note 10 - Trade and other receivables and prepayments

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 June 2021	As at 31 December 2020
Value added tax (VAT) receivables	18,623	12,748
Trade and other receivables	8,743	8,649
Trade and other receivables (operational leasing - IFRS 16)	1,064	1,377
Bid bond	1,437	1,437
Notary's deposit	8,610	6,765
Prepayments ⁽¹⁾	7,479	6,398
Total trade and other receivables and prepayments	45,956	37,374

(1) The capitalized costs relating to obtaining the contracts have been presented in this line and amounted to PLN 3.1 m for the 6 months ended 30 June 2021 year and PLN 3.7 m for the year ended 31 December 2020.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Consolidated Financial Statements**Note 11 – IFRS 16**

The movement on the right of use assets and lease liabilities during the period ended 30 June 2021 is presented below:

<i>In thousands of Polish Zlotys (PLN)</i>	1 January 2021	Depreciation charge	Fair value adjustment	Recalculation adjustment	Completion of projects	30 June 2021
Right of use assets related to inventory	13,675	(88)	-	32	(1,594)	12,026
Right of use assets related to investment property	553	(2)	-	-	n.a	551

<i>In thousands of Polish Zlotys (PLN)</i>	1 January 2021	Finance expense	Payments	Recalculation adjustment	Completion of projects	30 June 2021
Lease liabilities related to inventory	13,902	416	(919)	(90)	(1,607)	11,700
Lease liabilities related to investment property	590	19	-	-	n.a	609

The movement on the right of use assets and lease liabilities during the period ended 31 December 2020 is presented below:

<i>In thousands of Polish Zlotys (PLN)</i>	1 January 2020	Depreciation charge	Fair value adjustment	Recalculation adjustment	Transfer to trade receivables	31 December 2020
Right of use assets related to inventory	23,120	(268)	-	-	(9,177)	13,675
Right of use assets related to investment property	553	n.a	-	-	n.a	553

<i>In thousands of Polish Zlotys (PLN)</i>	1 January 2020	Finance expense	Payments	Recalculation adjustment	Transfer to trade payables	31 December 2020
Lease liabilities related to inventory	23,549	912	(1,268)	-	(9,291)	13,902
Lease liabilities related to investment property	552	37	-	-	n.a	590

Interim Condensed Company Financial Statements for the six months ended 30 June 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 12 – Acquisition of Nova Królikarnia**

During the year 2019, the Company (via its subsidiary) exercised first and second call option under the Call Option Agreements for the total price of PLN 33.9 million and PLN 35.1 million, respectively. Additionally, on 9 April 2020, the Company (via its subsidiary) exercised that last (third) call option under the Call Option Agreement in total amount of PLN 9.9 million. All payments concerning realization of all three call options were made according to the abovementioned schedule. As at 31 December 2020 all payables related to Acquisition of Nova Królikarnia Project were reduced to nil. For more information about the transaction and its details please refer to Note 5 in the Consolidated Annual Financial Statements ended 31 December 2020.

Note 13 – Bond loans

The table below presents the movement in Bond loans during the six months ended 30 June 2021 and during the year ended 31 December 2020 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 2021	For the year ended 31 December 2020
	(Reviewed/ Unaudited)	(Audited)
Opening balance	230,072	187,969
Repayment of bond loans	(52,707)	(55,000)
Redemption of bonds (non-cash set-off)	(2,247)	(2,141)
Proceeds from bond loans	100,000	100,000
Issue cost	(1,366)	(1,636)
Issue cost amortization	781	783
Accrued interest	5,132	8,429
Interest repayment	(4,539)	(8,331)
Total closing balance	275,127	230,072
Closing balance includes:		
Current liabilities	77,711	54,690
Non-current liabilities	197,416	175,382
Total Closing balance	275,127	230,072

On 1 February 2021, the Company repaid 15% of outstanding series U bonds with value of PLN 4,848 thousand. After this repayment, the nominal value was set as PLN 850 per bond and the total amount of outstanding series U bonds amounted to PLN 27,469 thousand.

On 15 April 2021 the Company issued 100,000 series W non-secured bonds with a nominal value and issue price of PLN 1.0 thousand per bond and an aggregate nominal value and issue price of PLN 100.0 million. The bonds shall be redeemed through the payment in two installments: at the end of the 7th interest period, on 15 October 2024 (redeeming 40% of the nominal value) and the second on 15 April 2025 by redeeming the remaining part of the nominal value.

Together with issuance of series W bonds the Company:

- purchased for redemption series R bonds with a nominal value of PLN 10,000,000 from the bondholders who purchased the bonds for at least the same amount. In addition the Company paid interest accrued on those bonds until the date of the transaction,
- purchased for redemption series U bonds with a nominal value of PLN 2,247,400 from the bondholders who purchased the bonds for at least the same amount. These transactions were settled without cash (by set-off), except for accrued interest on those bonds until the date of the transaction, which were paid by the Company.

On 24 May 2021, the Company repaid all outstanding 37,859 series R bonds with total nominal value of PLN 37,859 thousand. After this repayment, the total number of outstanding bonds series R amounted to nil.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Consolidated Financial Statements

Note 13 – Bond loans

Borrowings and bonds as at 30 June 2021:

<i>In thousands of Polish Zlotys (PLN)</i>	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Charges and fees	Carrying value
Bonds loans series T	PLN	6 month Wibor + 3.50%	2022	50,000	277	(147)	50,129
Bonds loans series U ⁽¹⁾	PLN	6 month Wibor + 3.50%	2021	25,222	388	(22)	25,589
Bonds loans series V ⁽²⁾	PLN	6 month Wibor + 4.30%	2024	100,000	1,110	(1,289)	99,821
Bonds loans series W ⁽³⁾	PLN	6 month Wibor + 4.00%	2025	100,000	883	(1,295)	99,588
Total				275,222	2,658	(2,753)	275,127

- 1) The series U bonds are subject to mandatory depreciation at the end of the 6th interest period (and 31 January 2022, respectively) by reducing the nominal value of each Bond each time in the amount of PLN 150 for each bond.
- 2) The series V bonds are subject to repayment in 2 tranches 40% (PLN 40.0 million) of the amount together with accumulated interest to be repaid by October 2023 and the remaining amount of 60% (PLN 60.0 million) together with accumulated interest to be paid by April 2024.
- 3) The series W bonds are subject to repayment in 2 tranches 40% (PLN 40.0 million) of the amount together with accumulated interest to be repaid by October 2024 and the remaining amount of 60% (PLN 60.0 million) together with accumulated interest to be paid by April 2025.

Borrowings and bonds as at 31 December 2020:

<i>In thousands of Polish Zlotys (PLN)</i>	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Charges and fees	Carrying value
Bonds loans series R	PLN	6 month Wibor + 2.85%	2021	47,859	151	(81)	47,929
Bonds loans series T	PLN	6 month Wibor + 3.50%	2022	50,000	277	(233)	50,045
Bonds loans series U ⁽¹⁾	PLN	6 month Wibor + 3.50%	2023	32,317	512	(334)	32,495
Bonds loans series V ⁽²⁾	PLN	6 month Wibor + 4.30%	2024	100,000	1,124	(1,521)	99,604
Total				230,176	2,065	(2,168)	230,072

- 1) The series U bonds are subject to mandatory depreciation at the end of the 4th and the 6th interest period (on 31 January 2021 and 31 January 2022, respectively) by reducing the nominal value of each Bond each time in the amount of PLN 150 for each bond.
- 2) The series V bonds are subject to repayment in 2 tranches 40% (PLN 40 million) of the amount together with accumulated interest to be repaid by October 2023 and the remaining amount of 60% (PLN 60 million) together with accumulated interest to be paid by April 2024.

The series T, V and W bonds are not secured. The series U bonds should be secured with a joint mortgage of up to PLN 48,476 thousand (the ratio must be higher than 150% pledged assets to secured bonds).

Until the publication date, as at 30 June 2021 and as at 31 December 2020 the Company did not breach any bonds loan covenants, which will expose the Company or the Group for risk of obligatory and immediate repayment of any loan.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Consolidated Financial Statements

Note 13 – Bond loans

Financial ratio covenants:

Based on the conditions of bonds T, U, V and W in each reporting period the Company shall test the ratio of Net debt to Equity (hereinafter “Net Indebtedness Ratio”). The Ratio shall not exceed 80% on the Check Date.

The table presenting the Net Indebtedness Ratio as at the end of the Reporting period:

As at	30 June 2021	31 December 2020
<i>In thousands of Polish Zlotys (PLN)</i>		
Loans and borrowings	275,127	230,072
Interest bearing liabilities	1,716	8,482
<i>Less: cash on individual escrow accounts (other current financial assets)</i>	(39,320)	(14,239)
<i>Less: Cash and cash equivalents</i>	(178,930)	(135,099)
Net Debt	58,593	89,216
Equity	401,647	379,817
Ratio	14.6%	23.5%
Max Ratio	80.0%	80.0%

Other covenants:

Based on the conditions of bonds T, U, V and W transactions with related-parties (shareholders holding more than 25% of the shares in the Company “within the meaning of IAS 24” or with related parties “including with entities controlling the Company whether jointly or individually, whether directly or indirectly or with their subsidiaries which are not members of the Group) shall not exceed the aggregate amount of PLN 1.0 million during any given calendar year. During the six months ended 30 June 2021, the consulting fees related to A. Luzon Group amounted to PLN 420 thousand.

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 11.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Consolidated Financial Statements**Note 14 – Bank loans**

As at 30 June 2021 and 31 December 2020 there were no used credit lines and bank loans by the Group.

On 30 March 2021 the Company signed agreements for bank loans for Miasto Moje V project in amount up to PLN 35.3 million and for Ursus Centralny Ib in amount up to PLN 26.7 million. As at 30 June 2021 and as at 31 December 2020 the Company did not utilize any amounts from abovementioned loans.

For additional information about unutilized credit loans see Note 21.

Note 15 – Trade and other payables and accrued expenses

	As at 30 June 2021	As at 31 December 2020
<i>In thousands of Polish Zlotys (PLN)</i>		
Trade payables	15,745	26,994
Accrued expenses	27,567	22,215
Guarantees for construction work	8,531	5,310
Value added tax (VAT) and other tax payables	2,864	1,087
Non-trade payables	279	1,343
Other trade payables - IFRS 16	1,075	1,398
Total trade and other payables and accrued expenses	56,061	58,347

Note 16 – Income tax

	For the 6 months ended 30 June 2021	For the 3 months ended 30 June 2021	For the 6 months ended 30 June 2020	For the 3 months ended 30 June 2020
	(Unaudited) / (unreviewed)	(Reviewed) / (unaudited)	(Reviewed) / (unaudited)	(Reviewed) / (unaudited)
<i>In thousands of Polish Zlotys (PLN)</i>				
Current tax expense				
Current period	4,745	3,391	817	565
Taxes in respect of previous periods	(163)	-	-	-
Total current tax expense	4,582	3,391	817	565
Deferred tax expense				
Origination and reversal of temporary differences	2,798	(306)	8,388	(2,070)
Tax losses utilized/(recognized)	(1,574)	810	(1,317)	1,358
Total deferred tax (benefit)/expense	1,225	505	7,071	(712)
Total income tax expense	5,807	3,896	7,888	(147)

The effective income tax rate in first half year of 2021 amounted to 20.9% (16.3% in comparative period). Higher effective tax rate in the period of six month ended 30 June 2021 was due to higher non-tax deductible costs related to the bonds issuance costs and intangible services between the related parties.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Consolidated Financial Statements**Note 17 – Deferred tax assets and liabilities**

Movements in Deferred tax assets and liabilities during the six months ended 30 June 2021 were as follows:

<i>In thousands of Polish Zlotys (PLN)</i>	Opening balance 1 January 2021	Recognized in the statement of comprehensive income	Closing balance 30 June 2021
Deferred tax assets			
Tax loss carry forward	3,491	1,574	5,065
Difference between tax and accounting basis of inventory	16,454	12,576	29,030
Accrued interest	4,560	(2,388)	2,172
Accrued expense	719	874	1,593
Write-down on work in progress	1,602	(175)	1,427
Other*	3,668	170	3,838
Total deferred tax assets	30,494	12,631	43,125
Deferred tax liabilities			
Difference between tax and accounting revenue recognition	20,666	13,950	34,615
Difference between tax base and carrying value of capitalized finance costs on inventory	8,573	(282)	8,291
Accrued interest	166	43	209
Fair value gain on investment property	1,031	-	1,031
Other	582	146	728
Total deferred tax liabilities	31,018	13,856	44,875
Total deferred tax benefit (see Note 16)		1,226	
Deferred tax assets	30,494	-	43,125
Deferred tax liabilities	31,018	-	44,875
Offset of deferred tax assets and liabilities for individual companies	(21,457)	-	(34,002)
Deferred tax assets reported in the statement of financial position	9,037	-	9,124
Deferred tax liabilities reported in the statement of financial position	9,562	-	10,874

* Including deferred tax asset from contributions.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Consolidated Financial Statements**Note 18 – Advances received**

Payments from customers on account of the purchase of apartments and parking spaces are recorded as deferred income until the time that they are delivered to the buyer and are recognised in the income statement as “sales revenue”. This balance sheet item is closely dependent over time on the relationship between the sales rate (which as it increases, increases this item) and the deliveries rate (which as it decreases, decreases this item).

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 June 2021	As at 31 December 2020
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the statement of comprehensive income		
Opening balance	219,645	254,970
- increase (advances received)	237,763	364,932
- decrease (revenue recognized)	(246,425)	(400,256)
Total advances received	210,983	219,645
Other (deferred income)*	4,454	4,622
Total	215,437	224,267

* deferred income due to issued invoices for delivered apartments but not fully paid as at 31 December 2020 and 30 June 2021.

Note 19 - Sales revenue and cost of sales

<i>In thousands of Polish Zlotys (PLN)</i>	For the 6 months ended 30 June 2021	For the 3 months ended 30 June 2021	For the 6 months ended 30 June 2020	For the 3 months ended 30 June 2020
	(Unaudited) / (unreviewed)	(Reviewed) / (unaudited)	(Reviewed) / (unaudited)	(Reviewed) / (unaudited)
Sales revenue				
Revenue from residential projects	246,425	153,873	252,605	85,629
Revenue from sale of services	480	240	494	243
Total sales revenue	246,905	154,113	253,099	85,872
Cost of sales				
Cost of finished goods sold	(205,527)	(127,808)	(186,252)	(64,872)
Inventory write down to the net realisable value	2,212	11	-	-
Total cost of sales	(203,315)	(127,796)	(186,252)	(64,872)
Gross profit on sales	43,590	26,317	66,847	21,000
Gross profit on sales %	17.7%	17.1%	26.4%	24.5%

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Consolidated Financial Statements

Note 20 – Impairment losses and provisions

During the six months ended 30 June 2021, as a result of Net Realizable Value (NRV) analyses and reviews, a write-down adjustment for some of the Company's inventory was reversed in the amount of 2,616 thousand, while for some other Company's residential landbank the impairment was made in the amount of PLN 65.1 thousand. The reversal of the impairment was made due to sale realization of the projects with negative margin as well as increase in selling prices on the projects designated for development where the impairment was recognized in the past. During six months ended 30 June 2020 there were no reversal, neither creation of the impairment on inventory.

Note 21 – Commitments and contingencies

(i) Investment commitments:

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

<i>In thousands of Polish Zlotys (PLN)</i>	Commitments			
	Contracted amount as at 30 June 2021	Uncharged amount as at 30 June 2021 (Reviewed/ Unaudited)	Contracted amount as at 31 December 2020	Uncharged amount as at 31 December 2020 (Audited)
Karmar S.A.	251,729	178,965	116,351	48,297
Hochtief polska S.A.	51,400	51,400	105,857	37
Mostostal Warszawa S.A.	16,700	6,594	37,636	11,478
Danya Cebus Poland Sp. z o.o.	96,608	41,399	130,211	77,254
Glif Sp. z o. o.	-	-	11,515	1,643
EBUD - Przemysłówka Sp. z o.o.	25,155	21,093	13,008	1,945
Erbud S.A.	-	-	27,457	3,300
Total	441,593	299,451	442,035	143,954

(ii) Unutilized construction loans:

The table below presents the list of the construction loan facilities, which the Group arranged for in conjunction with entering into loan agreements with the banks in order to secure financing of the construction and other outstanding 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 2021	As at 31 December 2020
Nova Królikarnia 2c (Wrocław 2016)	-	20,725
Miasto Moje V	35,300	-
Ursus Centralny 1b	26,700	-
Total excluding JV	62,000	20,725
Wilanów Tulip	17,193	28,324
Total including JV	79,193	49,049

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Consolidated Financial Statements

Note 21 – Commitments and contingencies

(iv) Contracted proceeds not yet received:

The table below presents whole consideration to be received from the customers having bought apartments from the Group and which are based on the value of the sale and purchase agreements signed with the clients until 30 June 2021 (including the payments received and unsatisfied obligation for payments at 30 June 2021 and 31 December 2020) and not yet delivered to Clients:

	As at 30 June 2021 (Reviewed/Unaudited)			As at 31 December 2020 (Audited)		
	Total value of preliminary sales agreements signed with clients	Advances received from Clients until 30 June 2021	Contracted payments not received yet as at 30 June 2021	Total value of preliminary sales agreements signed with clients	Advances received from Clients until 31 December 2020	Contracted payments not received yet as at 31 December 2020
<i>In thousands of Polish Zlotys (PLN)</i>						
Ursus IIa	104,994	57,729	47,264	78,726	28,158	50,569
Miasto Moje IV	56,184	34,412	21,772	38,027	15,333	22,694
Miasto Moje V	50,863	12,944	37,919	15,531	1,661	13,870
Wrocław 2016	5,426	543	4,883	19,000	9,423	9,577
Vitalia III	42	66	-24	37,570	27,760	9,809
Viva Jagodno I	42,967	29,398	13,568	22,731	7,945	14,786
Ursus Ib	40,571	9,709	30,862	14,763	1,704	13,059
Panoramika VI	23,139	11,008	12,130	13,280	2,466	10,814
Ursus IIb	35,472	3,838	31,634	0	0	0
Nowe Warzymice II (Chopin)	18,673	2,757	15,916	0	0	0
Totton 3c	28,111	20,615	7,496	20,018	9,592	10,426
Grunwaldzka	5,359	639	4,720	0	0	0
Ursus Ia	6,508	6,177	332	56,257	41,748	14,509
Truro 3a	12,081	10,868	1,213	26,010	17,912	8,097
Nowe Warzymice (Chopin)	2,727	1,314	1,413	9,119	2,332	6,787
Panoramika V	2,898	772	2,126	1,465	590	874
City Link 4	7,748	1,558	6,190	9,868	3,497	6,371
Grunwald2	1,549	227	1,322	7,260	1,281	5,979
Miasto Moje III	1,397	1,048	349	29,301	26,071	3,230
Viva Jagodno IIa	978	64	914	0	0	0
Darwen 3b	1,509	1,509	0	23,230	17,239	5,992
Other (old) projects	7,282	3,788	3,494	7,484	4,931	2,553
Total	456,476	210,983	245,493	429,640	219,645	209,995

Interim Condensed Company Financial Statements for the six months ended 30 June 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 22 – Risk management**

The Company's and the Group's business activities are significantly affected by global developments, and in particular by their impact on the Polish economy in addition to COVID 19 effect on the Polish market. The most important macroeconomic factors are the level of development of the Polish economy, the level of interest rates in Poland, the performance of banks and their ability to provide financing to developers and their customers as well as the ability of other financial institutions to invest in corporate bonds.

In terms of risks specific for the sector, in which the Group operates, there is a potential increase in construction costs, the challenge of securing lands for reasonable prices which both can lead to the significant negative impact on the margins of new phases and projects, a prolongation of administrative procedures as well as an increasing competition in the market are considered to be the most significant uncertainties for the financial period ending 30 June 2021.

Construction cost risk and nonperformance by General contractors

The Group's activities expose it to a variety of construction costs risks such as construction cost increase risk, raw material cost increase, shortage of qualified workforce, increase in labor costs and delay in obtaining the necessary permits to start construction. The Interim Condensed Consolidated Financial Statements do not include all risk management information and disclosures related to the above subject required in the annual financial statements, and should be read in conjunction with the Group's Annual Consolidated Financial Statements for the year ended 31 December 2020 (Note 37). There have been no changes in the risk management measurements and risk management performed by the Company's Management since year end.

(i) Financial risk factors

The Group's activities expose it to a variety of financial risks such as credit risk and liquidity risk. The Interim Condensed Consolidated Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Consolidated Financial Statements for the year ended 31 December 2020 (Note 37). There have been no changes in the risk management measurements performed by the Company since year end or in any risk management policies.

(ii) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities, except for the assumption of new loans and redemption of existing loans during the six months ended 30 June 2021 as described in Notes 13 and 14.

(iii) Fair value estimation

The Investment property is valued at fair value determined by an independent appraiser.

During the six months ended 30 June 2021 there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets, investment property and financial liabilities.

(iv) Interest rate risk

The Group did not enter into any fixed-rate borrowings transaction except the deferred trade payables. The Group's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Due to IBOR reform the Company and the Group is exposed to changes in the variable interest rates method of calculation (WIBOR) and therefore exposed to the risk of change in the future cash flow from bank loans and bond loans.

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

Interim Condensed Company Financial Statements for the six months ended 30 June 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 22 – Risk management***COVID-19*

The Company believes that the pandemic is still effecting the Polish market and will continue effecting it for quite some time. During the reporting period the Company had witnessed in some of its projects, delays related to administrative proceedings with obtaining permits, which were the direct result of COVID-19 restrictions, as well as in some cases delays by clients with obtaining Credit loans for purchasing of apartments.

The Management Board will continue monitoring the situation on an on-going basis, and adopt further actions, if necessary, in order to reduce as much as it is possible the effect of the COVID-19 on the Company's operations and strategy. There have been no changes in the risk management measurements performed by the Company since year end for further understanding the risk factors identified by the Company related to COVID-19, please refer to the Group's Annual Consolidated Financial Statements for the year ended 31 December 2020 (Note 36 and Note 40).

Note 23 – Related party transactions

There were no transactions and balances with related parties during the six months ended 30 June 2021 other than: remuneration of Management Board, loans granted to related parties, the reimbursement of audit review costs and an consulting agreement with major (indirect) shareholder, A. Luzon Group, for total monthly amount of PLN 70 thousand and covering travels and out of pocket expenses incurred in connection with rendering services.

In the period six months ended 30 June 2021 and 30 June 2020 the total amount of costs from A. Luzon Group amounted PLN 420 thousand.

All these transactions were already disclosed in the Group's Consolidated Financial Statements for the year ended 31 December 2020.

Note 24 – Investment in joint ventures*Share of profit/(loss) of joint venture*

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 June 2021	As at 31 December 2020
Loans granted	11,984	11,634
Share in net equity value of joint ventures	(2,005)	(1,693)
The Company's carrying amount of the investment	9,979	9,941
Presented as Loans granted to joint ventures (current assets)	(1,224)	(1,039)
Investment in joint ventures	8,755	8,902

Share of profit/(loss) from joint ventures comprise the Company's shares in four entities where the Group is holding 50% shares and voting rights in each of those entities: Ronson IS Sp. z o.o. and Ronson IS Sp. z o.o. Sp.k. which are running the first two stages of the City Link, as well as Coralchief Sp. z o.o. and Coralchief Sp. z o.o. – Projekt 1 Sp.k. which are running the Wilanów Tulip project.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Consolidated Financial Statements**Note 24 – Investment in joint ventures***Loans granted to joint venture*

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 June 2021	As at 31 December 2020
Opening balance	11,634	13,166
Loans granted	125	1,126
Loans repaid	-	(3,107)
Accrued interest	225	595
Interest paid	-	(146)
Total closing balance	11,984	11,634

As at 30 June 2021, from the total amount of loans granted to joint ventures (amounting in total to PLN 11,984 thousand) loans in the aggregate amount of PLN 1.2 million are maturing no later than 30 June 2022. The loans granted to joint venture were bear a variable rate of WIBOR 3M plus 4% margin.

Note 25 – Other events during the period*Commencements of new projects in six months ended 30 June 2021*

Project name	Location	Number of units	Area of units (m²)
Ursus Centralny IIb	Warsaw	206	11,758
Viva Jagodno IIa	Wrocław	154	8,653
Grunwaldzka	Poznań	70	3,351
Total		430	23,762

Completions of projects in six months ended 30 June 2021

Project name	Location	Occupancy permit date	Number of units	Area of units (m²)
Nova Królikarnia 3b	Warsaw	16 February 2021	23	2,270
Vitalia III	Wrocław	2 March 2021	81	6,790
Ursus Centralny Ia	Warsaw	23 March 2021	138	7,542
Nova Królikarnia 3a	Warsaw	27 April 2021	31	3,188
Nova Królikarnia 3c	Warsaw	14 May 2021	23	2,298
Nowe Warzymice I	Szczecin	21 May 2021	54	3,234
Total			350	25,322

Purchase of land

On 18 December 2020 the Company (via its subsidiary) concluded (through the special purpose vehicle, immediately after its acquisition) the final agreement and became (through the acquisition of shares in the same special purpose vehicle) a party to the preliminary agreement, which agreements jointly concern the acquisition of the ownership title to the land property located in Warsaw, Wola district, at Studzienna street, with a total area of 2,715 m². The total price of the property net amounted to PLN 13.5 million, wherein the net amount of PLN 4.0 million was paid on 29 June 2021 after signing the final contract for the part of the property with an area of 1,042 m². According to the decision on the conditions of the land development addressed to the Company, it will be possible to construct on the property a complex of multifamily residential buildings with an underground parking lot and necessary infrastructure, with the total area of PUM + PUU of approx. 4,800 m².

Interim Condensed Company Financial Statements for the six months ended 30 June 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 25 – Other events during the period***Purchase of land*

On 27 January 2021 the Company (via its subsidiary) entered into preliminary agreement concerning the purchase of the perpetual usufruct right of a plot of land located in Warsaw, Ursus district. The price of the property was established at PLN 1,500 net per PUM however not higher than PLN 150.0 million. According to initial evaluation it shall be feasible to construct on the property a complex of multi-family residential buildings with underground car parks, commercial areas on the ground floors and the necessary infrastructure with a total area of 100 thousand m². The conclusion of the final agreement will take place only upon fulfillment of conditions precedent, including conducting by the Company satisfactory due diligence process of the property and after such a change in the purpose and permitted use of the property to enable the development project to be carried out on it, as described above. The parties also reserved the right to withdraw from the Agreement by either party if the PUM is lower than 90 thousand m². The conclusion of the final agreement shall take place not later than 31 December 2027. The Company paid PLN 10.0 million + VAT advance as at 30 June 2021.

On 11 February 2021 entered into final agreements concerning the purchase of the ownership rights of a plot of land located in Poznań, at Smardzewska street, with an area of c.a. 17,000 m². The final price amounted PLN 26 million and was fully paid at the date of signing the agreement.

On 18 February 2021 the Company (via its subsidiary) entered into a final agreement concerning the purchase of two plots of land located in Warsaw, Białołęka district, with an area of c.a 3.9 thousands m² as part of the Company's purchase plan for the whole project in Epopei street. The price of the property was established in the level of PLN 3.7 million net. The amount was paid in total on the date of signing the agreement. On 9 April 2021, the Company (via its subsidiary) entered into a final agreement concerning the purchase of one plot of land with an area of c.a 2.0 thousands m² as part of the Company's purchase plan for the whole project in Epopei street. The price of the property was established in the level of PLN 2.7 million net and was fully paid at the date of signing the agreement. As at 30 June 2021 the Company paid also PLN 7.5 million advances for other plots being part of the purchase.

On 3 March 2021 the Company (via its subsidiary) entered into preliminary agreement concerning the purchase of the perpetual usufruct right of a plot of land located in Warsaw, Ursynów district, with an area of c.a. 2.4 thousand m². The price of the property was established at PLN 15.9 million net. According to the Company's initial evaluation it shall be feasible to construct on the property a multifamily residential building with underground car parks, commercial areas and the necessary infrastructure with a total usable area of approx. 5.7 thousand m². On 13 April 2021 the Company signed an annex to the agreement extending the conclusion of the final agreement no later than 31 December 2023. Until 30 June 2021 the Company paid PLN 9.0 million +VAT advances for the land.

On 1 April 2021, the Company (via its subsidiary) withdraw from the conditional preliminary agreement concerning the purchase of the perpetual usufruct right of a plot of land located in Warsaw, Wola district signed on 14 August 2020. The withdrawal was due to negative due diligence process of the property. The Company was not obliged to pay any penalties due to the withdrawal from the contract.

On 2 June 2021, the Company (via its subsidiary) entered into preliminary agreement concerning the purchase of ownership right of a plot of land located in Warsaw, Targówek district, with an area of c.a. 1.9 thousand m². The price of the property was set for PLN 2,000 (two thousand zlotys) net per each sqm of the usable floor area of the buildings that can be built on the property ("PUM"), according to the building permit that will be obtained for the property. According to initial evaluation it shall be feasible to construct on the property a development project with the total PUM area of approx. 7,000 m². The conclusion of the final agreement will take place only upon fulfilment of conditions precedent, including conducting by the Company satisfactory due diligence process of the property, final purchase of the property by the seller and obtaining by the seller of the final building permit for the property. The conclusion of the final agreement shall take place not later than 31 December 2022. Until 30 June 2021 the Company paid PLN 4.0 million +VAT to the notary's deposit.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 25 – Other events during the period***Purchase of land*

On 2 June 2021, the Company (via its subsidiary) entered into preliminary agreement concerning the purchase of ownership right of a plot of land located in Warsaw, Białołęka district, with an area of c.a. 14.9 thousand m². The price of the property was set for PLN 1,200 (one thousand two hundred zlotys) net per each sqm of the usable floor area of the buildings that can be built on the property ("PUM"), in accordance with the concept prepared by the Company's architect. According to Issuers initial evaluation it shall be feasible to construct on the Property a development project with the total PUM area of approx. 11,000 sqm. The conclusion of the final agreement will take place only upon fulfilment of conditions precedent, including conducting by the Company satisfactory due diligence process of the property and final purchase of the property by the seller. The conclusion of the final agreement shall take place not later than 31 December 2021. Until 30 June 2021 the Company paid PLN 3.0 million +VAT to the notary's deposit.

Distribution of the net profit for year 2020

Ordinary General Meeting of the Company decided to divide the net profit of the Company for the year 2020 in the amount of PLN 40,143 thousand in such a way that the entire profit is allocated to the supplementary capital (presented in the retained earnings). The decision to allocate the net profit to supplementary capital was due to the uncertain economic situation resulting from the still unknown economic effects of the COVID-19 pandemic and increasing prices of plots as well as the intention of the Management Board to continue the development of the Company.

Share buyback program

The table below presents the Treasury shares owned by the Company as at 30 June 2021 and 31 December 2020:

<i>in PLN</i>	As at 30 June 2021	As at 31 December 2020
Number of shares	164,010,813	164,010,813
Share Capital	12,503,000	12,503,000
Treasury shares	1,567,954	1,489,235.00
Value of treasury shares	(1,726,536)	(1,613,110)
% of total shares	0.96%	0.91%

For more information about the Share buyback program please refer to Note 23 in the Annual Consolidated Financial Statements ended 31 December 2020.

Notification from Amos Luzon Development and Energy Group Ltd. of the announcement of an invitation to submit sale offers for the shares in the Company

On 26 May 2021 the Company was notified by its indirect majority shareholder, Amos Luzon Development and Energy Group Ltd., with its registered office in Ra'anana, Israel (the "Majority Shareholder"), that it announced an invitation to submit offers for the sale of the shares in the Company (the "Invitation") at a price equal to PLN 1.80 per one share. The Invitation covered all of the shares in the Company that as at the date of the announcement of the Invitation were not held by the Majority Shareholder (indirectly, through its direct and indirect subsidiaries: I.T.R. Dori B.V. and the Company, respectively), i.e. the Invitation covers 54.093.672 shares in the Company. The Company was not notified by the Major Shareholder about purchase of any Company's shares as a result of Invitation.

Conclusion of a material agreement for General contractors

On the 11 February 2021 the Company (via its subsidiary) executed an option to mandate Karmar S.A. (the General contractor) with the execution of stage IIa and IIb of Viva Jagodno investment. Project Viva Jagodno II consists of residential building (228 units) with three above-ground parts connected by a common underground part. The fee for the General contractor under this agreement will amount to PLN 52.0 million.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 25 – Other events during the period***Conclusion of a material agreement for General contractors*

On the 28 May 2021 the Company (via its subsidiaries) concluded the agreement for construction works with Karmar S.A. (the General Contractor) of stage IIb and IIc of Ursus Centralny investment as well as Grunwaldzka investment. Stages IIb and IIc of Ursus Centralny project consists of 4 residential buildings (in total 391 residential units and 10 commercial units) with an underground garage and technical infrastructure. The lump sum remuneration for the performance of the Ursus project amounts to: (i) for stage IIb PLN 48.0 million net and (ii) for stage IIc PLN 45.8 million net. In addition, the agreement for stages IIb and IIc of Ursus Centralny provides for the performance of additional works for the amount of PLN 2.4 million net. In addition, the General Contractor's remuneration may also be increased by an amount up to PLN 1.5 million net, if the conditions set out in the contract and beyond the control of the parties are met. The above amounts will be increased by the VAT due.

In addition the Company (via its subsidiaries) concluded the agreement for construction works with Karmar S.A. for the Project Grunwaldzka consists of residential buildings (68 residential units and 2 commercial units) with an underground garage and technical infrastructure. The lump sum remuneration for the performance of the Grunwaldzka Agreement is PLN 18.0 million net. The above amount will be increased by the VAT due.

On 23 June 2021 the Company (via its subsidiary) signed an agreement with EBUD (General contractor) for construction works for III stage of Nowe Warzymice project consisting of residential building (56 residential units and 7 commercial units) together with underground parking, land development and technical infrastructure. The fee for the General contractor under this agreement will amount to PLN 12.9 million.

On the 24 June 2021 the Company (via its subsidiary) concluded the agreement for construction works with Hochtief Polska S.A. (the General contractor) of Miasto Moje VI investment. Stage Miasto Moje VI consists of 2 residential buildings (219 residential units and 8 commercial units) with an underground garage, infrastructure and land development, where part of infrastructure will be beneficial to future stages of Miasto Moje investment. The fee to be paid for the execution of the Agreement amounts to PLN 51.4 million (plus VAT), where PLN 400 thousand (plus VAT) is a cost of works related to future stages of Miasto Moje investment. Construction works under the Agreement will commence on 2 August 2021, after the Investor has previously handed over the site. The deadline for obtaining the final building occupancy permit has been set in the Agreement as 27 February 2023.

Building permits

On 5 January 2021 the Company obtained a legally valid building permit for Viva Jagodno II (stages IIA and IIB) in Wrocław comprising of 228 units with an aggregated floor space of 13,200 m².

On 5 February 2021 the Company obtained a legally valid building permit for Viva Jagodno III in Wrocław comprising of 58 units with an aggregated floor space of 3,100 m².

On 1 March 2021, the Company has obtained a legally valid building permit for Grunwaldzka project in Poznań comprising of 70 units with an aggregated floor space of 3,300 m².

On 2 March 2021, the Company has obtained a legally valid building permit for Ursus Centralny IIb project comprising of 206 units with an aggregated floor space of 11,800 m² and for Ursus Centralny IIc project comprising of 195 units with an aggregated floor space of 11,100 m².

On 21 June 2021 the Company obtained a legally valid building permit for Miasto Moje VII in Warsaw comprising of 243 units with an aggregated floor space of 11,600 m².

Interim Condensed Company Financial Statements for the six months ended 30 June 2021**Notes to the Interim Condensed Consolidated Financial Statements****Note 26 – Subsequent events***Bonds*

On 31 July 2021 the Company performed the early redemption of series U bonds through the payment of the redemption amount equal to the nominal value of the Bonds plus accrued interest and an additional cash benefit in the form of a premium. The early redemption refers to all series U bonds with total value of PLN 25.2 million.

The Company executed its right to request the early redemption of series U bonds issued by the Company on 31 January 2019. The early redemption is carried out in connection with the Company's plans to carry out real estate development projects on certain plots, the mortgage of which secures the Bonds. After this repayment, the total number of outstanding bonds series U amounted to nil.

Purchase of land

On 27 July 2021, the Company (via its subsidiary) entered into preliminary agreement concerning the purchase of perpetual usufruct right a plot of land located in Poznań, Wilda district, with an area of c.a. 2.7 thousand m². The price of the Property was established at PLN 13,000,000 (thirteen million zlotys) net, increased by the VAT at the rate applicable on the date of concluding the final agreement. According to initial evaluation it shall be feasible to construct on the property a development project with the total PUM+PUU area of approx. 6,600 m². The conclusion of the final agreement will take place only upon fulfilment of conditions precedent, including conducting by the Company satisfactory due diligence process of the Property. The conclusion of the final agreement shall take place within 55 days of signing the preliminary purchase agreement of the Property. The Company paid PLN 2.0 million to the notary's deposit.

On 10 August 2021, the Company (via its subsidiary) entered into preliminary agreement concerning the purchase of perpetual usufruct right a plot of land located in Warsaw, Ochota district, with an area of c.a. 2.4 thousand m². The price of the Property was established at PLN 10,000,000 (ten million zlotys) net, increased by the VAT at the rate applicable on the date of concluding the final agreement. According to initial evaluation it shall be feasible to construct on the property a development project with the total PUM area of approx. 3,700 m². The conclusion of the final agreement will take place only upon fulfilment of conditions precedent, including conducting by the Company satisfactory due diligence process of the Property. The conclusion of the final agreement shall take place until 3 September 2021. The Company paid PLN 2.0 million to the notary's deposit on the date of signing the preliminary agreement.

Viva Jagodno I - Occupancy permits

On 21 July 2021, the Company has obtained a legally valid occupancy permit for Viva Jagodno I property development in Wrocław.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

The Management Board

Boaz Haim

President of the Management Board

Yaron Shama

Vicepresident of the Management Board, CFO

Andrzej Gutowski

Vicepresident of the Management Board,
Sales Director

Alon Haver

Member of the Management Board

Karolina Bronszewska

Member of the Management Board
Marketing and Innovation Director

Anna Rzczkowska

Person responsible for financial statements
preparation

Warsaw, 10 August 2021

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Interim Condensed Company Statement of Financial Positions

As at		30 June 2021	31 December 2020
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	<i>(Reviewed/Unaudited)</i>	<i>(Audited)</i>
Assets			
Intangible fixed assets		29	39
Investment in subsidiaries	6	446,607	435,874
Loan granted to subsidiaries	7	154,365	160,040
Total non-current assets		601,001	595,953
Trade and other receivables and prepayments		184	88
Receivable from subsidiaries		4,539	3,699
Loan granted to subsidiaries	7	-	307
Cash and cash equivalents		74,544	27,152
Total current assets		79,267	31,246
Total assets		680,268	627,199
Equity			
Shareholders' equity	12		
Share capital		12,503	12,503
Share premium reserve		150,278	157,905
Treasury shares		(1,732)	(1,613)
Retained earnings		240,598	211,022
Total shareholders' equity		401,647	379,817
Liabilities			
Long-term liabilities			
Bond loans	8	197,416	175,382
Loans from subsidiaries		2,314	12,270
Deferred tax liabilities		555	61
Total long-term liabilities		200,285	187,712
Current liabilities			
Bond loans	8	75,053	52,625
Other payables - accrued interests on bonds	8	2,658	2,065
Loans from subsidiaries		-	3,309
Trade and other payables and accrued expenses		625	1,670
Total current liabilities		78,336	59,670
Total liabilities		278,621	247,382
Total shareholders' equity and liabilities		680,268	627,199

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

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Interim Condensed Company Statement of Comprehensive Income

For the		6 months ended 30 June 2021	3 months ended 30 June 2021	6 months ended 30 June 2020	3 months ended 30 June 2020
<i>PLN (thousands, except per share data and number of shares)</i>	<i>Note</i>	<i>(Reviewed) / (unaudited)</i>	<i>(Reviewed) / (unaudited)</i>	<i>(Reviewed) / (unaudited)</i>	<i>(Reviewed) / (unaudited)</i>
Revenues from consulting services		4,134	3,148	4,804	2,928
General and administrative expense		(2,249)	(1,143)	(2,715)	(1,551)
Other revenues/(expenses)		6	3	-	-
Operating profit		1,891	2,008	2,089	1,377
Result from subsidiaries after taxation	6	23,713	14,874	40,216	10,638
Operating profit after result from subsidiaries		25,604	16,882	42,305	12,015
Finance income		3,040	1,502	3,587	1,962
Finance expense		(6,201)	(3,477)	(5,128)	(2,508)
Net finance income/(expense)	9	(3,161)	(1,975)	(1,541)	(546)
Profit/(loss) before taxation		22,443	14,907	40,764	11,469
Income tax benefit/(expense)	10	(494)	(566)	(124)	(217)
Profit for the period		21,949	14,341	40,640	11,252
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the period, net of tax		21,949	14,341	40,640	11,252
Weighted average number of ordinary shares (basic and diluted)		162,447,328	162,442,859	163,285,842	163,285,842
<i>In Polish Zlotys (PLN)</i>					
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)		0.135	0.088	0.249	0.069

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

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Interim Condensed Company Statement of Changes in Equity

<i>In thousands of Polish Zlotys (PLN)</i>	Share capital	Share premium	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2021	12,503	157,905	(1,613)	211,022	379,817
Comprehensive income:					
Profit for the year ended 30 June 2021	-	-	-	21,949	21,949
Own shares acquired	-	-	(119)	-	(119)
Reclassification of 2019 net result from Share premium to retained earnings ⁽¹⁾	-	(7,627)	-	7,627	-
Balance at 30 June 2021 (Reviewed/ Unaudited)	12,503	150,278	(1,732)	240,598	401,647

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

<i>In thousands of Polish Zlotys (PLN)</i>	Share capital	Share premium	Treasury shares	Retained earnings ⁽¹⁾	Total equity
Balance at 1 January 2020	12,503	150,278	(580)	188,293	350,494
Net profit for the period ended 30 June 2020	-	-	-	40,640	40,640
Repurchase of own shares	-	-	(50)	-	(50)
Declaration of dividends	-	-	-	(9,842)	(9,842)
Balance at 30 June 2020	12,503	150,278	(630)	219,091	381,242

(1) In order to fund the purchase of own shares under the buyback program, a capital reserve (within retained earnings) was established for an amount of PLN 2,000 thousand. The capital reserve was subsequently reduced by the amount of the consideration paid for the shares bought back. The amount of capital reserve as at 24 January 2020 (lasting date of authorization granted to the Management Board for the purchase of own shares) amounted to PLN 1,573 thousand and was presented as a part of the retained earnings. As at 25 January 2020 the capital reserve was liquidated.

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

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Interim Condensed Company Statement of Cash Flows

For the 6 months period ended 30 June	2021	2020
<i>In thousands of Polish Zlotys (PLN)</i>		
	<i>Note</i>	
Cash flows from operating activities		
Profit for the year	21,949	40,640
<i>Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:</i>		
Finance income	9 (3,040)	(3,587)
Finance expense	9 6,201	5,128
Income tax expense	10 494	124
Net results subsidiaries during the year	6 (23,713)	(40,216)
Subtotal	1,891	2,089
Decrease/(increase) in trade and other receivables and prepayments	(98)	(118)
Decrease/(increase) in receivable from subsidiaries	(840)	594
Increase/(decrease) in trade and other payable and accrued expense	(1,045)	(319)
Subtotal	(92)	2,246
Interest paid	(7,967)	(4,816)
Interest received	7 3,494	833
Net cash used in operating activities	(4,565)	(1,737)
Cash flows from investing activities		
Loans granted to subsidiaries, net of issue cost	7 (29,600)	(34,000)
Repayment of loans granted to subsidiaries	7 33,616	3,000
Dividend from subsidiary	13,000	34,737
Investment in subsidiaries	(21)	-
Net cash used in investing activities	16,995	3,737
Cash flows from financing activities		
Treasury shares	(119)	(50)
Repayment of loans from subsidiaries/Loans received from subsidiaries	(8,600)	2,063
Proceeds from bond loans, net of issue costs	8 96,387	-
Repayment of bond loans	8 (52,707)	(10,000)
Net cash from financing activities	34,961	(7,987)
Net change in cash and cash equivalents	47,392	(5,987)
Cash and cash equivalents at 1 January	27,152	7,173
Cash and cash equivalents at the end of the period	74,544	1,186

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

Interim Condensed Company Financial Statements for the six months ended 30 June 2021**Notes to the Interim Condensed Company Financial Statements****Note 1 – General**

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

The Company (together with its subsidiaries, ‘the Group’) is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. For information about companies in the Group which financial data are included in the Interim Condensed Consolidated Financial Statements reference is made to Note 7 in the Interim Condensed Consolidated Financial Statements.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. According to publicly available information, as at 30 June 2021:

- 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. (‘A. Luzon Group’). The Ultimate Parent is Mr Amos Luzon, member of the Supervisory Board, who held indirectly through A. Luzon Group 47.30% as at 30 June 2021 and as at the day preceding the publication of this report;
- 0.96% of the shares are held by the Company;
- 32.98% of the outstanding shares are held by other investors including Nationale Nederlanden Otworthy Fundusz Emerytalny and Metlife Otworthy Fundusz Emerytalny.

The number of shares held by the investors is equal to the number of votes, as there are no privileged shares issued by the Company. It shall be noted that as at 30 June 2021, the Company held 1,567,954 own shares (0.96%) and, in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares.

Note 2 – Basis of preparation of Interim Condensed Company Statements

These Interim Condensed Company Financial Statements of Ronson Development SE have been prepared in accordance with IAS 34 (concerning the preparation of interim financial statements). The Interim Condensed Company Financial Statements do not include all the information and disclosures required in annual financial statements prepared in accordance with the IFRS and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2020, which have been prepared in conformity with IFRS. At the date of authorization of these Interim Condensed Company Financial Statements, the IFRSs applied by the Company are not different from the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board (‘IASB’) and the International Financial Reporting Interpretations Committee (‘IFRIC’).

The Interim Condensed Company Financial Statements of Ronson Development SE have been prepared on the going concern assumption, i.e. the continuation of the Company’s business activity in the foreseeable future. As at the day of the approval of these financial statements, there were no circumstances identified implying any threats to the continuation of the Company’s activity.

These Interim Condensed Company Financial Statements of Ronson Development SE were approved by the Management Board for publication on 10 August 2021 in both English and Polish languages, while the Polish version is binding.

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

Interim Condensed Company Financial Statements for the six months ended 30 June 2021**Notes to the Interim Condensed Company Financial Statements****Note 3 – The use of estimates and judgments**

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

In preparing these Interim Condensed Company Financial Statements, the significant judgments made by the Management Board in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the Consolidated Financial Statements for the year ended 31 December 2020.

Note 4 – Functional and reporting currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The Company Financial Statements are presented in thousands of Polish Zloty (“PLN”), which is the Company’s functional and presentation currency.

Transactions in currencies other than the functional currency are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than the functional currency are recognized in the statement of comprehensive income.

Note 5 – Seasonality

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

Note 6 – Investment in subsidiaries

The subsidiaries of the Company are valued with equity methods.

The table below presents the movement in investment in subsidiaries during the six months ended 30 June 2021 and during the year ended 31 December 2020:

	For the 6 months ended 30 June 2021	For the 12 months ended 31 December 2020
<i>In thousands of Polish Zlotys (PLN)</i>		
Balance at beginning of the period	435,874	419,835
Investments in subsidiaries	21	1,000
Net result subsidiaries during the period	23,713	40,775
Change of presentation	-	9,000
Dividend from subsidiary	(13,000)	(34,736)
Balance at end of the period	446,607	435,874

The Company holds and owns (directly and indirectly) 84 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 2020 amounted PLN 40,216 thousand.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Company Financial Statements**Note 7 – Loans granted to subsidiaries**

The table below presents movements in loans granted to subsidiaries held directly and indirectly by the Company during the six months ended 30 June 2021 and during the year ended 31 December 2020:

<i>In thousands of Polish Zloty (PLN)</i>	For the 6 months ended 30 June 2021	For the 12 months ended 31 December 2020
	(Reviewed/ Unaudited)	(Audited)
Opening balance	160,347	113,829
Loans granted	29,600	79,354
Loans repayment during the year	(33,616)	(27,956)
Change of presentation	-	(9,000)
Settlement of loans	(1,513)	-
Amortization of charges and fees	-	88
Accrued interest	3,040	6,297
Repayment of interest	(3,493)	(2,265)
Total closing balance	154,365	160,347
Closing balance includes:		
Current liabilities	-	307
Non-current liabilities	154,365	160,040
Total closing balance	154,365	160,347

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 2020 (more information see Note 10).

Note 8 – Bonds loans

The table below presents the movement in Bond loans during the six months ended 30 June 2021 and during the year ended 31 December 2020:

<i>In thousands of Polish Zloty (PLN)</i>	For the period ended 30 June 2021	For the year ended 31 December 2020
	(Reviewed/ Unaudited)	(Audited)
Opening balance	230,072	187,969
Repayment of bond loans	(52,707)	(55,000)
Redemption of bonds (non-cash set-off)	(2,247)	(2,141)
Proceeds from bond loans	100,000	100,000
Issue cost	(1,366)	(1,636)
Issue cost amortization	781	783
Accrued interest	5,132	8,429
Interest repayment	(4,539)	(8,331)
Total closing balance	275,127	230,072
Closing balance includes:		
Current liabilities	77,711	54,690
Non-current liabilities	197,416	175,382
Total Closing balance	275,127	230,072

For information about bond covenants, reference is made to Note 13 to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021

Notes to the Interim Condensed Company Financial Statements**Note 9 – Finance costs and income**

For the year ended 30 June	2021	2020
<i>In thousands of Polish Zlotys (PLN)</i>		
Interests and fees on granted loans to subsidiaries	3,040	3,580
Interest income on bank deposits	-	7
Finance income	3,040	3,587
Interest expense on bonds measured at amortized cost	(5,132)	(4,447)
Interests and fees on received loans from subsidiaries	(168)	(310)
Commissions and fees, including the amortized cost valuation	(846)	(367)
Other	(55)	(4)
Finance expense	(6,201)	(5,128)
Net finance income	(3,161)	(1,541)

Note 10 – Income tax

For the 6 months period ended 30 June	2021	2020
<i>In thousands of Polish Zlotys (PLN)</i>		
Current tax expense/(benefit)		
Current period	-	-
Reversal of withholding tax in the Netherlands	391	-
Total current tax expense	391	-
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	(376)	406
Expense/(benefit) of tax losses recognized	479	(282)
Total deferred tax expense/(benefit)	103	124
Total income tax expense/(benefit)	494	124

Note 11 – Related parties transactions

There were no transactions and balances with related parties during the six months ended 30 June 2021 other than the described below, the remuneration of the Management Board, loans granted to related parties, the reimbursement of audit review costs and the consulting agreement with A. Luzon Group, the major (indirect) shareholder, for a total monthly amount of PLN 70 thousand and covering travel and out of pocket expenses. All transactions with related parties were performed based on market conditions.

Interim Condensed Company Financial Statements for the six months ended 30 June 2021**Notes to the Interim Condensed Company Financial Statements****Note 12 – Equity***Repurchase of own shares*

The table below presents the Treasury shares owned by the Company as at 30 June 2021 and 31 December 2020:

As at	30 June 2021	31 December 2020
Number of shares	164,010,813	164,010,813
Share Capital	12,503,000	12,503,000
Treasury shares	1,567,954	1,489,235.00
Value of treasury shares	(1,726,536)	(1,613,110)
% of total shares	0.96%	0.91%

For information regarding the Buyback shares program please refer to Note 11 of the Financial Statements for the year ended 31 December 2020.

Note 13 – Subsequent events

For further subsequent events, reference is made to Note 26 to the Interim Condensed Consolidated Financial Statements.

The Management Board**Boaz Haim**

President of the Management Board

Yaron Shama

Vicepresident of the Management Board, CFO

Andrzej Gutowski

Vicepresident of the Management Board,
Sales Director

Alon Haver

Member of the Management Board

Karolina Bronszewska

Member of the Management Board
Marketing and Innovation Director

Anna Rzczkowska

Person responsible for financial statements
preparation

Warsaw, 10 August 2021