RONSON DEVELOPMENT SE

Consolidated Financial Statement
for the year ended
31 December 2024

Management Board

Boaz Haim, *President of the Management Board*
Yaron Shama, *Finance Vice-President of the Management Board*
Andrzej Gutowski, *Sales Vice-President of the Management Board*
Karolina Bronszewska, *Member of the Management Board for Marketing and Innovation*

Supervisory Board

Amos Luzon, *Chairman*
Alon Kadouri, *Member of the Supervisory Board*
Ofer Kadouri, *Member of the Supervisory Board*

Registered office

Al. Komisji Edukacji Narodowej 57
02-797 Warsaw
Poland

Auditors

PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. K.
ul. Polna 11
00-633 Warsaw
Poland

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Consolidated Statement of Financial Position

In thousands of Polish Zlotys (PLN)	***Note***	**As at 31 December 2024**	**As at 31 December 2023**
Assets			
Non-current assets			
Property and equipment	*12*	7 862	7 506
Investment property	*13*	60 976	83 220
Intangible fixed assets		949	468
Long term trade and other receivables		5 260	-
Investments in joint ventures	*14*	479	532
Deferred tax assets	*15*	8 384	6 369
Land designated for development	*16*	36 514	21 663
Total non-current assets		**120 424**	**119 759**
Current assets			
Inventory	*16*	772 899	792 488
Trade and other receivables and prepayments	*17*	52 773	53 539
Advances for Land	*18*	26 450	17 550
Income tax receivable		2 027	3 450
Loans granted to joint ventures	*14*	156	145
Other current financial assets	*19*	11 294	12 809
Cash and cash equivalents	*20*	289 178	203 860
Total current assets		**1 154 776**	**1 083 841**
Total assets		**1 275 201**	**1 203 599**
Capitals			
Equity	*21*		
Share capital		12 503	12 503
Share premium		150 278	150 278
Share based payment expense		2 853	1 571
Treasury shares		(1 732)	(1 732)
Retained earnings		389 922	371 052
Total equity/Equity attributable to equity holders of the parent		**553 824**	**533 672**
Liabilities			
Non-current liabilities			
Floating rate bonds	*23*	275 942	118 676
Liability to shareholders measured at amortised cost	*25*	-	19 519
Deferred tax liability	*15*	19 240	36 350
Lease liabilities related to perpetual usufruct of investment properties	*24*	766	720
Total non-current liabilities		**295 948**	**175 265**
Current liabilities			
Trade and other payables and accrued expenses	*26*	59 236	89 762
Floating rate bonds	*23*	-	99 834
Other payables - accrued interests on bonds	*23*	9 129	6 810
Secured bank loans	*23*	11 898	8 815
Interest bearing deferred trade payables	*26*	-	9 538
Advances received	*27*	305 634	234 175
Income tax payable		891	534
Provisions		2 986	3 103
Lease liabilities related to perpetual usufruct of land	*24*	35 655	36 017
Liability to shareholders measured at amortised cost	*25*	-	6 074
Total current liabilities		**425 429**	**494 662**
Total liabilities		**721 377**	**669 927**
Total equity and liabilities		**1 275 201**	**1 203 599**

The notes included on pages 8 to 66 are an integral part of these Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	***Note***	**2024**	**2023**
Revenue from sales of residential projects	*5*	387 678	395 492
Revenue		**387 678**	**395 492**
Cost of sales		**(266 019)**	**(256 103)**
Gross profit		**121 659**	**139 388**
Changes in the fair value of investment property	*13*	2 349	8 293
Selling and marketing expenses	*6*	(7 763)	(5 664)
Administrative expenses	*7*	(32 783)	(28 029)
Share of the profit from joint ventures accounted for using the equity method	*14*	(14)	(749)
Other expenses	*8*	(3 789)	(8 317)
Other income	*9*	7 014	1 281
Result from operating activities		**86 672**	**106 204**
Finance income	*10*	6 921	4 261
Finance costs	*10*	(13 269)	(13 868)
Gain/loss in fair value of financial instrument at fair value through profit and loss	*25*	-	6 422
Net finance income/(cost)		**(6 348)**	**(3 185)**
Profit before taxation		**80 324**	**103 019**
Income tax expense	*11*	(12 722)	(22 314)
Profit for the year		**67 602**	**80 705**
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		**67 602**	**80 705**
Total profit for the year attributable to:			
Equity holders of the parent	*22*	67 602	80 705
Non-controlling interests		-	-
Total profit for the year		**67 602**	**80 705**
Total comprehensive income attributable to:			
Equity holders of the parent	*22*	67 602	80 705
Non-controlling interests		-	-
Total comprehensive income for the year, net of tax		**67 602**	**80 705**

The notes included on pages 8 to 66 are an integral part of these Consolidated Financial Statements

Consolidated Statement of Changes in Equity

	Attributable to the Equity holders of parent					
In thousands of Polish Zlotys (PLN)	**Share capital**	**Share premium**	**Share based payment expense**	**Treasury shares**	**Retained earnings**	**Total equity**
Balance at 1 January 2024	**12 503**	**150 278**	**1 571**	**(1 732)**	**371 053**	**533 673**
Comprehensive income:						
Profit for the year ended 31 December 2024	–	–	–	–	67 602	67 602
Total comprehensive income	**-**	**-**	**-**	**-**	**67 602**	**67 602**
Share based payment expense	–	–	1 282	–	–	1 282
Dividend payment	–	–	–	–	(48 733)	(48 733)
Balance at 31 December 2024	**12 503**	**150 278**	**2 853**	**(1 732)**	**389 922**	**553 824**

	Attributable to the Equity holders of parent					
In thousands of Polish Zlotys (PLN)	**Share capital**	**Share premium**	**Share based payment expense**	**Treasury shares**	**Retained earnings**	**Total equity**
Balance at 1 January 2023	**12 503**	**150 278**	**-**	**(1 732)**	**290 347**	**451 396**
Comprehensive income:						
Profit for the year ended 31 December 2023	–	–	–	–	80 705	80 705
Total comprehensive income/(expense)	**-**	**-**	**-**	**-**	**80 705**	**80 705**
Share based payment expense	–	–	1 571	–	–	1 571
Balance at 31 December 2023	**12 503**	**150 278**	**1 571**	**(1 732)**	**371 052**	**533 673**

Consolidated Statement of Cash Flows

For the year ended 31 December		**2024**	**2023**
In thousands of Polish Zlotys (PLN)	***Note***		
Cash flows from/(used in) operating activities			
Profit/(loss) for the period		67 602	80 705
Adjustments to reconcile profit for the period to net cash used in operating activities			
Depreciation		786	846
(Increase)/decrease in fair value of investment property		(2 349)	(8 313)
Finance expense		12 138	13 715
Finance income		(5 709)	(4 136)
Foreign exchange rates differences gain/(loss)		(81)	28
Result on sale of subsidiary		224	-
(Gain)/loss on a financial instrument measured at fair value through profit and loss	*15*	-	(6 422)
Reversal of write-off of receivables		(861)	-
Share of loss /(profit) from joint ventures		19	749
Share based payment expense		1 282	1 571
Income tax expense/(benefit)	*11*	12 722	22 314
Subtotal		**85 773**	**101 057**
Decrease/(increase) in inventory and land designated for development	*34*	50 985	11 908
Profit on sale of property, plant and equipment		(20)	(34)
Purchases of land	*16*	(25 440)	(16 000)
Decrease/(increase) in advances for land		(8 900)	(4 000)
Decrease/(increase) in trade and other receivables and prepayments	*34*	(6 939)	16 492
Decrease/(increase) in other current financial assets		1 515	(1 592)
Decrease/(increase) in trade and other payables and interests bearing deferred trade payables	*34*	(14 098)	21 365
Increase/(decrease) in provisions		(117)	(601)
Increase/(decrease) in advances received	*27*	71 459	94 264
Subtotal		**154 218**	**222 858**
Interest paid		(21 675)	(23 935)
Interest received		5 156	3 807
Income tax received/(paid)	*11*	(29 984)	(9 605)
Net cash from/(used in) operating activities		**107 714**	**193 124**
Cash flows from/(used in) investing activities			
Acquisition of property and equipment		(1 164)	(337)
Outflow for purchase investment property		(74)	(10 617)
Dividends received from joint ventures		-	1 073
Proceeds from sale of property and equipment		73	53
Net cash from investing activities		**(1 165)**	**(9 828)**
Cash flows (used in)/from financing activities			
Proceeds from bank loans, net of bank charges	*23*	147 331	95 552
Repayment of bank loans	*23*	(146 833)	(104 020)
Proceeds from bonds, net of charges	*23*	195 630	59 137
Repayment of bonds	*23*	(139 886)	(40 000)
Repayment of Liability to shareholders measured at amortised cost	*25*	(27 232)	(40 000)
Payment of perpetual usufruct rights	*24*	(1 508)	(1 290)
Payment of dividend	*25*	(48 733)	-
Net cash (used in)/from financing activities		**(21 231)**	**(30 621)**
Net change in cash and cash equivalents		**85 318**	**152 675**
Cash and cash equivalents at beginning of period		203 860	51 185
Cash and cash equivalents at end of period[*]		**289 178**	**203 860**

*** Including restricted cash that amounted to PLN 19 165 thousand and PLN 13 903 thousand as 31 December 2024 and as 31 December 2023, respectively.*

The notes included on pages 8 to 66 are an integral part of these Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Note 1 – Background and business of the Company

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

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

As of 31 December 2024, Amos Luzon Development and Energy Group Ltd. ("A. Luzon Group"), the ultimate parent company, indirectly controlled the Company through its subsidiary Luzon Ronson N.V. (former name I.T.R. Dori B.V.), in which it holds more than 70% of the shares. As of 31 December 2024, Luzon Ronson N.V. held 108,349,187 shares (approximately 66.06% of the Company's share capital) directly and 54,093,672 shares (approximately 32.98% of the Company's share capital) through its wholly owned subsidiary Luzon Ronson Properties Ltd. The remaining 1,567,954 shares (approximately 0.96% of the Company's share capital) were treasury shares of the Company.

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

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

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

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

The details of the entities whose financial statements have been included in these Consolidated Financial Statements, the year of incorporation and the percentage of ownership and voting rights directly or indirectly held by the Company as at 31 December 2024 and as at 31 December 2023, are presented below and on the following page.

	Entity name	Year of incorporation	Country of registration	Share of ownership & voting rights at the end of 31 December 2024	31 December 2023
a.	**held directly by the Company:**				
1	Ronson Development Management Sp. z o.o.	1999	Poland	100%	100%
2	Ronson Development Sp. z o.o.	2006	Poland	100%	100%
3	Ronson Development Construction Sp. z o.o.	2006	Poland	100%	100%
4	City 2015 Sp. z o.o.	2006	Poland	100%	100%
5	Ronson Development Village Sp. z o.o.(1)	2007	Poland	100%	100%
6	Ronson Development Skyline Sp. z o.o.	2007	Poland	100%	100%
7	Ronson Development Universal Sp. z o.o.(1)	2007	Poland	100%	100%
8	Ronson Development South Sp. z o.o.(2)	2007	Poland	100%	100%
9	Ronson Development Partner 5 Sp. z o.o.	2007	Poland	100%	100%
10	Ronson Development Partner 4 Sp. z o.o.	2007	Poland	100%	100%
11	Ronson Development Providence Sp. z o.o.	2007	Poland	100%	100%
12	Ronson Development Finco Sp. z o.o.	2009	Poland	100%	100%
13	Ronson Development Partner 2 Sp. z o.o.	2009	Poland	100%	100%
14	Ronson Development Partner 3 Sp. z o.o.	2012	Poland	100%	100%
15	Ronson Development Studzienna Sp. z o.o.	2019	Poland	100%	100%
16	Ronson Development SPV1 Sp. z o.o. (3)	2021	Poland	–	100%
17	Ronson Development SPV2 Sp. z o.o.	2021	Poland	100%	100%
18	Ronson Development SPV3 Sp. z o.o.	2021	Poland	100%	100%
19	Ronson Development SPV4 Sp. z o.o.	2021	Poland	100%	100%
20	Ronson Development SPV5 Sp. z o.o.	2021	Poland	100%	100%

Notes to the Consolidated Financial Statements

Note 1 – Background and business of the Company

	Entity name	Year of incorporation	Country of registration	Share of ownership & voting rights at the end of 31 December 2024	Share of ownership & voting rights at the end of 31 December 2023
a.	**held directly by the Company:**				
21	Ronson Development SPV6 Sp. z o.o.	2021	Poland	100%	100%
22	Ronson Development SPV7 Sp. z o.o.	2021	Poland	100%	100%
23	Ronson Development SPV8 Sp. z o.o.	2021	Poland	100%	100%
24	Ronson Development SPV9 Sp. z o.o.	2021	Poland	100%	100%
25	Ronson Development SPV10 Sp. z o.o.	2021	Poland	100%	100%
26	Ronson Development SPV11 Sp. z o.o.	2021	Poland	100%	100%
27	LivinGO Holding Sp. z o.o.	2022	Poland	100%	100%
28	Ronson Development SPV14 Sp. z o.o.	2023	Poland	100%	100%
29	Ronson Development SPV15 Sp. z o.o.	2023	Poland	100%	100%
30	Ronson Development SPV16 Sp. z o.o.	2023	Poland	100%	100%
31	Ronson Development SPV17 Sp. z o.o. (4)	2024	Poland	100%	–
32	Ronson Development SPV18 Sp. z o.o. (4)	2024	Poland	100%	–
33	Ronson Development SPV19 Sp. z o.o. (4)	2024	Poland	100%	–
b.	**held indirectly by the Company:**				
34	Ronson Development Sp z o.o. - Estate Sp.k.	2007	Poland	100%	100%
35	Ronson Development Sp z o.o. - Horizon Sp.k.	2007	Poland	100%	100%
36	Ronson Development Partner 3 Sp. z o.o. – Viva Jagodno sp. k.	2009	Poland	100%	100%
37	Ronson Development Sp. z o.o. - Apartments 2011 Sp.k.	2009	Poland	100%	100%
38	Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k.	2009	Poland	100%	100%
39	LivinGO Ursus Sp. z o.o.	2022	Poland	100%	100%
40	Ronson Development Partner 5 Sp. z o.o. - Vitalia Sp.k.	2009	Poland	100%	100%
41	Ronson Development Sp. z o.o. - Naturalis Sp.k.	2011	Poland	100%	100%
42	Ronson Development Partner 3 Sp. z o.o.- Nowe Warzymice Sp. k	2011	Poland	100%	100%
43	Ronson Development Sp. z o.o. - Providence 2011 Sp.k.	2011	Poland	100%	100%
44	Ronson Development Partner 5 Sp. z o.o. - Miasto Marina Sp.k.	2011	Poland	100%	100%
45	Ronson Development Partner 5 Sp. z o.o. - City 1 Sp.k.	2012	Poland	100%	100%
46	Ronson Development Partner 2 Sp. z o.o. - Miasto Moje Sp. k.	2012	Poland	100%	100%
47	Ronson Development Sp. z o.o. – Ursus Centralny Sp. k.	2012	Poland	100%	100%
48	Ronson Development Sp. z o.o. - City 4 Sp.k.	2016	Poland	100%	100%
49	Ronson Development Partner 2 Sp. z o.o. – Grunwald Sp.k.	2016	Poland	100%	100%
50	Ronson Development Sp. z o.o. - Grunwaldzka" Sp.k.	2016	Poland	100%	100%
51	Ronson Development Sp. z o.o. - Projekt 3 Sp.k.	2016	Poland	100%	100%
52	Ronson Development Sp. z o.o. - Projekt 4 Sp.k.	2017	Poland	100%	100%
53	Ronson Development Sp. z o.o. - Projekt 5 Sp.k.	2017	Poland	100%	100%
54	Ronson Development Sp. z o.o. - Projekt 6 Sp.k.	2017	Poland	100%	100%
55	Ronson Development Sp. z o.o. - Projekt 7 Sp.k.	2017	Poland	100%	100%
56	Ronson Development Sp. z o.o. - Projekt 8 Sp.k.	2017	Poland	100%	100%
57	Bolzanus Limited	2013	Cyprus	100%	100%
58	Park Development Properties Sp. z o.o. - Town Sp.k.	2007	Poland	100%	100%
59	Tras 2016 Sp. z o.o.	2011	Poland	100%	100%
60	Park Development Properties Sp. z o.o.	2011	Poland	100%	100%
61	Wrocław 2016 Sp. z o.o.	2016	Poland	100%	100%
62	Tregaron Sp. z o.o.	2017	Poland	100%	100%
63	Tring Sp. z o.o.	2017	Poland	100%	100%
64	Thame Sp. z o.o.	2017	Poland	100%	100%
65	Troon Sp. z o.o.	2017	Poland	100%	100%
66	Tywyn Sp. z o.o.	2018	Poland	100%	100%
c.	**other entities not subject to consolidation – Joint venture:**				
67	Coralchief Sp. z o.o.	2018	Poland	50%	50%
68	Coralchief Sp. z o.o. - Projekt 1 Sp. k.	2016	Poland	50%	50%
69	Ronson IS Sp. z o.o.	2009	Poland	50%	50%
70	Ronson IS Sp. z o.o. Sp. k.	2012	Poland	50%	50%

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

(2) 99.66% of shares in the company are held by Ronson Development SE, the remaining 0.34% of shares are held by: Ronson Development Sp. z o.o. (0.19%), Ronson Development Partner 2 Sp. z o.o. (0.09%), Ronson Development Partner 3 Sp. z o.o. (0.03%) and Ronson Development Partner 4 Sp. z o.o. (0.03%) all of this companies are held 100% by Ronson Development SE.

(3) 100% of the shares in Ronson Development SPV1 Sp. z o.o. were sold by the Company on October 15, 2024. For more information, see Note 13 or Note 36, "Events during the period"

(4) Companies in organization.

Notes to the Consolidated Financial Statements

Note 2 – Basis of preparation of Financial Statements and measurement

(a) Basis of preparation and statement of compliance

These Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards. In light of the nature of the Group's activities, the IFRSs applied by the Group are not different from the IFRSs endorsed by the European Union, which are effective for the financial year ended 31 December 2024. Information about standards and interpretations were presented below.

The Consolidated Financial Statements were authorized by the Management Board of Ronson Development SE on 12 March 2025. These 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. The Company prepared Consolidated Financial Statements for the year ended 31 December 2024 in both English and Polish languages, while the Polish version is binding.

New and amended standards adopted by the Group

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

- **Amendment to IFRS 16 'Leases'**

The amendment to IFRS 16 'Leases' supplements the requirements for subsequent measurement of the lease liability for sale and leaseback transactions when the criteria of IFRS 15 are met and the transaction should be accounted for as a sale. The amendment requires the seller-lessee to subsequently measure the lease liability arising from a sale-leaseback in such a way that no gain or loss on the retained right-of-use is recognised. The new requirement is particularly relevant where the sale-leaseback includes variable lease payments that do not depend on an index or rate, as these payments are excluded from 'lease payments' under IFRS 16.

- **Amendments to IAS 1 'Presentation of Financial Statements'**

The amendments to IAS 1 clarify the presentation of liabilities as long- and short-term and address the classification of liabilities when an entity is required to meet certain contractual requirements known as covenants. Consequently, the revised IAS 1 standard states that liabilities are classified as either short- or long-term depending on the rights that exist at the end of the reporting period. Neither the entity's expectations nor events after the reporting date (for example, covenants in loan agreements that the entity is not required to comply with until after the balance sheet date) affect the classification.

- **Amendments to IAS 7 'Statement of cash flows' and IFRS 7 'Financial instruments: disclosures' - Disclosure of supplier finance arrangements ('supplier finance arrangements')**

The amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' introduce disclosure requirements for supplier finance arrangements ('reverse factoring'). The amendments require specific disclosures for such contracts to enable users of financial statements to assess the impact of these contracts on liabilities and cash flows and the entity's exposure to liquidity risk. These amendments are intended to increase the transparency of disclosures about payables financing arrangements, but do not affect the recognition and measurement principles.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 2024 reporting periods and have not been early adopted by the Group. These standards, besides described below IFRS 18, are not expected to have a material impact on the entity or the Group in the current or future reporting periods and on foreseeable future transactions.

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

As of the date of these Condensed Consolidated Financial Statements, the amendments have not yet been approved by the European Union. Based on the Management Board analysis above mentioned standard could have a substantial impact on the presentational aspect of the financial statements.

(b) Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for investment property which was measured at fair value. The methods used to measure fair values for the purpose of preparing the Consolidated Financial Statements are discussed further in Note 3(r), Note 13 and Note 28.

Notes to the Consolidated Financial Statements

Note 2 – Basis of preparation of Financial Statements and measurement

(c) Functional and presentation 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') being Polish Zloty ('PLN'). Polish Zloty is the presentation currency of the Consolidated Financial Statements of the Group and is also the functional currency of the parent company.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements, are described in the following notes:

Note 5 – Sales Revenue

Note 13 – Investment property

Note 15 – Deferred tax asset recognition

Note 16 – Inventory and residential land bank

Note 25 – Financial liability to Shareholder

Note 27 – Advances received

Note 30 – Commitments and contingencies

The Group conducts residential units projects and developing activities in dedicated operating subsidiaries. Such transactions are accounted for in accordance with IAS 2 and IFRS 15, whereby inventory is sold and revenue should be recognized after the criteria are met.

Recognition of revenue

The revenue from the sale of real estate (residential units, commercial units, etc.) is recognized at the moment when control over the real estate is transferred to the customer of mentioned real estate together with the transfer of significant risks and rewards typical to the ownership rights. According to the Company's judgement this occurs at the moment of handover of the real estate to the customer, which is based on a handover document signed by both parties and subject to the condition that the customer has paid 100% of the sale price for the real estate. More information is presented in the Note 5 to the Consolidated Financial Statements.

Estimation of net realizable value for inventory and residential land bank

Inventory and residential land bank is stated at the lower of cost and net realizable value (NRV). NRV for completed inventory (Finished goods) is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in the light of recent market transactions. NRV in respect of work in progress and residential land bank is assessed with reference to market prices at the reporting date for similar completed properties, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion. More information is presented in the Note 16 to the Consolidated Financial Statements.

Valuation of investment property

The fair value of the investment property is determined by independent real estate valuation experts based on the discounted cash flow approach or comparison approach (pairwise comparison method). The determination of the fair value of the investment property using discounted cash flow approach requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. Comparison approach involves an analysis of similar properties which are being sold on the market and for which the characteristics that determine the cost and the terms of the transactions are known. More information is presented in the Note 13 to the Consolidated Financial Statements.

Valuation of lease liability

According to the IFRS 16 standard the Company the lease payments shall be discounted using the rate implicit in the lease contract, or if this rate cannot be readily determined, the Company's incremental borrowing rate. The Company decided to use incremental borrowing rate ('IBR') that was determined based on reference rate adjusted by margin.

Notes to the Consolidated Financial Statements

Note 2 – Basis of preparation of Financial Statements and measurement

(d) Use of estimates and judgments

Valuation of lease liability

The IBR rate was built based on reference rate (30 years state bonds quotation) increased by margin which represents higher credit risk of the Company due to worse ratios, risk related to unusual length of potential financing and no possibility to establish security for such long-term financing. More information is presented is the Note 24 to the Consolidated Financial Statements.

Deferred tax asset recognition

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax strategies. More information is presented in the Note 15 to the Consolidated Financial Statements.

Significant financing component within customer advances

The Group enters into sale agreements with clients, which require advance payments in accordance with the agreed schedule. Based on the analysis of the agreements, it was found that they do not contain a significant element of financing due to the fact that advance payments from clients are intended to secure the performance of the agreement (i.e. they guarantee that the customer will not withdraw from the purchase and from the customer's point of view constitute security that the given premises will be sold to him at the agreed price), so they are made for reasons other than providing financing to the developer (IFRS 15 par. 62c). In addition, if the flat finds a buyer quite late, i.e. shortly before signing the acceptance report, the difference between the cash price paid once by such a customer and the price paid by the customer in the event of signing the contract significantly earlier does not result from interest in this period, but from changes in market prices housing.

Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Policy on default

For purposes of measuring probability of default, the Group defines default as a situation when the debtor meets the unlikeliness-to-pay criteria listed below:

- the debtor is deceased;
- the debtor is insolvent;
- it is becoming likely that the debtor will enter bankruptcy.

(e) Basis of consolidation

These Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the Consolidated Financial Statements

Note 2 – Basis of preparation of Financial Statements and measurement

(e) Basis of consolidation

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.
The financial statements of subsidiaries are prepared for the same period as the financial statement of Parent. The Group entities keep books of accounts in accordance with accounting policies specified in the Accounting Act dated 29 September 1994 ('the Accounting Act') with subsequent amendments and the regulations issued based on that Act (all together: 'Polish Accounting Standards'). These Consolidated Financial Statements include a number of adjustments not included in the books of account of the Group entities, which were made in order to bring the financial statements of those entities in conformity with IFRSs as adopted by EU.
Where property is acquired, via corporate acquisitions or otherwise, the management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business or assets. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

Note 3 – Summary of material accounting policies

The accounting policies set out below have been applied consistently in all periods presented in these Consolidated Financial Statements.

(a) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates prevailing at the dates of the transactions using:

- the purchase or selling rate of the bank whose services are used by the Group – in case of foreign currency sales, as well in the case as of the debt or liability payment transactions;
- the average rate specified for a given currency by the National Bank of Poland as on the transaction date unless a customs declaration or other binding document indicates another rate – in case of other transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

(b) Revenue from contracts with customers

Revenues from the sale of residential units are recognized when (or as) the Group has satisfied a performance obligation by transferring a promised good (unit) to a customer, i.e. the revenues are recognized at point in time. A residential unit is transferred when (or as) the customer obtains control of the residential unit (i.e. upon signing protocol of technical acceptance and transfer of key to the unit and payment of the entire amount, resulting from the sale agreement), after receiving valid occupancy permit for the building based on hand-over protocol signed between the Group representatives and the customer and provided that the entire amount resulting from the sale agreement has been paid by the customer.

Advances received related to pre-sales of residential units, are presented as deferred income, in the Statement of Financial Position when they do not meet the criteria to be recognized as revenue. When they subsequently meet these criteria, they are recognized as revenue.

The Group recognizes the provision for the warranties separately. Warranty is treated as a separate performance obligation.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity.

Notes to the Consolidated Financial Statements

Note 3 – Summary of material accounting policies

(c) Financial instruments

Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs. In the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The classification and subsequent measurement of debt financial assets also depends on the Group's business model for managing the related assets portfolio.

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

For the Group the first category is most relevant. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. Assets to which above policy applies:

- Cash and cash equivalents,
- Cash on escrow classified as "other current financial asset",
- Loan receivables,
- Trade receivables.

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two steps. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at Amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Notes to the Consolidated Financial Statements

Note 3 – Summary of material accounting policies

(c) Financial instruments

Financial liabilities

The financial instruments of the Group are classified into one of the following categories:

Category	Statement of Financial Position item	Measurement
Assets measured at amortized costs	Loans granted Cash and cash equivalent Trade and other receivables Other current financial assets	Amortized cost method Amortized cost method Amortized cost method Amortized cost method
Liabilities measured at amortized costs	Bond loans Secured bank loans Trade and other payables and accrued expenses	Amortized cost method Amortized cost method Amortized cost method

(d) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.
Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.
When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of Comprehensive Income as incurred.

(ii) Depreciation and amortization

Depreciation is calculated on the straight-line basis over the estimated useful life of each component of an item of property and equipment.

The estimated useful life of property and equipment, depending on the class of asset, ranges as below:

- Buildings: from 5 to 40 years
- Equipment: from 2.5 to 10 years
- Cars: approximately up to 5 years
- Other tangible assets: from 2 to 5 years
- Intangible assets: from 2 to 5 years

Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively since the beginning of the following year, if appropriate.

(e) Leases

The Group recognizes assets and liabilities resulting from leases with a period exceeding 12 months, unless the underlying asset is of low value. The only material lease agreements with a period exceeding 12 months into which the Group has entered, are the rights of perpetual usufruct of real estate properties.

The method of valuation and presentation of lease in the Group's financial statements

The Group recognizes a lease liability, measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of signing the lease contract. The Group recognizes the respective right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognized immediately before the commencement date. The Group has decided to present right-of-use assets under the same item in the Consolidated Statement of Financial Position, under which the relevant underlying assets would be presented if they were owned by the Group. The lease liabilities are presented separately from other liabilities in long term liabilities with respect to lease of investment properties and short-term liabilities with respect to lease of inventory.

Notes to the Consolidated Financial Statements

Note 3 – Summary of material accounting policies

(e) Leases

The right of perpetual usufruct of land related to residential projects

Assets - was recognized in the Consolidated Statement of Financial Position under "Inventory".

Liabilities - was presented in the Consolidated Statement of Financial Position as a short term under "Lease liabilities related to perpetual usufruct of land".

Costs - the Group depreciates the right of use asset on straight line basis over the lease period. On the other hand, the Group recognizes finance expense to reflect interest expense on lease liability. Those costs are capitalized to Inventory as long as development project qualifies for capitalization.

Derecognition – at the moment occupancy permit is issued the Group becomes the owner of the land (based on The Act of July 20, 2018 on transformation of the right of perpetual usufruct of land built for housing purposes into the ownership right of these lands). Since then, the Group is no longer liable for perpetual usufruct fees but pays conversion fees. At the moment occupancy permit is issued and 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) the liability for conversion fee and related asset are reclassified to other payables and other receivables and are presented under "Trade and other payables and accrued expenses" and "Trade and other receivables and prepayments" respectively.

The Group is legally released from the obligation to pay conversion fees only upon signing the final notary deed for transferring the ownership of unit together with share in the land to the client. Carrying amounts of receivables and payables are derecognized from Consolidated Statement of Financial Position once final notary deeds are signed with clients.

Despite the fact that based on the Group's core business the operating cycle of inventory is on average 5 years i.e. plots of land are purchased for the purpose of the development of residential projects and transferring the ownership of the units together with share in the land to the client. Under IFRS 16 the Group is not allowed to consider the period for which the Group expects to be the usufructuary despite the fact that the period is quite precisely known. Therefore, once lease liabilities are recognized, the Group is required to discount all future payments resulting from the right of perpetual usufruct for the period for which the right is granted to individual properties (it can be up to 99 years). Following the requirements of IFRS 16 the Group recognize lease liabilities of which majority will not be paid by the Group.

The right of perpetual usufruct of investment properties

Assets - was recognized in the Statement of Financial Position under "Investment properties".
Liabilities - was presented in the Statement of Financial Position as a long term under "Lease liabilities related to perpetual usufruct of investment property".
Costs - the Group fair values the right of use asset at each balance sheet date and recognizes finance expense to reflect interest expense on lease liability.

Other leases

The Group has contracts for leasing passenger cars. The value of the original lease liability was determined at the amount of discounted future payments over the lease term.
Assets – the right of use assets (cars) was recognized in the Statement of Financial Position under "Property and equipment" less accrued depreciation.
Liabilities - was presented in the Statement of Financial Position as a long term under "Lease liabilities related to perpetual usufruct of investment property" less repayment of capital part of the lease.
Costs - the Group depreciates the right of use asset on straight-line basis for the full duration of the lease at each balance sheet date and recognizes finance expense to reflect interest expense on lease liability.

(f) Investment properties, investment properties under construction

Investment properties and investment properties under construction are measured initially at cost, including transaction costs. After initial recognition, as at each reporting date, investment property under construction that meets the premises for their valuation, and investment property are measured at fair value. The fair value measurement is updated at least annually. Profits or losses resulting from changes in the fair value of investment properties are recognized in the Statement of Comprehensive Income in the period in which they arise. The result on the valuation of investment properties is presented in the profit / loss on changes in the fair value of investment property line.

Notes to the Consolidated Financial Statements

Note 3 – Summary of material accounting policies

(f) Investment properties, investment properties under construction

For investment properties under construction, the premises for valuation are met in the case of projects where a significant part of the risks related to the construction process has been eliminated and it is possible to measure reliably at fair value. In other cases, when it is not possible to reliably determine the fair value, the value of real estate under construction is valued according to the cost method.
The Group has specified the conditions under which it begins the process of analyzing whether significant risks relating to investment properties under construction have been eliminated. There are specific conditions analyzed by the Group if the risks are minimalized which are basis for the fair value valuation, like for example, but not limited to, obtaining building permit, contracting construction work.
The presented conditions constitute the boundary criteria of the analysis. Each investment property under construction is analyzed individually in terms of the possibility of obtaining a reliable valuation to fair value, taking into account, in addition to the conditions described above, also the general economic and market situation, the availability of data for similar properties and expectations regarding the volatility of factors underlying the valuation and the method of financing investment project.
Land and buildings measured at fair value are updated in such a way as to reflect the market conditions prevailing at the year-end reporting period. The fair value of investment property is the price that would have been received for the sale of an asset or paid for the transfer of a liability in a transaction between market participants carried out on normal conditions at the valuation date. Fair values are subject to verification by external valuations prepared by experts in cooperation with the Management Board. To determine the fair value of the property, independent appraisers use valuation methods most appropriate for the valuation of the property depending on the individual asset.

(g) Residential land bank and Inventories

The Group estimates that an operating cycle for projects/stage of a big project lasts for about 5 years. The operating cycle is divided into two phases: (i) the pre-construction preparation phase lasting about 3 years (obtaining necessary site permits, environmental decisions or construction permits, designing, etc.), and (ii) construction phase lasting also about 2 years. When a project is within the operating cycle the project is presented as short-term assets under inventory, in other cases the project is presented as long-term under Residential land bank.
Inventories are valued at the purchase price plus capitalized costs (incurred during preparation for project implementation), however, not higher than the net realizable value from the sale. The purchase price includes costs incurred in connection with construction of the project.
Inventories consists of real estate projects related to realization of multi-family block of flats or detached houses for individual clients.

(i) Inventory

Inventory is measured at cost increased by capitalized costs incurred relating to the preparation of the projects for construction, in the value not higher than the net realizable value. The cost of inventory includes expenditure incurred relating to the construction of a project. Inventory comprises residential real estate projects to individual customers.

Project construction costs include:
- land or leasehold rights for land,
- construction costs paid to the general contractor building the residential project,
- infrastructure building costs;
- planning and design costs,
- perpetual usufruct fees and real estate taxes incurred during the period of construction,
- borrowing costs to the extent they are directly attributable to the development of the project,
- professional fees attributable to the development of the project,
- construction overheads and other directly related costs.
- lease assets, see Note 3 (e).

Inventory is recognized as a cost of sales in the Statement of Comprehensive Income when the sale of residential units is recognized.

(ii) Residential land bank

Long-term part of the land bank (if a commencement of construction phase is not planned within the period of 3 years from the reporting date) is presented in non-current assets of the consolidated Statement of Financial Position, as "Residential land bank", whereas short-term part of the land bank is presented in current assets of the consolidated Statement of Financial Position, in inventory balance. Residential land bank is measured at cost increased by capitalized costs incurred relating to the preparation of the projects for construction, in the total value not higher than the net realizable value.

Notes to the Consolidated Financial Statements

Note 3 – Summary of material accounting policies

(h) Equity

(i) Share capital

Share capital includes the proceeds received from the issue of ordinary shares on the nominal value in exchange for cash.

(ii) Share premium

Share premium includes the excess of proceeds received from the issue of shares over the nominal value of shares. Shares issuance costs are deducted from the share premium.

(iii) Treasury shares

Own shares that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(iv) Share based payment

The Group has introduced equity-settled share-based compensation plan for CEO of the Group, under which the entity receives services from CEO for equity instruments (options) of the shareholder of the Group. The fair value of the employee services received in exchange for the grant of options is recognized as an administrative expense and as a credit to Share-based payment reserve. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or shares determined at the grant date. The proceeds received on exercise of the options net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium. Cancelled awards are deemed to have vested upon cancellation. Any unamortized expense associated with such awards is charged to profit or loss immediately.

(i) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. The computations of the basic earnings per share are determined on the basis of the weighted average number of shares outstanding during the year. The diluted earnings per share are determined by adjusting the Statement of Comprehensive Income and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted and rights to obtain shares by employees.

(j) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's or a cash generating unit's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(k) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(l) Borrowing costs

Borrowing costs directly attributable to the inventory of properties which necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized equals the gross interest incurred on those borrowings. Interest is capitalized as from the commencement of the development work until the date of completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

Notes to the Consolidated Financial Statements

Note 3 – Summary of material accounting policies

(m) Income tax expense

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax expense is calculated according to tax regulations in effect in the jurisdiction in which the individual companies are domiciled.

Deferred income tax is provided, using the balance sheet method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and for tax losses carried forward, except for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. At each reporting date deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(n) Other current financial assets

Other current financial assets in the Statement of Financial Positions comprise only funds deposited on escrow accounts. The separate line was created due to new legal regulations "Act on the Protection of Rights of a Dwelling Unit or House Buyer" which resulted in the need to open individual escrow accounts for advances paid by the customers of the Group for the purchases of apartments. Amounts collected on individual escrow accounts are measured at amortized cost less expected credit losses.

(o) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Positions comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, except for collateralized deposits.
For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are measured at amortized costs less expected credit losses.

(p) Employee benefits

Obligations for contributions to defined contribution pension plans are recognized as an expense in the Statement of Comprehensive Income as incurred.
The Company's subsidiaries are required, under applicable regulations, to pay, on a monthly basis, social security contributions for the employees' future pension benefits. These benefits, according to IAS 19 'Employee Benefits', are state plans and are characterized as defined contribution plans. Therefore, the Company's subsidiaries have no legal or constructive obligation to pay future pension benefits and their obligation is limited to payment of contributions as they fall due.

(q) Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Upon making an investment in an associate or joint venture, the amount by which the costs of such investment exceed the value of the Group's share in the net fair value of identifiable assets and liabilities of this entity is recognized as goodwill and included in the carrying amount of the underlying investment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in Other comprehensive income of joint ventures is presented as part of the Group's Other comprehensive income. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the Statement of Changes in Equity. Dividends declared by the joint venture decrease the carrying amount of the investment in the joint venture. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Notes to the Consolidated Financial Statements

Note 3 – Summary of material accounting policies

(q) Investment in joint ventures

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as 'Share of profit/(loss) of a joint venture' in the statement of profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

(r) Fair Value

The Group measures investment properties at fair value at each balance sheet date or annual base if there were no significant changes on the market environment.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Note 4 – Segment reporting

The Group's operating segments are defined as separate entities developing particular residential projects, which for reporting purposes were aggregated. The aggregation for reporting purpose is based on geographical locations (Warsaw, Poznań, Wrocław and Szczecin) and type of development (apartments, houses). Moreover, for particular assets the reporting was based on type of income: rental income from investment property. The segment reporting method also requires the Company to present separately joint venture within Warsaw segment.
There have been no changes in the basis of segmentation or in the basis of measurement of segment profit or loss from the last Annual Consolidated Financial Statements. There is no concentration of the customers (i.e. the revenues from single customer does not exceed 10% of revenue), the revenue is distracted to many clients, mostly individual clients.

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

Notes to the Consolidated Financial Statements

Note 4 – Segment reporting

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 of holding and financing company cash and cash equivalents, fixed assets and income tax assets. Unallocated liabilities comprise mainly income tax liabilities, deferred tax liabilities, bonds and financial liability measured at amortised cost. The unallocated result (loss) comprises mainly head office expenses. IFRS adjustments represent the elimination of the Joint venture segment for reconciliation of the profit (loss), assets and liabilities to the consolidated numbers as well as the effect of measurement of liability at amortised costs. Joint ventures are accounted using the equity method.

The Group evaluates its performance on a segment basis mainly based on sale revenues, own cost of sales from residential projects and rental activity, allocated marketing costs and others operating costs/income assigned to each segment. Additionally, the Group analyses the profit and gross margin on sales, as well as result before tax (including financial costs and income assigned to the segment) generated by the individual segments.

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

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

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Segment assets	719 729	126 290	1 654	62 781	105 249	10 509	64 133	–	94 349	–	–	(1 019)	1 183 677
Unallocated assets	–	–	–	–	–	–	–	–	–	–	91 524	–	91 524
Total assets	**719 729**	**126 290**	**1 654**	**62 781**	**105 249**	**10 509**	**64 133**	**–**	**94 349**	**–**	**91 524**	**(1 019)**	**1 275 201**
Segment liabilities	332 836	30 899	743	858	15 489	62	12 476	–	18 736	–	–	(743)	411 356
Unallocated liabilities	–	–	–	–	–	–	–	–	–	–	310 021	–	310 021
Total liabilities	**332 836**	**30 899**	**743**	**858**	**15 489**	**62**	**12 476**	**–**	**18 736**	**–**	**310 021**	**(743)**	**721 377**

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

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

Notes to the Consolidated Financial Statements

Note 4 – Segment reporting

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

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS Adjust-ments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue/Revenue from external customers(1)	252 391	25 760	55	893	56 076	–	12 011	–	**40 547**	–	–	(55)	**387 678**
Segment result	86 611	1 158	(24)	2 781	7 647	(22)	3 031	–	7 276	–	–	24	108 482
Unallocated result	–	–		–	–	–	–	–	–	–	(21 223)	–	(21 223)
Depreciation	(172)	(3)	–	–	(2)	–	–	–	(7)	–	(402)	–	(587)
Result from operating activities	**86 439**	**1 155**	**(24)**	**2 781**	**7 645**	**(22)**	**3 031**	**-**	**7 268**	**-**	**(21 625)**	**24**	**86 672**
Net finance income/expenses	1 663	114	–	(36)	230	(4)	498	–	263	–	(9 077)	–	(6 348)
Gain/loss on a financial instrument measured at fair value through profit and loss													
Profit/(loss) before tax	**88 102**	**1 269**	**(24)**	**2 745**	**7 875**	**(25)**	**3 529**	**-**	**7 531**	**-**	**(30 702)**	**24**	**80 324**
Income tax expenses													(12 722)
Profit/(loss) for the period													**67 602**

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

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

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS Adjust-ments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue/Revenue from external customers(1)	260 634	2 467	1 473	923	28 793	–	68 259	–	33 954	–	462	(1 473)	395 491
Segment result	89 240	(257)	(1 664)	8 807	4 757	–	25 622	–	8 893	–	–	1 664	137 064
Unallocated result	–	–		–	–	–	–	–	–	–	(30 153)	–	(30 153)
Depreciation	(207)	–	–	–	–	–	–	–	(5)	–	(495)	–	(707)
Result from operating activities	**89 032**	**(257)**	**(1 664)**	**8 807**	**4 757**	**-**	**25 622**	**-**	**8 889**	**-**	**(30 648)**	**1 664**	**106 204**
Net finance income/expenses	1 344	17	52	(37)	(32)	(4)	536	–	163	–	(5 171)	(52)	(3 185)
Gain/loss in fair value of financial instrument at fair value through profit and loss	–	–	–	–	–	–	–	–	–	–	6 422	–	6 422
Profit/(loss) before tax	**90 376**	**(240)**	**(1 612)**	**8 770**	**4 726**	**(4)**	**26 158**	**-**	**9 051**	**-**	**(35 819)**	**1 612**	**103 019**
Income tax expenses													(22 314)
Profit/(loss) for the period													**80 705**

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

Note 5 - Sales revenue and cost of sales

The majority of Group's revenues are generated through development and sale of units, primarily apartments, in residential real-estate projects to individual customers in Poland ("residential units"). The Group recognizes revenues at the moment performance obligations are satisfied. According to Group's policy the performance obligation is satisfied at the moment, the residential unit is handed over to the customer. It occurs only after construction process is finalized meaning occupancy permit received and the full amount is paid by client. The agreements with the customers do not contain variable considerations.

Notes to the Consolidated Financial Statements

Note 5 – Sales revenue and cost of sales

The agreements, in the opinion of the Group, do not contain a significant financing component. Based on such characteristics of revenues, the Group, as a rule, does not present any receivables or other contract assets, except for costs to obtain the contract, capitalized to prepayments. Contract liabilities are reflected by advances received, which are disclosed in the Note 27.

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Sales revenue		
Revenue from residential projects	387 678	395 492
Total sales revenue	**387 678**	**395 492**
Cost of sales		
Cost of sales residential projects	(266 019)	(256 103)
Inventory reversals/(write down) to the net realisable value	-	-
Total cost of sales	**(266 019)**	**(256 103)**
Gross profit on sales	**121 659**	**139 389**
Gross profit on sales, in % to revenue	**31%**	**35%**

The table below presents a summary of revenues from residential investments and cost of sales by project:

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**Location**	**Sale revenues 2024**
Ursus Centralny IIc	Warsaw	92 198
Osiedle Vola	Warsaw	71 201
Miasto Moje VII	Warsaw	65 674
Między Drzewami I	Poznań	52 760
Nowa Północ 1A	Szczecin	37 791
Eko Falenty I	Warsaw	25 638
Ursus Centralny IIe	Warsaw	9 369
Miasto Moje VI	Warsaw	8 838
Viva Jagodno IIb	Wrocław	8 353
Viva Jagodno IIa	Wrocław	3 655
Grunwaldzka	Poznań	3 316
Nowe Warzymice IV	Szczecin	2 673
Ursus Centralny IIb	Warsaw	1 888
Miasto Moje V	Warsaw	1 438
Other	-	2 885
Total revenue		**387 678**

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**Location**	**Sale revenues 2023**
Ursus Centralny IIb	Warsaw	111 323
Miasto Moje VI	Warsaw	100 208
Viva Jagodno IIb	Wrocław	61 385
Ursus Centralny IIc	Warsaw	37 429
Nowe Warzymice IV	Szczecin	28 844
Grunwaldzka	Poznań	28 793
Miasto Moje V	Warsaw	8 156
Viva Jagodno IIa	Wrocław	6 251
Nowe Warzymice III	Szczecin	2 724
Nova Królikarnia 1d	Warsaw	2 467
Nowe Warzymice I	Szczecin	1 311
Miasto Moje IV	Warsaw	1 214
Other	-	5 387
Total revenue		**395 492**

Notes to the Consolidated Financial Statements

Note 6 – Selling and marketing expenses

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Advertising	7 408	5 424
Depreciation	199	139
Other	155	101
Total selling and marketing expenses	**7 763**	**5 664**

Note 7 – Administrative expenses

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Personnel expenses	23 317	19 756
– Wages	*20 180*	*17 275*
– Social security and other employee benefits	*3 137*	*2 481*
External services	4 504	3 641
Consulting fees to main shareholder	983	922
Materials and energy	666	493
Depreciation	587	707
Taxes and charges	1 901	1 852
Other	825	657
Total administrative expenses	**32 783**	**28 029**
Average number of employees during the year	**69**	**64**

Note 8 – Other expenses

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Maintenance expense of unsold units	1 538	1 119
Cost of repairs and defects	69	–
Expense for contractual penalties and compensation	395	7
Write-down of trade receivables and loan to third party	143	3 773
Charity activities	55	94
Cost of research and due diligence of new projects	107	486
IPO costs write-off	75	1 417
Rental and maintenance costs	727	307
Other operating expenses (road construction, network construction)	13	246
Result on sale of subsidiary	224	–
Other expenses	283	867
Total other expenses	**3 789**	**8 317**

Note 9 – Other income

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Revenues from contractual penalties and compensation	365	281
Rental income from inventory	98	102
Net profit on sale of property and equipment	151	53
Reversal of accruals	4 571	154
Sharing of costs of road construction, network reconstruction according to agreements	201	279
Write-off of liabilities/Reversal of allowance for doubtful accounts	869	8
Redesign services (commission)	56	113
Revenues from services sold to shareholders	275	–
Other income	428	291
Total other income	**7 014**	**1 281**

Notes to the Consolidated Financial Statements

Note 10 – Finance income and costs

For the year ended 31 December 2024

In thousands of Polish Zlotys (PLN)	**Total amount**	**Amount capitalized**	**Amount capitalized (under IFRS 16)**	**Recognized in the Statement of Comprehensive Income**
Interest income on bank deposits	5 156	-	-	5 156
Foreign exchange gain	1 212	-	-	1 212
Other finance income	553	-	-	553
Finance income	**6 921**	**-**	**-**	**6 921**
Interest expense on financial liabilities	(24 729)	15 712	-	(9 017)
Commissions and fees	(5 253)	4 036	-	(1 217)
Other finance costs	(1 183)	-	-	(1 183)
Reversal of discount factor on liability measured at amortised cost	(1 852)	-	-	(1 852)
Finance costs	**(33 017)**	**19 748**	**-**	**(13 269)**
Finance costs – on lease liabilities	**(1 735)**	**-**	**1 735**	**-**
Net finance income	**(27 830)**	**19 748**	**1 735**	**(6 348)**

For the year ended 31 December 2023

In thousands of Polish Zlotys (PLN)	**Total amount**	**Amount capitalized**	**Amount capitalized (under IFRS 16)**	**Recognized in the Statement of Comprehensive Income**
Interest income on bank deposits	3 807	-	-	3 807
Foreign exchange gain	126	-	-	126
Other finance income	329	-	-	329
Finance income	**4 261**	**-**	**-**	**4 261**
Interest expense on financial liabilities	(25 495)	14 745	-	(10 750)
Commissions and fees	(3 144)	1 795	-	(1 349)
Other finance costs	(1 769)	-	-	(1 769)
Finance costs	**(30 408)**	**16 539**	**-**	**(13 868)**
Finance costs – on lease liabilities	**(3 115)**	**-**	**3 115**	**-**
Gain/loss on financial instrument measured at fair value through profit and loss	**6 422**	**-**	**-**	**6 422**
Net finance income	**(22 840)**	**16 539**	**3 115**	**(3 185)**

Note 11 – Income tax charges

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Current tax expense		
Current period	31 653	7 618
Taxes in respect of previous periods	195	(307)
Total current tax expense	**31 848**	**7 311**
Deferred tax expense		
Origination and reversal of temporary differences	(19 381)	14 214
Tax losses utilized/(recognized)	255	789
Total deferred tax expense	**(19 126)**	**15 003**
Total income tax expense	**12 722**	**22 314**

Notes to the Consolidated Financial Statements

Note 11 – Income tax charges

Reconciliation of effective tax rate

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Profit for the year	67 602	80 705
Total income tax expense	12 722	22 314
Profit before income tax	**80 324**	**103 019**
Expected income tax using the Polish tax rate (19%)	**15 262**	**19 574**
Tax effect on:		
Taxes in respect of previous periods	(32)	82
Non-deductible expenses, net	664	648
Share based payment	244	298
Impact of tax interests from previous periods on current year tax and deferred tax	(4 352)	478
Impact of JV result	3	142
Deferred tax asset write-off on tax losses	868	838
Deferred tax asset correction to 2022	-	275
Other differences	65	(22)
Tax expense for the period	**12 722**	**22 314**
Effective tax rate	**15.84%**	**21.66%**

The effective income tax rate for the year ended 31 December 2024 amounted to 15.84% (21.66% in comparative period). Lower effective tax rate was mostly due to recognizing deferred tax asset on tax interests from previous periods and utilizing these tax interests on which deferred tax asset was not created in previous year.

Note 12 – Property and equipment

For the year ended 31 December 2024 *In thousands of Polish Zlotys (PLN)*	**Vehicles**	**Equipment**	**Building**	**Total**
Cost or deemed cost				
Balance at 1 January	1 604	3 504	9 161	14 270
Additions	508	548	-	1 057
Sales and disposals	(194)	(1 774)	-	(1 968)
Closing balance	**1 918**	**2 279**	**9 161**	**13 359**
Depreciation and impairment losses				
Balance at 1 January	1 045	2 889	2 831	6 764
Depreciation for the period	219	178	262	659
Sales and disposals	(196)	(1 731)	-	(1 927)
Closing balance	**1 068**	**1 336**	**3 093**	**5 496**
Carrying amounts				
At 1 January	559	615	6 330	7 505
Closing balance	**851**	**943**	**6 068**	**7 862**

Notes to the Consolidated Financial Statements

Note 12 – Property and equipment

For the year ended 31 December 2023 *In thousands of Polish Zlotys (PLN)*	**Vehicles**	**Equipment**	**Building**	**Total**
Cost or deemed cost				
Balance at 1 January	1 431	3 188	9 161	13 780
Additions	381	316	-	698
Sales and disposals	(208)	-	-	(208)
Closing balance	**1 604**	**3 504**	**9 161**	**14 270**
Depreciation and impairment losses				
Balance at 1 January	880	2 776	2 570	6 225
Depreciation for the period	219	113	261	593
Sales and disposals	(54)	-	-	(54)
Closing balance	**1 045**	**2 889**	**2 831**	**6 764**
Carrying amounts				
At 1 January	552	412	6 591	7 556
Closing balance	**559**	**616**	**6 330**	**7 506**

As at 31 December 2024 and 31 December 2023 none of the Property and equipment was secured for bonds issued nor secured bank loans.

Impairment loss

In the years ended 31 December 2024 and 31 December 2023, the Group did not recognize any impairment loss with respect to property and equipment.

Note 13 – Investment property

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Balance at 1 January	83 220	63 139
Perpetual usufruct (IFRS16) movements	26	71
Purchase of investment property land	-	11 000
Disposal of investment property	(24 212)	-
Decrease due to tax issue(1)	(500)	-
Investment expenditure	92	717
Change in fair value during the year	2 349	8 293
Balance as at 31 December, including:	**60 975**	**83 220**
Cost	***44 660***	**69 412**
Perpetual usufruct (IFRS16)	***770***	**744**
Fair value adjustments	***15 545***	**13 064**

(1) The Group decided to derecognize the capital expenditure from 2021 due to the tax authority's decision after a tax control.

As at 31 December 2024, the investment property included:

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

The company announces that on 15 October 2024 it entered into an agreement to sell its subsidiary Ronson Development SPV1 Sp. z o.o. (SPV1) for a price equal to the nominal value of the shares in that company. The company was the owner and perpetual usufructuary of real estate located in Warsaw's Wola district, with SPV1 having paid for the real estate only a portion of the price required to pay VAT, which was subsequently returned to SPV1.

Notes to the Consolidated Financial Statements

Note 13 – Investment property

Investment property at Gwiaździsta street (Office building Horizon)

The investment property consists of a plot of land located in Warsaw (71, Gwiaździsta Street) and an office building with an aggregate usable floor space of 1 318 m^2 located on this plot that is leased to third parties under lease agreements with a definite as well as an indefinite term subject to a three-month notice period for termination ("Bielany IP").

Investment property – land

The investment property - land comprise of several plots of land located in Warsaw:

1) Land located at Marynin street in Warsaw. The potential PUM is 4 183m2 and the potential number of units for rent amounts 101. Land designated for PRS activity.
2) land located at Poleczki street in Warsaw. Approximate number of units for rent 85 and the potential PUM is 3 500 m2. Land designated for PRS activity.
3) Land located at Galopu street in Warsaw. The potential PUM is 3 919 m2 and the potential number of units 100. Land designated for PRS activity.
4) Land located at Biograficzna street in Warsaw. The potential PUM is 4 851 m2 and the potential number of units 242. Land designated for PRS activity.

Measurement of the fair value

At the end of each reporting year-end, the Management Board conducts an assessment of the fair value of each property, taking into account the most up-to-date appraisals. Profits or losses resulting from changes in the fair value of investment properties are recognized in the Statement of Comprehensive Income in the period in which they arise. The result on the valuation of investment properties is presented in the increase/ decrease in fair value of investment property.

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

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

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

Fair value of the office building is determined in level 3 of the Fair Value Hierarchy and fair value of the investment land is determined in level 2 of the Fair Value Hierarchy, in this method, the key input data are prices per square meter of comparable (in terms of location and size) plots in the same region obtained in sales transactions in the current year (Level 2 of the fair value hierarchy). For the comparison approach the external appraiser used the transactions from the period 2023-2024 to perform the valuation.

The below table presents the impact of the valuation on the profit and loss for the year ended 31 December 2024.

Investment	Cost as at 31 December 2024	Fair value as at 31 December 2024	Impact of fair value	Fair value as at 31 December 2023	Impact of current year valuation	Additions/disposal to/of investment property (capex/sale)	Fair value as at 31 December 2024
Galopu	8 387	13 526	5 139	13 682	366	(522)	13 526
Poleczki	12 114	11 213	(901)	10 795	413	5	11 213
Auchan/Marynin	9 329	12 402	3 073	11 707	687	8	12 402
Wolska	-	-	-	24 212	-	(24 212)	-
Biograficzna	11 147	14 489	3 342	13 779	636	74	14 489
Horizon/Gwiaździsta	6 542	8 578	2 036	8 301	277	-	8 578
Total	**47 519**	**60 208**	**12 689**	**82 496**	**2 379**	**(24 647)**	**60 208**

**Financial information presented in the table above does not include impact of IFRS 16 on Horizon building amounted to PLN 770k in 2024 and 744k in 2023*

Notes to the Consolidated Financial Statements

Note 13 – Investment property

Income approach

Investment property at Gwiaździsta street (Office building) is valued at fair value determined as at 31 December 2024 by an independent appraiser, having an appropriate recognized professional qualification using the method of discounted cash flows. As at 31 December 2024, the fair value of Investment property was determined by an independent appraiser as well. Below table presents assumptions used for the valuation.

Location	Name of project	Segment	Valuation technique	Total area m^2	Annual rental revenue *(PLN thousands)**	Discount rate	Capitalization rate	Fair value *(PLN thousands)*
Warsaw	Horizon	Office building	income approach	1 423	827	8.50%	11.80%	8 578
Total								**8 578**

**Rental value consists of monthly rate of PLN 58,75 per m2 (based on the valuation report) multiplied by total area.*

During the year ended 31 December 2024 and 2023 the rental income from investment property amounted to PLN 827 thousand and PLN 763 thousand, respectively. The investment property is currently occupied. In 2024, direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period amounted to PLN 396 thousand and direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period amounted to PLN 93 thousand.

If the discounted rate used for the appraisals of investment property on 31 December 2024, had been 100 basis points higher, the fair value of the investments would have been 4.9% lower. In this situation, the Group's equity would have been PLN 424 thousand lower.

Lease agreements

Receivables for minimum lease payments for the rental of investment property are as follows:

	2024 *(PLN thousands)*	2023 *(PLN thousands)*
Less than 1 year	790	607
Between 1 and 2 years	510	492
Between 2 and 3 years	389	376
Between 3 and 5 years	494	646
Over 5 years	494	323
Total	**2 678**	**2 444**

Input data and the inter-relationship between them and fair value

There are inter-relationships between unobservable inputs. Expected rental fees may impact the net operating income and fair value as well as different time period as well as wages applied to the comparative prices may result in different average price.

The table below summarizes the quantitative information on significant unobservable inputs used in Level 3 of the fair value hierarchy:

Description	Fair value at		Unobservable Inputs*	Range of inputs (probability-weighted average)		Relationship of unobservable inputs to fair value
	31 December 2024 (PLN thousands)	**31 December 2023** (PLN thousands)		**2024**	**2023**	
Rented building offices (Horizon)	8 578	8 301	Discount rate	8.5%	8.5%	The higher the discount rate, the lower the fair value
			Capitalization rate	11.8%	11.8%	The higher the capitalization rate and the expected vacancy rate, the lower the fair value
			Expected vacancy rate	10%	12%	

** There were no significant inter-relationships between unobservable inputs that materially affect fair values*

Comparison approach (pairwise comparison method)

This approach is used to value investment property for which data on comparable property sale transactions on a given market is available as well as land and residential property. Valuation of these types of property involves an analysis of comparable properties which are being sold on the market and for which the characteristics that determine the purchase price and the terms of the transactions are known.

Notes to the Consolidated Financial Statements

Note 13 – Investment property

Comparison approach (pairwise comparison method)

Since very few comparable transactions are executed on the market and the prices of such transactions differ widely, the valuation was performed using the pairwise comparison method. The Group uses this approach mainly to value undeveloped properties or developed properties with unspecified use or zoning on which no capital expenditure has been made.

The table below represents the fair value of the investment property land value based on the comparison approach as at 31 December 2024:

Location	Name of project	Segment	Valuation technique	Total area m^2	Avarage price for m2 *(PLN thousands)**	Fair value of land *(PLN thousands)***
Warsaw	Poleczki	Land	Comparison approach	1 820	5.7	10 299
Warsaw	Galopu	Land	Comparison approach	3 718	3.4	12 639
Warsaw	Marynin	Land	Comparison approach	5 447	2.2	12 073
Warsaw	Biograficzna	Land	Comparison approach	6 042	2.4	14 302
Total						**49 313**

** Average price per square meter*
*** Amounts related to land fair value only, without capitalized costs*

Note 14 – Investments in joint ventures

As at 31 December		
In thousands of Polish Zlotys (PLN)	**2024**	**2023**
Loans granted	156	145
Share in net equity value of joint ventures	479	532
The Company's carrying amount of the investment	**635**	**677**
Presented as Loans granted to joint ventures (current assets)	(156)	(145)
Investment in joint ventures	**479**	**532**

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

The table below present the movements in the share in net equity value of joint ventures:

As at 31 December		
In thousands of Polish Zlotys (PLN)	**2024**	**2023**
Opening balance	**532**	**2 331**
Net result of joint venture during the period	(53)	(755)
Offsetting net results of the joint venture with intercompany interest during the period	6	6
Share of profit of joint ventures	**(47)**	**(749)**
Dividend paid	**-**	**(1 043)**
Closing balance before offsets	**485**	**538**
Cancelling the offset of intercompany interest accrued during the period	(6)	(6)
Total closing balance of carrying amount of investment in joint venture	**479**	**532**

Notes to the Consolidated Financial Statements

Note 14 – Investments in joint ventures

Share of profit/(loss) from joint ventures

Summarized financial information of the joint ventures is presented below:

As at 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Current Assets		
Inventory	29	185
Cash and cash equivalents	1 581	1 566
Other current financial assets	44	61
Current Liabilities		
Loans from shareholders	(156)	(145)
Advances received	–	(29)
Other liabilities	(540)	(573)
Equity	**958**	**1 065**
Company share 50%	**479**	**532**

The summarized Statement of Comprehensive Income of the joint ventures in aggregate is as follows:

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Revenue	55	1 473
Cost of sales	(39)	(3 104)
Gross Loss/ (Profit)	**16**	**(1 631)**
Administrative expenses	(16)	(20)
Selling and marketing expenses	–	(15)
Other cost/ (income)	(82)	(140)
Finance income	34	92
Finance costs	(34)	(35)
Loss before taxation	**(82)**	**(1 749)**
Income tax expense	(12)	250
Loss for the year (continuing operations)	**(94)**	**(1 499)**
Total comprehensive loss for the year (continuing operations)	**(94)**	**(1 499)**
The Company's share of loss for the year	**(47)**	**(749)**

Loans granted to the joint ventures

The table below present the movements of the loans granted to the joint ventures.

As at 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Opening balance	**145**	**133**
Loans granted	–	–
Loans repaid	–	–
Accrued interest	11	12
Interest paid	–	–
Total closing balance	**156**	**145**

As at 31 December 2024 loans granted to joint ventures were presented as short-term assets. The loans granted to joint venture bore fixed interests at the level of 5%.

Notes to the Consolidated Financial Statements

Note 15 – Deferred tax assets and liabilities

Deferred tax assets and liabilities as at the beginning and end of the financial periods are attributable to the following:

In thousands of Polish Zlotys (PLN)	**Opening balance 1 January 2024**	**Recognized in the statement of comprehensive income**	**Closing balance 31 December 2024**
Deferred tax assets			
Tax loss carry forward	4 915	(255)	4 660
Not used interests in previous periods	–	3 141	3 141
Difference between tax and accounting basis of inventory	36 741	(18 948)	17 793
Accrued interest	1 294	441	1 735
Accrued expense	1 117	(34)	1 082
Write-down on work in progress	2 635	–	2 635
Fair value valuation of Investment property	423	(104)	319
Other	797	(214)	583
Total deferred tax assets	**47 922**	**(15 974)**	**31 948**
Deferred tax liabilities			
Difference between tax and accounting revenue recognition	63 903	(36 366)	27 538
Difference between tax base and carrying value of capitalized finance costs on inventory	9 811	917	10 727
Accrued interest	567	4	571
Fair value gain on investment property	2 754	407	3 161
Difference on tax value on liability to shareholders	431	(431)	–
Other	438	370	808
Total deferred tax liabilities	**77 904**	**(35 100)**	**42 805**
Total deferred tax loss/ (benefit) (see Note 11)		**(19 126)**	
Deferred tax assets	47 922		31 948
Deferred tax liabilities	77 904		42 805
Offset of deferred tax assets and liabilities for individual companies	(41 554)		(23 564)
Deferred tax assets reported in the statement of financial position	**6 369**		**8 384**
Deferred tax liabilities reported in the statement of financial position	**36 350**		**19 240**

In thousands of Polish Zlotys (PLN)	**Opening balance 1 January 2023**	**Recognized in the Statement of Comprehensive Income**	**Closing balance 31 December 2023**
Deferred tax assets			
Tax loss carry forward	5 704	(789)	4 915
Difference between tax and accounting basis of inventory	33 963	2 778	36 741
Accrued interest	1 100	194	1 294
Accrued expense	1 067	50	1 117
Write-down on work in progress	2 635	–	2 635
Fair value loss on investment property	871	(448)	423
Other	750	47	797
Total deferred tax assets	**46 090**	**1 832**	**47 922**
Deferred tax liabilities			
Difference between tax and accounting revenue recognition	48 641	15 262	63 903
Difference between tax base and carrying value of capitalized finance costs on inventory	9 129	682	9 811
Accrued interest	567	–	567
Fair value gain on investment property	1 611	1 143	2 754
Fair value gain on valuation of “SAFE” Agreement	783	(352)	431
Other	338	100	438
Total deferred tax liabilities	**61 068**	**16 835**	**77 904**
Total deferred tax benefit (see Note 11)		**15 003**	
Deferred tax assets	46 090		47 922
Deferred tax liabilities	61 068		77 904
Offset of deferred tax assets and liabilities for individual companies	(37 260)		(41 554)
Deferred tax assets reported in the Consolidated Statement of Financial Position	**8 830**		**6 369**
Deferred tax liabilities reported in the Consolidated Statement of Financial Position	**23 809**		**36 350**

Notes to the Consolidated Financial Statements

Note 15 – Deferred tax assets and liabilities

Realization of deferred tax assets

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax strategies in making this assessment. In order to fully realize the deferred tax asset (before offsetting against deferred tax liability), the Group will need to generate future taxable income of approximately PLN 168,149 thousand. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible. The management believes there is a higher probability that the Group will realize the benefits of these deductible differences. The amount of the deferred tax asset, which is considered realizable, could however be reduced in the near term if estimates of future taxable income during the tax loss carry-forward period are reduced.

Tax losses in Poland are required to be utilized within 5 years following the period in which they originated, subject to the limitation that a maximum of 50% of the loss carry-forward can be used in one year. Since 2019 there is allowance of one time up to PLN 5.0 million tax loss utilization in a year and the surplus from this amount is utilized according to the 50% of the tax loss in one year as described above.

Tax losses carry forward where deferred tax has or has not been recognized

As at 31 December	**2024**			**2023**		
In thousands of Polish Zlotys (PLN)	**Recognized tax losses**	**Unrecognized tax losses**	**Total tax losses**	**Recognized tax losses**	**Unrecognized tax losses**	**Total tax losses**
Tax loss 2018 carried forward	-	-	-	-	52	52
Tax loss 2019 carried forward	-	648	648	-	782	782
Tax loss 2020 carried forward	-	2 416	2 416	18	2 422	2 440
Tax loss 2021 carried forward	1 280	4 146	5 427	6 586	230	6 816
Tax loss 2022 carried forward	2 846	4 462	7 308	7 183	4 049	11 232
Tax loss 2023 carried forward	7 997	798	8 796	12 081	798	12 879
Tax loss 2024 carried forward	12 407	429	12 836	-	-	-
Total tax losses carried forward	**24 530**	**12 901**	**37 430**	**25 868**	**8 333**	**34 201**

The deferred tax assets on tax losses carried forward expire in the following years as at 31 December 2024:

	2024		**2023**	
In thousands of Polish Zlotys (PLN)	**Recognized tax losses**	**Unrecognized tax losses**	**Recognized tax losses**	**Unrecognized tax losses**
2023	-	-	-	10
2024	-	123	-	148
2025	-	459	3	460
2026	243	788	1 251	44
2027	540	848	1 365	769
2028	1 520	152	2 295	152
2029	2 357	82		
Total tax losses carried forward	**4 660**	**2 451**	**4 915**	**1 583**

Movement in unrecognized deferred tax assets on tax losses carried forward

Unrecognized deferred tax assets on tax losses carried forward in Poland are presented in the table below:

In thousands of Polish Zlotys (PLN)	**Balance 1 January 2023**	**Tax losses expired**	**Additions/ (Realizations)**	**Balance 31 December 2023**	**Tax losses expired**	**Additions/ (Realizations)**	**Balance 31 December 2024**
Tax losses	745	(84)	(922)	1 583	(52)	920	2 451
Total	**745**	**(84)**	**(922)**	**1 583**	**(52)**	**920**	**2 451**

Unrecognized deferred tax assets

A deferred tax asset is recognized only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilized. Unrecognized deferred tax assets relate primarily to tax loss carry-forwards, which are not considered probable of realization prior to their expiration.

Notes to the Consolidated Financial Statements

Note 15 – Deferred tax assets and liabilities

Unrecognized deferred tax assets

The Company did not recognize the entire deferred tax asset at consolidation level resulting from contributions as the recoverability of such assets is uncertain. Total unrecognized deferred tax assets as at 31 December 2024 are estimated to be PLN 52 thousand (31 December 2023: PLN 84 thousand).

Note 16 – Inventory and Residential land bank

Inventory

Movements in Inventory during the nine months ended 31 December 2024 were as follows:

In thousands of Polish Zlotys (PLN)	As at 1 January 2024	Transferred to land designated for development	Transferred to finished units	Additions	As at 31 December 2024
Land and related cost	401 358	(11 936)	(50 553)	25 194	364 063
Construction costs	173 298	(104)	(275 778)	198 434	95 850
Planning and permits	19 987	-	(6 841)	7 694	20 839
Borrowing costs	51 421	(1 989)	(17 173)	21 642	53 901
Borrowing costs on lease and depreciation perpetual usufruct right (1)	7 363	-	(529)	2 567	9 402
Other	2 990	-	(2 958)	4 504	4 535
Work in progress	**656 417**	**(14 029)**	**(353 833)**	**260 035**	**548 589**

In thousands of Polish Zlotys (PLN)	As at 1 January 2024	Transferred from work in progress	Recognized in the statement of comprehensive income	As at 31 December 2024
Finished goods	**109 608**	353 833	(263 871)	**199 570**

In thousands of Polish Zlotys (PLN)	As at 1 January 2024	Transferred to land designated for development	Write-down recognized in statement of comprehensive income: Increase	Write-down recognized in statement of comprehensive income: Utilization/ Reversal	As at 31 December 2024
Write-down	**(4 577)**	-	-	**52**	**(4 525)**

In thousands of Polish Zlotys (PLN)	As at 1 January 2024	Recalculation adjustment	Depreciation	Transferred to Land designated for development	Transfer to Other receivables	As at 31 December 2024
Perpetual usufruct right(1)	**31 041**	841	(714)	-	(1 902)	**29 265**
Inventory, valued at lower of – cost and net realisable value	**792 488**					**772 899**

(1) For additional information see Note 24.

For the year ended 31 December 2023

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

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

Notes to the Consolidated Financial Statements

Note 16 – Inventory and Residential land bank

For the year ended 31 December 2023

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

In thousands of Polish Zlotys (PLN)	As 1 January 2023	Recalculation adjustment (3)	Depreciation	Transferred from land designated for development	Transfer to Other receivables	As at 31 December 2023
Perpetual usufruct right (1)	16 793	19 611	(682)	(1 674)	(3 008)	31 041
Inventory, valued at lower of – cost and net realisable value	**747 254**					**792 488**

(1) For additional information see Note 24.
(2) Borrowing costs are capitalized to the value of inventory with 11.18% average effective capitalization interest rate.
(3) Relates to change in the perpetual usufruct payments from 2023 and 2024 – Note 24.

Residential landbank

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

In thousands of Polish Zlotys (PLN)	For the year ended 31 December 2024	For the year ended 31 December 2023
Opening balance	**21 663**	**21 094**
Moved from Inventory (perpetual land use assets – IFRS 16)	–	1 674
Capital expenditure	822	1 018
Transferred from work in progress and advances for land to land designated for development	14 029	7 402
Transferred to Inventory	–	(9 525)
Total closing balance	**36 514**	**21 663**
Closing balance includes:		
Book value(1)	43 494	28 643
Write-down	(6 980)	(6 980)
Total closing balance	**36 514**	**21 663**

(1) Includes IFRS 16 asset

In the period ended 31 December 2024 the Company decided to reallocate project Nova Królikarnia 4c from Inventory to the land designated for development in the total amount of PLN 14,029 thousand. The allocation was due changes to current project plans of the group.

Write-down revaluating the inventory and residential land bank

The Management internally assessing the net realizable value of the inventory and residential land bank and decrease the value when the net realizable value is lower than the cost amount. In view of the situation in the property market in which the Group operates, during the year ended 31 December 2024 and 31 December 2023 the Group performed an inventory and residential land bank review with regard to its valuation to net realizable value based on the most reliable evidence available to the Group.

For the year ended 31 December 2024, as a result of Net Realizable Value (NRV) analysis and reviews, a write-down adjustment for some of the Group's inventory was not changed.

Note 17 – Trade and other receivables and prepayments

In thousands of Polish Zlotys (PLN)	As at 31 December 2024	As at 31 December 2023
Value added tax (VAT) receivables	24 438	23 017
Trade receivables	2 170	3 313
Other receivables	13 681	13 361
Trade and other receivables - IFRS 16 (impact of perpetual usufruct)	859	2 800
Prepayments(1)	11 625	11 048
Total trade and other receivables and prepayments	**52 773**	**53 539**

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

Notes to the Consolidated Financial Statements

Note 17 – Trade and other receivables and prepayments

Write-down revaluating the inventory and residential land bank

During the period ended 31 December 2024 and the year ended 31 December 2023, the Group booked allowance for expected credit losses in the amount of PLN 1.4 million and PLN 1.6 million respectively included in trade and other receivables.

Other receivables balance consists mostly of receivables under dispute described in Note 30. As at balance sheet date, based on current status of the proceedings and best estimation of the management board amount of PLN 11.4 million related to the case is fully recoverable.

Long term trade and other receivables

(i) Ronson Development Sp. z o.o. – Projekt 3 Sp.k.

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

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

On April 17, 2024, Project 3 was served with a decision on the conversion of customs and tax control into tax proceedings. By order of 24 February 2025, the deadline for the conclusion of the proceedings was extended - the new deadline for the conclusion of the tax proceedings has been set for 24 April 2025.The completion date of the proceedings is subject to change.

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

(ii) Ronson Development Sp. z o.o. – Projekt 6 Sp.k.

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

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

On 24 June 2024, Project 6 was served with a ruling on the conversion of the customs and fiscal control into tax proceedings. On 4 October, Projekt 6 received the Protocol for Examination of Tax Books from the Head of the UCS. On October 18, 2024, it filed objections to this Protocol. By order of 14 February 2025, the deadline for the conclusion of the proceedings was extended - the new deadline for the conclusion of the tax proceedings has been set for 17 April 2025. The termination date of the proceedings is subject to change.

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

Note 18 – Advances for land

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

Investment location *In thousands of Polish Zlotys (PLN)*	**As at 31 December 2024**	**As at 31 December 2023**
Warsaw, Białołęka	1 450	1 450
Warsaw, Ursus[(1)]	25 000	16 100
Total	**26 450**	**17 550**

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

Notes to the Consolidated Financial Statements

Note 18 – Advances for land

During the period ended 31 December 2024 group paid next tranches of payment for land in Ursus district in amount PLN 8.9 million – payment was done accordingly to the agreement schedule.

For more information about purchase of plots for the year ended 31 December 2024 please refer to Note 36.

Note 19 – Other current financial assets

Other current financial assets comprise escrow accounts only. The regulations related to the activity of the residential developers imposed on all residential developers in Poland. This is an obligation to open an escrow account for all customers purchasing residential units during the construction period. According to these regulations, all amounts paid by the customers have to be paid directly to the escrow account. The developer is entitled to receive the money only once certain conditions – related mainly to progress of the construction process – are met or upon the transfer of the ownership of the apartment to the customer. As long as the money is kept in the escrow account, the Company cannot dispose of the cash in any way.

Note 20 – Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits freely available for the Group. Cash at bank comprises of overnight deposits, the short-term deposits have an original maturity varying from one day to three months.

As at 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Cash at bank and on hand	21 173	33 304
Short-term deposit	248 840	167 020
Restricted cash	19 165	3 536
Total cash and cash equivalents	**289 178**	**203 860**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits have a duration varying between one day and three months depending on the immediate cash requirements of the Group. As at 31 December 2024 and 31 December 2023 the Group generated interests income through deposits amount of 5.1 PLN million and PLN 3.9 million respectively. The Group held in deposits accounts as at the end of the year respectively PLN 249.9 million and PLN 167.0 million. Throughout the year ended 31 December 2024 and 31 December 2023 the interest on deposits was varying between 0.83% - 3.75% and 0.88% - 5.36% respectively. Restricted cash are pledge to the benefit of banks for securing construction loans.

For information about the fair value of cash and cash equivalents see Note 28.

Note 21 – Shareholders' equity

Share capital

The share capital of the Company amounts to three million two hundred and eighty thousand two hundred and sixteen euros and twenty-six cents (€3,280,216.26) and is divided into one hundred and sixty-four million ten thousand eight hundred and thirteen (164,010,813) shares with a par value of two eurocents (€0.02) each. The share capital of the Company was fully covered. The number of issued ordinary shares as at December 31, 2024 and as at December 31, 2023 amounted to 164,010,813. All shares are bearer shares. The number of outstanding shares equals the number of votes, as there are no privileged shares issued by the Company. As of December 31, 2024, and December 31, 2023, the Company held 1,567,954 treasury shares (0.96%) (see below), for which it does not exercise any share rights (including voting rights) in accordance with Article 364 § 2 of the Commercial Companies Code.

Distribution of the net profit for year 2023

On August 14, 2024, the Company's Extraordinary General Meeting of Shareholders adopted a resolution to amend the resolution of the Company's Ordinary General Meeting of Shareholders dated June 17, 2024 on the distribution of net profit for 2023 in such a way that a total amount of PLN 48.7 million was allocated for the payment of dividends to the Company's shareholders. The dividend was paid on August 27, 2024. The remaining part of the net profit, i.e. PLN 32.0 million, in accordance with the original resolution of the Company's Ordinary General Meeting of June 17, 2024 on the distribution of net profit for 2023, was left undistributed in the Company.

Proposed current year profit distribution

Until the date of approval of the financial statements for publication, the Management Board of Ronson Development SE has not adopted a resolution on the proposed distribution of net profit for 2024.

Notes to the Consolidated Financial Statements

Note 21 – Shareholders' equity

Treasury shares

During the Extraordinary General Meeting of Shareholders held on 24 January 2019, the shareholders of the Company decided to approve a share buyback program and the establishment of a capital reserve for the purpose of such program, whereby the Management Board of the Company is authorized to purchase ordinary bearer shares in the Company. In order to fund the purchase of own shares under the buyback program a capital reserve (within retained earnings) is established for an amount of PLN 2.0 million. The capital reserve is subsequently reduced by the amount of the consideration paid for the shares bought back.
Then, on June 30, 2020, the Ordinary General Meeting of the Company adopted a resolution on the adoption of another share buyback program, under which the Management Board of the Company, on July 1, 2020, defined the detailed conditions for the purchase of the Company's own shares, which were also approved by the Supervisory Board of the Company. The maximum amount for the purchase of all shares under the second program was set at PLN 1,369,761.99 (one million three hundred and sixty-nine thousand seven hundred and sixty-one zlotys 99/100).
Currently, due to the fact that the Company is no longer a public company, and all the Company's shares are held directly or indirectly by A. Luzon Group, continuation of the above-mentioned program became irrelevant.
The table below presents the Treasury shares owned by the Company as at 31 December 2024 and 31 December 2023:

As at 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Number of shares	164 010 813	164 010 813
Share Capital	12 503 000	12 503 000
Treasury shares	1 567 954	1 567 954
Value of treasury shares	(1 731 716)	(1 731 716)
% of total shares	**0.96%**	**0.96%**

Share based payment

On November 28, 2022, Luzon Group announced a private issuance of options for shares of Amos Luzon Development and Energy Group Ltd. ("Options"). According to the allocation, Mr. Boaz Haim received 9,817,868 Options. Options were allotted free of charge. Each Option entitles to one ordinary share of Luzon Group of ILS 0.01 par value, for an exercise price of ILS 0.2 (which however will be settled on a net basis, i.e. final number of received shares will be decreased by a number of shares which market value is equal to full exercise price to be paid).
Mr Haim will be entitled to exercise the Options as follows:

(i) as of November 28, 2024, 40% of the Option has been granted but not exercised
(ii) after 36 months from the allotment date – up to 20% of allocated Options
(iii) after 48 months from the allotment date – up to 20% of allocated Options
(iv) after 60 months from the allotment date – up to 20% of allocated Options

The Options can be exercised until the end of 7 years from the date of their allocation. Options that were not exercised within the above-mentioned period, expire. Assuming all the Options are exercised, Mr. Haim will hold c.a. 2.38% of the issued and paid-up capital of Luzon Group and about 1.89% of the issued and paid-up capital of Luzon Group on a full dilution basis. The Option program envisages adjustments in options for share allocation in case of various corporate events in Luzon Group (such as the issuance of shares or other options, merger, dividend distribution, etc.). First impact of the program was recognized in year 2023 and amounted to PLN 1.6 million and PLN 1.3 million in year 2024. Program is accounted under IFRS 2 standard as a personal expense, part of administrative costs and Share based payment reserve in equity. Total value of the program as of grant date amounted to PLN 4.7 million.

Note 22 – Net earnings per share

Basic earnings per share amounts are calculated by dividing net profit/(loss) attributable to equity holders of the parent company for the year by the weighted average number of ordinary shares outstanding and in circulation during the year. Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to equity holders of the parent company for the year by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive instruments into ordinary shares, no such instruments exists as at 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements

Note 22 – Net earnings per share

Weighted average number of ordinary shares (basic and diluted):

For the year ended 31 December *(in thousands of Polish Zlotys)*	**2024**	**2023**
Net income attributable to the equity holders of the parent company	67 602	80 705
Shares in issue	162 442 859	162 442 859
Weighted average number of ordinary shares (basic and diluted)	**162 442 859**	**162 442 859**
Basic and diluted earnings per share (in PLN)	**0.416**	**0.497**

Note 23 – Financial liabilities

The Group's financial liabilities as at 31 December 2024 and 31 December 2023 included bonds and secured bank loans:

As at 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Floating rate bonds	285 071	225 320
Liability to shareholders measured at amortised costs	-	25 593
Lease liabilities related to perpetual usufruct	36 421	36 737
Interest bearing deferred trade payables	-	9 538
Secured bank loans	11 898	8 815
Total loans and borrowings	**333 390**	**306 003**

Information about the contractual terms of the Group's interest-bearing loans and borrowings is presented in the table below. For more information about the Group's exposure to interest rate, see Note 32.

Bond loans

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

In thousands of Polish Zloty (PLN)	**2024**	**2023**
Opening balance	**225 320**	**203 370**
Repayment of bond	(139 886)	(40 000)
Redemption of bonds at new issuance(1)	(20 114)	-
Proceeds from bonds (nominal value)	220 000	60 000
Issue cost	(4 343)	(863)
Issue cost amortization	1 775	1 262
Accrued interest	23 994	24 134
Interest repayment	(21 675)	(22 583)
Total closing balance	**285 071**	**225 320**
Closing balance includes:		
Current liabilities	9 129	106 644
Non-current liabilities	275 942	118 676
Total Closing balance	**285 071**	**225 320**

(1) At the issuance date of new series P2023A part of the bonds V were redeemed. At the issuance date of new series Y part of the bonds W were redeemed – for more details please refer to Note 36.

Bonds as at 31 December 2024

In thousands of Polish Zlotys (PLN)	**Currency**	**Nominal interest rate**	**Year of maturity**	**Capital**	**Accrued interest**	**Charges and fees**	**Carrying value**	**Fair value(1)**
Bonds series X(2)	PLN	6-month Wibor + 4.20%	2026	60 000	2 993	(432)	62 561	61 440
Bonds series P2023A(3)	PLN	6-month Wibor + 3.85%	2027	60 000	2 205	(1 204)	61 001	61 080
Bonds series Y(4)	PLN	6-month Wibor + 3.30%	2028	160 000	3 931	(2 423)	161 508	160 160
Total				**280 000**	**9 129**	**(4 059)**	**285 071**	**282 680**

(1) The fair value is set based on the bond price on Catalyst as at 31 December 2024. Classified as level 1 of fair value hierarchy.

(2) The series X bonds issued on July 2023 are secured by joint mortgage up to the amount of 90.0 million Polish zlotys.

(3) The series P2023A were issued in February 2024 on basis of approved base prospectus for the Company's Public Bond Issuance Program, drawn up in connection with the public offering of bearer bonds with an aggregate nominal value of no more than 175 million Polish zlotys which was expired on 25 July 2024.

(4) In accordance with the Terms and Conditions of the Bonds, the Bonds will be repaid in two installments: (i) at the end of the seventh interest period (24 March 2028), so that after this redemption the balance of the Bonds will be no more than 50% of the originally issued Bonds, and (ii) on 24 September 2028, by paying the remaining part value of the Bonds.

Notes to the Consolidated Financial Statements

Note 23 – Financial liabilities

Bonds as of 31 December 2023

In thousands of Polish Zlotys (PLN)	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Charges and fees	Carrying value	Fair value(1)
Bonds series V(2)	PLN	6-month Wibor + 4.30%	2024	60 000	1 472	(166)	61 306	60 120
Bonds series W(3)	PLN	6-month Wibor + 4.00%	2025	100 000	2 021	(605)	101 416	100 890
Bonds series X(4)	PLN	6-month Wibor + 4.20%	2026	60 000	3 318	(720)	62 597	60 240
Total				**220 000**	**6 810**	**(1 491)**	**225 320**	**221 250**

(1) The fair value is set based on the bond price on Catalyst as at 31 December 2023. classified as level 1 of fair value hierarchy.

(2) Series V bonds issued on October 2020 are repayable in two tranches: 40% (PLN 40.0 million) of the value plus accrued interest were repaid in October 2023, additional amount of 8.9 million was redeemed against new issuing of Serial P2023A issued on February 2024, the remaining part (PLN 51.1 million) plus accrued interest were repaid in April 2024.

(3) The series W bonds issued on April 2021 are subject to repayment in 2 tranches 40% (PLN 40.0 million) of the amount together with accumulated interest to be repaid by October 2024 and the remaining amount of 60% (PLN 60.0 million) together with accumulated interest to be paid by April 2025.

(4) The series X bonds issued in July 2023 are secured by joint mortgage up to the amount of 90.0 million Polish zlotys. The series X bonds are to be repaid in July 2026.

Financial ratio covenants in Bonds Terms and Conditions

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

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

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

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

In thousands of Polish Zlotys (PLN)	As at 31 December 2024	As at 31 December 2023
Bonds	285 071	225 320
Secured bank loans	11 898	8 815
Liability to shareholders measured at amortised cost	-	25 593
IFRS 16 - Lease liabilities related to cars	864	489
Less: cash on individual escrow accounts (other current financial assets)	(11 294)	(12 809)
Less: Cash and cash equivalents	(289 178)	(203 860)
Net Debt	**(2 639)**	**43 548**
Equity	553 824	533 672
Ratio	**(0.5%)**	**8.2%**
Max Ratio series X, P2023A and Y	**100.0%**	**100.0%**

Given the financial projections, management estimates that the aforementioned covenants will not be violated in 2025.

Other covenants

Pursuant to the Terms and Conditions of Issue of the series X bonds, the series P2023A bonds, and the series Y bonds, transactions of purchase of services, products or assets from a shareholder of the Company holding more than 25 percent of the Company's shares (within the meaning of IAS 24) or from a related entity (including an entity controlling the Company jointly or individually, in a direct and indirect manner, the Company) or from its subsidiary outside the Group may not in total exceed the amount of PLN 2.0 million in any calendar year and, for the avoidance of doubt, the reimbursement of expenses incurred by such shareholder or entity in connection with the purchase of services, products or assets for the Group from third parties does not constitute an acquisition of such services, products or assets from such shareholder or entity.

During the period ended 31 December 2024 and period ended 31 December 2023, the consulting fees related to A. Luzon Group amounted to PLN 984 thousand and PLN 922 thousand respectively.

Impact of the implementation of IFRS 16 on financial ratios in bond covenants

Terms and conditions of issuance of Bonds of the Company ("T&C's") provide that only certain, specified types of financial indebtedness should be taken into account when determining the level of financial indebtedness for the purpose of calculating financial ratios in accordance with T&C's. In particular, certain T&C's require that financial indebtedness resulting from finance lease agreements (in Polish: umowy leasingu finansowego) should be included in calculation of the financial indebtedness. Those T&C's do not provide that the indebtedness resulting from finance lease agreements shall also include other financial indebtedness which is recognized as lease liability in accordance with IFRS 16.

Given the above, and taking into the account the type of activities carried out by the Group, despite changes in the IFRS in this respect, the Company concluded that inclusion of other type of financial indebtedness, in particular liabilities from annual fees for perpetual usufruct, for the purposes of calculations of financial ratios would not be in line with T&C's and therefore the Company does not include such finance lease alike items in such calculations. For additional information about IFRS 16 see Note 24.

Notes to the Consolidated Financial Statements

Note 23 – Financial liabilities

Significant differences between the information published by the Company regarding the forecast of the Group's financial liabilities as at 31 December 2024 and the Group's financial liabilities results as at 31 December 2024

On 31 December 2023, in fulfilment of the statutory obligation arising from Article 35(1a) of the Act of 15 January 2015 on Bonds (the 'Act on Bonds'), the Company published on its website a forecast of the financial liabilities of the Company and the Group, i.e. the estimated value of liabilities under loans and borrowings, debt securities issues, leases and the estimated financing structure understood as the value and percentage share of the above-mentioned liabilities in the total liabilities and equity of the Company's and the Group's balance sheet as at 31 December 2024.
In accordance with Article 35(1b) in conjunction with (1c) of the Bond Act, the Group indicates and explains below the significant differences between the published information on the forecast of the Group's financial liabilities and the Group's financial liabilities result as at 31 December 2024.

In thousands of Polish Zloty (PLN)	For the year ended 31 December 2024 Forecast	Realization	Variance	
Secured bank loans	36 798	11 898	(24 900)	(68%)
Bond loans with accrued interests	225 463	285 071	59 608	26%
Leases	28 419	36 421	8 002	28%
Liability to shareholders measured at amortized cost	20 131	-	(20 131)	(100%)
Total	**310 811**	**333 390**	**22 579**	**7.26%**
Percentage share in total liabilities of the Group balance sheet	**24.37%**	**26.14%**		

The differences indicated above are the result of changes in plans of the Group, market conditions and following decisions of the Management Board taken during the year ended 31 December 2024:

- Realization of Loans and Borrowings lower by PLN 24.9 million is a result of higher financing of construction of Group's own funds, earlier repayment of loans on Ursus IIe and Miasto Moje VII projects due to good sales results, as well lower number of commencement projects than anticipated;
- Balance of issue of debt securities consists of issued bonds and interests on these bonds, higher realization is explained mainly by higher issuance on series Y in amount of PLN 160 million due to higher demand and good bonds market conditions part of the bonds proceeds was used for early repayment of other bonds series with higher margins of interest rates;
- Higher realization of Leases is a result of IFRS 16 recalculation during the year end 2023 and 2024;
- Liability to shareholders measured at amortized cost was repaid faster then anticipated under the original agreement, due to good financial position of the Group and signed annex.

Secured bank loans

The table below presents the movement in Secured bank loans:

In thousands of Polish Zloty (PLN)	2024	2023
Opening balance	**8 815**	**16 297**
New bank loan drawdown	149 917	96 538
Bank loans repayments	(146 833)	(104 020)
Interests accrued on Bank loans	735	1 361
Interests repayment from Bank loans	(735)	(1 361)
Bank charges paid	(2 586)	(987)
Bank charges presented as prepayments	(350)	874
Bank charges amortization (capitalized on Inventory)	2 936	112
Total closing balance	**11 898**	**8 815**
Closing balance includes:		
Current liabilities	11 898	8 815
Non-current liabilities	-	-
Total closing balance	**11 898**	**8 815**

Bank loans as at 31 December 2024

Investment	Currency	Nominal interest rate	Signing date	Year of maturity	Credit line amount in *('000 PLN)*	Balance as at 31 December 2024 *('000 PLN)*
Nova Królikarnia 4b1	PLN	1 Month Wibor + 2.90%	23 Jun 2023	2026	29 000	913
Zielono Mi I	PLN	1 Month Wibor + 2.70%	11 Jun 2024	2027	45 500	10 986
Viva Jagodno III	PLN	3 Month Wibor + 2.10%	8 Nov 2024	2025	24 500	-
Między Drzewami II.1	PLN	1 Month Wibor + 2.70%	19 Dec 2024	2028	32 000	-
Total					**131 000**	**11 899**

Notes to the Consolidated Financial Statements

Note 23 – Financial liabilities

Secured bank loans

Bank loans as at 31 December 2023

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

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

All credit bank loans are secured. For additional information about unutilized credit loans see Note 30. The bank loans are presented as short-term due to the fact that those are the credit lines used by the Group and repaid during normal course of business (up to 12 months from each tranche loan drawdown).

Covenants on secured bank loans

As at 31 December 2024 and 2023, the Group has not breached any loan covenant, which would expose the Group for risk of obligatory and immediate repayment of any loan.

For the bank loans the following collateral was given:

- First priority mortgage on the financed Real Estate, together with a submission to enforcement pursuant to 777 of the Civil Code, on the basis of which the Borrower will submit to enforcement up to the amount of 150% of the loans limit:

Investment	Currency	Credit line amount in (PLN thousand)	Mortgage on land (PLN thousand)
Nova Królikarnia 4b1	PLN	29 000	43 500
Zielono Mi I	PLN	45 500	68 250
Viva Jagodno III	PLN	24 500	36 750
Między Drzewami II.1	PLN	32 000	48 000
Total		**131 000**	**196 500**

- Declaration of submission to enforcement pursuant to art. 777, on the basis of which the Borrower will submit to enforcement up to the amount of 150% of the loans limit,
- First-class civil and registered pledge up to the amount of 150% of the loans limit, established in favor of the Lender on all shares in the Borrower's Company/share capital or on transferable property rights of the general partner and limited partners,
- First-class registered pledge up to the amount of 150% of the loans limit on a set of movables or rights constituting an organizational economic whole,
- Financial pledges, with the highest priority of satisfaction, together with a power of attorney over the Project Accounts (excluding Escrow and VAT Split Payment Account) and pledge of future receivables from the Escrow account,
- Assignment of rights and receivables under the following agreements: Insurance Contracts relating to both the execution period and the operational phase; the Construction Contract; Guarantee received; other material contracts relating to the Project,
- Subordination agreement on loans from related parties,
- Support agreement with the Project Sponsor (Ronson Development SE is a Sponsor only in Viva Jagodno III agreement) containing a commitment to cover overruns of the Total Project Costs up to an amount from 7,5% to 10% of the Project Budget without land costs and budget reserves, together with a submission to enforcement pursuant to 777 of the Civil Code,
- First-rate registered pledge up to the amount of 150% of the loans limit on dematerialized / non-dematerialized securities – bonds (when they are issued directly by the Borrower),
- Advance payments of dividends by the Borrowers until full repayment of loans are not allowed.

Given the financial projections, management estimates that the aforementioned covenants will not be violated in 2025.

Notes to the Consolidated Financial Statements

Note 24 – Right-of-use assets and lease liabilities (IFRS 16)

The movement on the right-of-use assets and lease liabilities during the period ended 31 December 2024 and 31 December 2023 is presented below:

In thousands of Polish Zlotys (PLN)	1 January 2024	Transferred to Land designated for development	Additions/ Disposal net	Depreciation charge	Fair value adjustment	Recalculation adjustment	Transfer to trade receivables	31 December 2024
Right of use assets related to inventory	31 040	-	-	(714)	-	841	(1 902)	29 265
Right of use assets related to investment property	744	-	-	(19)	45	-	-	770
Right of use assets related to land designated for development	1 625	-	-	(106)	-	-	-	1 519
Right of use assets related to fixed assets	558	-	508	(165)	-	-	-	902

In thousands of Polish Zlotys (PLN)	1 January 2024	Transferred to Land designated for development	Additions/ Disposal net	Finance expense	Payments	Recalculation adjustment	Transfer to trade payables	31 December 2024
Lease liabilities related to inventory	35 368	-	-	1 735	(1 418)	868	(1 923)	34 630
Lease liabilities related to fixed assets	650	-	469	-	(93)	-	-	1 025
Lease liabilities related to investment property	720	-	-	45	(45)	45	-	766

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

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

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

(1) *Relates to change in the perpetual usufruct payments from 2023 and purchased land with perpetual usufruct. Amount of PLN 14,215 thousand of the recalculation adjustments is described in Note 30 (IV) Litigation- Ursus Centralny.*

Notes to the Consolidated Financial Statements

Note 25 – Financial liability to Shareholder

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

Conclusion of this agreement results from the fact that the Company has decided that within the period specified in the SAFE Agreements it will not apply for admission of the Company's shares to trading on the Tel Aviv Stock Exchange.

On the basis of the agreement, the Company undertook to return to Luzon Group the financing received from Investors under the SAFE Agreements in the total amount of ILS 60 million (sixty million Israeli shekels), to satisfy Luzon Group's claims against the Company under the SAFE Agreements and applicable Israeli law. Based on the Company's Management judgment, it was concluded that signing of the agreement of May 25, 2023 resulted in the canceling of the liability to investors and the recognition of a new liability to Luzon Group, which was recognized as a financial liability measured at amortised costs with a discounted cash flow rate of 7.14% per annum. Payments to Luzon Group in total amount of PLN 40 million (approx. ILS 34.3 million) were made in May and November 2023.

As of 14 March 2024, new annex was signed about earlier settling of liability towards shareholder which would become due under new annex in April 2024.

On this basis, the Group recognized PLN 1.9 million in financing costs for the reversal of the discount on amortized cost due to a change in the assumption regarding the repayment term and was treated as a modification of the original liability. On April 5, 2024, the financial liability to shareholders was fully settled.

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

Investor	**Value of the liability at amortised costs December 31, 2023** *[in PLN]*	**Repayment of liability** *[in PLN]*	**Finance expense related to discount factor reversal** *[in PLN]*	**Finance income related to forex exchange cost** *[in PLN]*	**Value of the liability at amortised costs December 31, 2024** *[in PLN]*
Amos Luzon Development and Energy Group Ltd.	25 592 623	(27 231 660)	1 851 769	(212 732)	-
Long term part	19 519 018				
Short term part	6 073 604				

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

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

Notes to the Consolidated Financial Statements

Note 26 – Trade and other payables and accrued expenses

In thousands of Polish Zlotys (PLN)	2024	2023
Trade payables	23 156	26 728
Trade payable related to purchase of land	-	23 450
Accrued expenses	27 183	29 656
Guarantees for construction work	4 502	2 663
Value added tax (VAT) and other tax payables	3 328	3 536
Non-trade payables	183	969
Other trade payables - IFRS 16 *(transfer of perpetual usufruct to liabilities)*	884	2 761
Total	**59 236**	**89 762**

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

The company on 15 October 2024 entered into an agreement to sell its subsidiary Ronson Development SPV1 Sp. z o.o. (SPV1) for a price equal to the nominal value of the shares in that company. The company was the owner and perpetual usufructuary of real estate located in Warsaw's Wola district. Within the transaction Group sold it's not settled trade payable related to purchase of this land.

Interest bearing deferred trade payables

Group had also Credit line from General Constructor with WIBOR 6M interests rate. As of 31 December 2023, the Group concluded that this payable should be treated as normal payable to the General constructor taking into consideration character and substance of the transaction, as well as fact that settlements with general constructors are normal operational course of business of the Group. Value of the interests bearing deferred trade payable amounted to PLN 9.5 million as of 31 December 2023. During the period ended 31 December 2024 the Credit line was fully repaid.

Note 27 – Advances received

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

In thousands of Polish Zlotys (PLN)	As at 31 December 2024	As at 31 December 2023
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement		
Opening balance	231 008	139 911
- increase (advances received)	459 311	485 505
- decrease (revenue recognized)	(386 602)	(394 408)
Total advances received	**303 717**	**231 008**
Other (deferred income)*	1 917	3 167
Total	**305 634**	**234 175**

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

Additional information regarding contracted proceeds not yet received which are a result of signed agreements with the clients, please see Note 30.

Revenues from contracts will be recognized at the time of handover the apartment to the client, completion of construction process and obtaining all necessary administrative decisions (occupancy permit), which usually takes from 1 to 3 months from the completion of construction stage.

Notes to the Consolidated Financial Statements

Note 28 – Fair value estimation of financial assets and liabilities

The fair values of financial assets and liabilities measured at amortised cost, together with the carrying amounts shown in the Consolidated Statement of Financial Position, are as follows:

In thousands of Polish Zlotys (PLN)	***Category***	***Note***	**As at 31 December 2024**	
			Carrying amount	**Fair value**
Assets:				
Trade and other receivables	*Assets measured at amortized costs*	*17*	13 795	13 795
Other current financial assets	*Assets measured at amortized costs*	*19*	11 294	11 294
Cash and cash equivalents	*Assets measured at amortized costs*	*20*	289 178	289 178
Loans granted to joint ventures	*Assets measured at amortized costs*	*14*	156	156
Liabilities:				
Bond loans	*Liabilities measured at amortized costs*	*23*	285 071	282 680
Secured bank loans	*Liabilities measured at amortized costs*	*23*	11 898	9 915
Trade and other payables and accrued expenses	*Liabilities measured at amortized costs*	*26*	59 236	59 236

In thousands of Polish Zlotys (PLN)	***Category***	***Note***	**As at 31 December 2023**	
			Carrying amount	**Fair value**
Assets:				
Trade and other receivables	*Assets measured at amortized costs*	*17*	14 361	14 361
Other current financial assets	*Assets measured at amortized costs*	*19*	12 809	12 809
Cash and cash equivalents	*Assets measured at amortized costs*	*20*	203 860	203 860
Loans granted to joint ventures	*Assets measured at amortized costs*	*14*	145	133
Liabilities:				
Bond loans	*Liabilities measured at amortized costs*	*23*	225 320	221 250
Secured bank loans	*Liabilities measured at amortized costs*	*23*	8 815	7 691
Liability to shareholders measured at amortised costs	*Liabilities measured at amortized costs*	*25*	25 593	25 593
Interest bearing deferred trade payables	*Liabilities measured at amortized costs*	*26*	9 538	9 538
Trade and other payables and accrued expenses	*Liabilities measured at amortized costs*	*26*	89 761	89 761

Estimation of fair values

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- trade and other receivables, cash and cash equivalents, other current financial assets and trade and other payables and accrued expenses: the carrying amounts approximate fair value because of the short maturity of these instruments;
- secured bank loans and loans granted to joint ventures: the fair value is estimated by discounting the future cash flows of each instrument using discount rates offered to the Group for similar instruments of comparable maturities by the Group's bankers. The own non-performance risk as at 31 December 2024 was assessed as insignificant;
- bonds: the fair value is set based on the bond price on Catalyst as at 31 December 2024.

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows (PLN denominated), where applicable, are based on WIBOR plus margin as at 31 December 2024 and 31 December 2023 and are as follows:

As at 31 December	**2024**	**2023**
Secured bank loans	8.52% - 8.73%	8.6% - 8.7%
Bond loans	9.15% - 10.06%	9.82% - 11.44%
Financial liability measured at amortised cost/FVPL	-	7.14%
Loans granted	5% - 6%	5% - 6%

The table below provides the fair value measurement hierarchy of the Group's assets and liabilities:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

Note 29 – Fair value measurement hierarchy

Quantitative disclosures fair value hierarchy for assets and liabilities as at 31 December 2024:

		Fair value measurement using:		
In thousands of Polish Zlotys (PLN)	*Date of valuation*	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Investment property	31-Dec-24	-	52 398	8 578
Liabilities for which fair values are disclosed:				
Bond loans	31-Dec-24	282 680	-	-
Secured bank loans	31-Dec-24	-	9 915	-

Quantitative disclosures fair value hierarchy for assets and liabilities as at 31 December 2023:

		Fair value measurement using:		
In thousands of Polish Zlotys (PLN)	*Date of valuation*	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Investment property	31-Dec-23	-	74 920	8 301
Liabilities for which fair values are disclosed:				
Bond loans	31-Dec-23	221 250	-	-
Interest bearing deferred trade payables	31-Dec-23	-	9 538	-
Liability to shareholders measured at amortised costs	31-Dec-23	-	25 593	
Secured bank loans	31-Dec-23	-	7 691	-

Note 30 – 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:

In thousands of Polish Zlotys (PLN)	Contracted amount as at 31 December 2024	Commitments as at 31 December 2024	Contracted amount as at 31 December 2023	Commitments as at 31 December 2023
Hochtief Polska S.A.	82 800	55 740	70 300	33 657
W.P.I.P. - Mardom Sp. z o.o.	62 748	25 071	36 000	13 966
EBUD - Przemysłówka Sp. z o.o.	22 800	12 259	43 178	4 162
ARKOP Sp. z o.o. Sp. k.	20 538	8 238	-	-
KMJ Developer Sp. z o.o.	17 050	9 642	-	-
TechBau Budownictwo Sp. z o.o.	95 276	6 136	96 918	49 342
Totalbud S.A.	19 222	3 507	17 434	11 914
Karmar S.A.	-	-	112 078	2 192
Leancon Sp. z o.o.	-	-	32 510	3 455
Total	**320 434**	**120 594**	**408 418**	**118 687**

(ii) Unutilized construction loans

The table below presents the list of the construction loan facilities, which the Group arranged for in conjunction with entering into bank loan agreements in order to secure financing of the construction and other costs of the ongoing projects. The amounts presented in the table below include the unutilized part of the construction loans available to the Company/Group:

In thousands of Polish Zlotys (PLN)	As at 31 December 2024	As at 31 December 2023
Między Drzewami II.1	32 000	
Viva Jagodno III	24 500	-
Zielono Mi I	22 134	-
Nova Królikarnia 4b1	14 895	27 283
Między Drzewami I	-	23 892
Osiedle Vola	-	22 429
Total	**93 529**	**73 604**

Notes to the Consolidated Financial Statements

Note 30 – Commitments and contingencies

(iii) Contracted proceeds not yet received

The table below shows the amounts that the Group expects to receive from clients undersigned agreements for the sale of apartments, i.e. expected payments undersigned agreements with clients up to 31 December 2024, net of amounts received up to the balance sheet date (which are presented in the Consolidated Statement of Financial Position as advances received):

		As at 31 December 2024			As at 31 December 2023		
In thousands of Polish Zlotys (PLN)	**Completion date***	**Total value of preliminary sales agreements signed with clients**	**Advances received from Clients until 31 December 2024**	**Contracted payments not received yet as at 31 December 2024**	**Total value of preliminary sales agreements signed with clients**	**Advances received from Clients until 31 December 2023**	**Contracted payments not received yet as at 31 December 2023**
Ursus Centralny IIe	Q4 2024	165 524	153 611	11 913	87 325	19 391	67 934
Miasto Moje VII	Q4 2024	67 161	58 623	8 539	73 936	25 722	48 214
Zielono Mi I	Q3 2025	47 010	21 171	25 839	-	-	-
Miasto Moje VIII	Q2 2026	39 473	8 003	31 470	-	-	-
Ursus Centralny IId	Q1 2027	39 404	4 099	35 304	-	-	-
Nova Królikarnia 4b1	Q2 2025	29 990	24 160	5 830	14 071	4 743	9 329
Między Drzewami II.1	Q2 2026	22 313	3 257	19 057	-	-	-
Viva Jagodno III	Q3 2025	16 579	8 328	8 251	6 499	438	6 062
Między Drzewami	Q3 2024	7 838	6 665	1 173	53 777	17 613	36 164
Nowe Warzymice V.2	Q3 2025	7 656	3 795	3 860	-	-	-
Nowe Warzymice V.1	Q2 2025	7 516	5 752	1 764	-	-	-
Nowa Północ IB	Q3 2025	6 827	2 218	4 608	-	-	-
Eko Falenty I	Q4 2023	2 843	1 437	1 406	20 653	14 288	6 365
Nowa Północ Ia	Q1 2024	984	541	443	30 451	15 354	15 097
Viva Jagodno IIa	Q4 2022	702	67	635	2 151	226	1 925
Viva Jagodno IIb	Q2 2023	227	232	(5)	5 305	1 330	3 976
Miasto Moje VI	Q1 2023	186	152	34	8 240	6 116	2 125
Miasto Moje V	Q3 2022	144	132	12	1 336	383	953
Ursus Centralny IIc	Q3 2023	60	56	4	82 765	71 746	11 019
Miasto Moje IV	Q4 2021	-	-	-	334	229	105
Ursus Centralny IIb	Q1 2023	-	1	(1)	699	691	7
Nowe Warzymice III	Q4 2022	-	29	(29)	32	37	(4)
Osiedle Vola	Q1 2024	-	(2)	2	68 937	49 593	19 344
Grunwaldzka	Q2 2023	-	-	-	3 213	778	2 435
Nowe Warzymice IV	Q2 2023	-	26	(26)	2 030	598	1 432
Nowe Warzymice II	Q2 2022	-	29	(29)	22	28	(6)
Other (old) projects		1 461	1 335	126	1 810	1 706	104
Total (excluding JV)		**463 898**	**303 717**	**160 181**	**463 587**	**231 008**	**232 578**
Wilanów Tulip	Q3 2021	-	-	-	8 833	5 023	3 810
Total (including JV)		**463 898**	**303 717**	**160 181**	**472 419**	**236 031**	**236 389**

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

Notes to the Consolidated Financial Statements

Note 30 – Commitments and contingencies

(iv) Litigations

Ursus Centralny

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

In the court proceedings pending in the case, an expert property appraiser's opinion valuing the property at PLN 124,928,900.00 (in words: one hundred and twenty-four million, nine hundred and twenty-eight thousand, nine hundred zloty) was issued on 14 March 2024. The subject of the valuation was plot of land with registration number 98/2. The date on which the value and condition of the subject of the valuation was determined is 19 November 2021, i.e. the date on which the President of the Capital City of Warsaw gave notice of termination of the annual fee. The expert opinion is based on the comparative method and the indirect price adjustment method. Ursus Centralny Company raised objections to the expert opinion. As a result of the objections raised, the court issued an order on 16 May 2024 to admit evidence of a supplementary opinion to answer the questions raised in the objections. In the supplementary opinion, the expert did not address the objections to the opinion raised by the Ursus Central Company. Accordingly, Ursus Central Company filed objections to the expert's supplementary opinion. Due to the objections raised to the supplementary opinion, the court set a hearing date for January 28, 2025, at which the expert witness was heard. The expert gave an oral supplementary opinion and upheld his opinion on the case. At the hearing, another request was made for the expert to supplement his opinion. The court decided to refer the case to a closed session to consider the aforementioned request and on January 31, 2025, decided to disregard the aforementioned request, as well as the previously submitted request to admit and present evidence from the opinion of another property appraiser. The court also issued an order requiring final positions on the case to be taken within 21 days, while informing about the intention to refer the case to a closed session and to close the hearing. Taking into account the content of the expert opinion and the course of the proceedings to date, in the opinion of the Law Firm, the court will dismiss the Company's action in its entirety and charge the Company with the costs of the proceedings.

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

However, taking into account the progress of the land change and current market practice in similar cases, the Group decided to reassess the right-of-use liability and asset, as a result of which additional right-of-use assets relating to inventory were recognized, and the right-of-use lease liabilities relating to inventory amounted to PLN 13,916 thousand and were recognized during the year ended 31 December 2023.

Galileo

On 3 February 2023, in a case against Ronson Development Sp. z o.o. - Estate Sp. k., a subsidiary of the Company that operated the Galileo development project (the "Galileo Company"), a judgment was issued obligating the Galileo Company to pay the plaintiff (the purchaser of a unit in this project) the amount of PLN 80 thousand with statutory interest from the date of filing the lawsuit (May 28, 2013) as a reduction in the price of the unit due to its defects. The judgment was issued by the court of second instance and is final and has been executed. In connection with its issuance, the Galileo Company decided to establish a provision for other similar cases in the total amount of PLN 2.1 million, as of 31 December 2022, and from which the amount of PLN 535 thousand was released in the previous year. To date, the Galileo Company has reached settlements in four cases in which the price reduction claims have been paid, and the parties have agreed to enter into court settlements under which the lawsuits will be withdrawn.

At the same time, Galileo Company is a plaintiff in a case against Eiffage Polska Budownictwo S.A. the general contractor of the Galileo development project ("Eiffage"), its insurer and others involved in the development and their insurers, the subject of which is the recognition of the liability of Eiffage and others for Galileo Company's damages related to the improper implementation of the project and compensation. In addition, Galileo Company has already received partial compensation from the designers and their insurer for damage caused in the implementation of this project. The settlement of this litigation is not expected in 2025.

In the first quarter of 2024 two judgments have been issued in the first instance. The first one awards the plaintiff a total amount of 669,003.41 (six hundred and sixty-nine thousand three 41/100) with statutory interest for delay from the date of the summons for payment, which at the moment is close to the amount of the main claim.

Notes to the Consolidated Financial Statements

Note 30 – Commitments and contingencies

(iv) Litigations

Galileo

The case in which the verdict was issued is special in that it involved 4 units in the investment, owned by one person - hence the amount awarded by the Court is so high. An appeal has been lodged against the first instance judgment. The file was transferred to the Court of Appeals on December 10, 2024. The second judgment, handed down in the first quarter of 2024, dealt with the issue of the plaintiffs' exceeding the deadline for filing warranty claims, which, according to them, did not occur due to the concealment of defects. The court in the judgment dismissed the claim in its entirety. The claimants filed an appeal against the judgment. In the appeal, the plaintiffs raised new arguments regarding the basis of their claim, citing Galileo Company's contractual liability (Article 471 of the Civil Code). Up to now, the plaintiffs have indicated only warranty liability as the basis of their claim.
A response to the appeal has been filed in the case, in which, among other things, the plaintiffs' claim for contractual liability is alleged to be time-barred. An appeal hearing date has not yet been set. A similar state of facts as in this case is the subject of yet another proceeding before the court, with new arguments on the basis of the claim having been raised by the plaintiffs in a written closing statement prior to the first instance court's judgment.
During the year 2024 the Group did not create new provision in respect to this matter.
The remaining cases involving the Galileo Company remain pending before the court of first instance. Currently, Galileo Company is a participant in a total of 8 proceedings (of which five are in the court of first instance, two in the court of second instance and one before the Supreme Court).

Matters relating to the acquisition of certain real estate

Three Group companies, namely Ronson Development Sp. z o.o. - Projekt 3 Sp.k. ("Project 3"), Ronson Development SPV4 Sp. z o.o. ("SPV4") and Ronson Development Sp. z o.o. - Project 4 Sp.k. ("Project 4") as of December 31, 2024, were parties (as claimants) to a total of eleven enforcement proceedings against a group of several related companies that were sellers or otherwise participated in the sale of certain land properties. The claims of the Group companies are, in particular, claims for the return of down payments made or demands for payment of double the amount, claims for the return of a loan granted, or claims for the payment of damages. In addition, Group companies have filed four applications with the court to disclose the debtor's assets; the cases have been assigned references, with three still pending and one completed in December 2024.
Based on the current status of the proceedings and Management's best judgment, the Group recognized an asset impairment charge of PLN 2.6 million in the year ended December 31, 2023, and estimated that the rest of the Group's assets are recoverable. In connection with the signing of the agreement below, the Group reversed PLN 0.9 million of the write-down and recovered these assets.
In July 2024, the Group companies involved in the above disputes entered into an agreement with the main shareholder and the sole member of the management board of the entities with which these disputes are pending and with some of these entities. Pursuant to this agreement: (i) all of the obligations of these entities to the aforementioned Group companies were confirmed and acknowledged, (ii) additional security was provided for the repayment of the Group companies' receivables in the form of a voluntary submission to enforcement by the aforementioned shareholder and member of the Management Board, and by one of these entities, (iii) consent to the removal of the mortgage from the real estate of the Group company and acknowledgment of the action to remove this mortgage has been granted and as of the date of this report the mortgage has already been removed from the land and mortgage register, (iv) the amount covered by one of the above claims has been deposited and in September 2024 has been released to the Group company. In addition, a future claims transfer agreement has been entered into, under which other claims of Group companies may be settled. In return, one of the Group companies agreed to discontinue enforcement proceedings against the selected property.
In connection with the deletion of the mortgage from the property of the Group company referred to above, that company withdrew its claim in this regard. In connection with the disbursement to the Group company of the amount covered by one of the claims referred to above, the Group company agreed not to enforce the claim despite the fact that there was a final judgment awarding the claim in favor of the Group company.

Note 31 – Related party transactions

Parent company

The Company enters into various transactions with its subsidiaries and with its directors and executive officers. For a list of subsidiaries reference is made to Note 1.

The main related parties' transactions arise on:

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

Notes to the Consolidated Financial Statements

Note 31 – Related party transactions

Outstanding balances with related parties as at 31 December 2024 and as at 31 December 2023 are unsecured and settlement is made in the ordinary course of business. The Group did not record any impairment of receivables relating to amounts owed by related parties in either year. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. All transactions with related parties were performed based on market conditions.

Agreement with the major shareholder

Consulting services agreement with A. Luzon Group, for a monthly amount of PLN 70 thousand (ended by the parties on 31 January 2024), and a consulting services agreement with Luzon Ronson N.V. for a monthly amount of PLN 83 thousand (effective from 1 February 2024), as well as payment of travel and out-of-pocket expenses. Company additionally is issuing the invoices monthly for the services that it is providing for A. Luzon Group in amount of PLN 25 thousand from which it recognized in 2024 a total revenue of PLN 275 thousand. All transactions with related parties were carried out at arm's length. During the twelve months ended 31 December 2024, the Group incurred costs of PLN 984 thousand and PLN 922 thousand for the period ended 31 December 2023.

Transactions with key management personnel

During the period ended 31 December 2024 and 31 December 2023, key management personnel of the Company included the following members of the Management Board and Supervisory Board:

Mr. Amos Luzon – Chairman of Supervisory Board
Mr. Ofer Kadouri – Member of Supervisory Board
Mr. Alon Kadouri – Member of Supervisory Board

Boaz Haim - President of the Management Board
Yaron Shama - Finance Vice-President of the Management Board
Andrzej Gutowski - Sales Vice-President of the Management Board
Karolina Bronszewska - Member of the Management Board for Marketing and Innovation

Key Management Board personnel compensation

Apart from the compensation listed below, there were no further benefits granted/paid to key management personnel. Key management personnel compensation can be presented as follows:

As at 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Salary and other short time benefit	615	379
Management bonus	60	-
Incentive plan linked to financial results	35	50
Other benefits(1)	32	36
Subtotal - Mrs Karolina Bronszewska	**742**	**465**
Salary and other short time benefit	379	372
Management bonus	60	-
Incentive plan linked to financial results	105	95
Other related parties(2)	258	214
Subtotal - Mr Yaron Shama	**802**	**681**
Salary and other short time benefit	248	321
Management bonus	64	-
Incentive plan linked to financial results	267	475
Other benefits(1)	33	284
Other related parties(2)	324	-
Subtotal - Mr Andrzej Gutowski	**937**	**1 080**
Salary and other short time benefit	574	109
Management Bonus	-	-
Incentive plan linked to financial results	786	736
Share base payment	1 282	1 571
Other benefits(1)	619	1 231
Other related parties(2)	1 746	1 856
Subtotal - Mr Boaz Haim	**5 007**	**5 503**
Total	**7 488**	**7 729**

(1) Mainly related to car expenses, flights and accommodation and an American school.
(2) Transactions with related parties

Notes to the Consolidated Financial Statements

Note 31 – Related party transactions

Loans to directors

As at 31 December 2024 and 31 December 2023, there were no loans granted to members of the Management Board.

Other transactions with directors and management personnel

During the year ended 31 December 2024, the Group recognized income from two apartments sold in 2022 to a company owned by Mr. Andrzej Gutowski, Vice-President of the Company's Management Board, for a total net amount (excluding VAT) of PLN 592.8 thousand, one apartment and parking place sold in 2023 to Mr. Boaz Haim for a total net amount of PLN 304.2 thousand. Furthermore, the Group sold one service unit to a company owned by Mr. Andrzej Gutowski for a net amount (excluding VAT) of PLN 1.1 million and one parking place to Mrs. Karolina Bronszewska for a net amount of PLN 29.0 thousand. The transactions were made on an arm's length basis and in accordance with the Group's policy on transactions with related parties.

Supervisory Board remuneration

As at 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Mr Ofer Kadouri *(first appointment: 1 March 2017)*	54	58
Mr Alon Kadouri *(first appointment: 1 March 2017)*	54	58
Total	**108**	**116**

The Supervisory Board Members are entitled to a quarterly fee of EUR 2,225 plus an amount of EUR 1,500 per personal attendance in the Supervisory Board meeting (EUR 750 if attendance is by using means of direct remote communication). The total amount due in respect of Supervisory Board fees during 2024 and 2023 amounted to PLN 109 thousand (EUR 25.3 thousand) and PLN 116.0 thousand (EUR 25.5 thousand), respectively. In addition, the Company paid social security contributions at the amount of PLN 19.2 thousand in the year ended 31 December 2024.

Mr Amos Luzon did not receive any direct remuneration from the Company nor from any of the Company's subsidiaries.

Loans granted to related parties

All loans were granted to the joint venture (Coralchief Sp. z o.o. – Projekt 1 Sp.k. and Ronson IS Sp. z o.o. Sp.k.). For additional information see Note 14.

Liability to shareholder measured at amortised cost.

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

As of 14 March 2024, new annex was signed about earlier settling of liability towards shareholder which would become due under new annex in April 2024.

On 5 April 2024, the subject payment was made by the Company. For more information, please refer to Note 25.

Share based payment expense

On 28 November 2022, A. Luzon Group announced a private issuance of options for shares of Amos Luzon Development and Energy Group Ltd. ("Options"). According to the allocation, Mr. Boaz Haim received 9,817,868 Options. Options were allotted free of charge. Each Option entitles to one ordinary share of A. Luzon Group of ILS 0.01 par value, for an exercise price of ILS 0.2 (which however will be settled by Amos Luzon Development and Energy Group Ltd. on a net basis, i.e. final number of received shares will be decreased by a number of shares which market value is equal to full exercise price to be paid).

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

(i) As of November 28, 2024 - 40% of the Option has been granted but not exercised
(ii) after 36 months from the allotment date - up to 20% of allocated Options
(iii) after 48 months from the allotment date - up to 20% of allocated Options
(iv) after 60 months from the allotment date - up to 20% of allocated Options

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

Notes to the Consolidated Financial Statements

Note 31 – Related party transactions

Share based payment expense

The Option program envisages adjustments in options for share allocation in case of various corporate events in A. Luzon Group (such as the issuance of shares or other options, merger, dividend distribution, etc.).

The initial effect of the program was recognized in year 2023 in amount of PLN 1.6 million and cost for 2024 amounted to PLN 1.3 million. Program is accounted under IFRS 2 standard as a personnel expense, part of administrative costs and share based payment expense in equity. Total value of the program as of grant date amounted to PLN 4.7 million.

Other

As a result of requirements pertaining to A. Luzon Group, one of the Company's larger (indirect) shareholders, whose shares are listed on the Tel Aviv stock exchange, the first quarter reports, semi-annual reports and third quarter reports are subject to a full scope review by the Company's auditors. The Company has agreed with A. Luzon Group that the costs for auditors' reviews will be paid fully by the Company.
The description regarding private issuance of options for shares of Luzon Group is described in the Note 21.

Note 32 – Risk management

The Group's activities expose it to a variety of risks: global risks, market risks and financial risk factors (currency risk, liquidity risk, fair value measurement risk, interest rate risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.
The Management Board reviews and updates policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments.
The Group does not use derivative financial instruments to hedge currency or interest rate risks arising from the Group's operations and its sources of finance.
The Group's principal financial instruments comprise cash balances, other current financial assets, loans granted to JVs and Group subsidiaries, bank loans, bonds , trade receivables and trade payables. The main purpose of these financial instruments is to manage the Group's liquidity and to raise finance for the Group's operations.

In terms of risks specific for the sector, in which the Group operates, the Group is exposed to potential increase in construction costs, potential increase in interest rates, the challenge of securing lands for reasonable prices, which can lead to the significant negative impact on the margins of projects, a prolongation of administrative procedures as well as an increasing competition in the market are considered to be the most significant uncertainties for the financial period ending 31 December 2024.

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

Initial estimates from Poland's Statistic Office (GUS) indicate that Poland's GDP growth amounted to 2.9% in 2024, accelerating from just 0.1% in 2023. Household consumption jumped by 3.1% (down by 0.3% in 2023), public consumption rose by nearly 7% (4.0% in 2023), while fixed investment increased by 1.3% (12.6% in 2023). In 2025, real GDP is forecast to increase by 3.6%.
Private consumption is set to be the main growth driver, supported by rapidly rising wages, increased government spending on support to families, improved consumer spirit, and receding inflationary pressures. It is projected that the positive contribution of public consumption will increase while the contribution of investment is expected to fall due to weaker private investment. Net exports are set to contribute negatively to growth, as rising domestic demand is expected to fuel imports amid subdued exports.

The general government deficit is expected to increase to 5.8% of GDP in 2024, driven by increased spending on defense (estimated to reach 2.6% of GDP)
The unemployment rate is set to rise slightly to 5.1% in 2024 and expected to decline in 2025 and 2026.
During 2023 Global trade shifts triggered by the pandemic, the Russian invasion of Ukraine and the trade rivalry with China have prompted the EU to take its own measures to support domestic industry. The negative contribution from net exports is expected to shrink. Risks to the outlook relate mainly to further delays in the implementation of EU-funded investment and a higher saving rate of households. The war in Ukraine was a key factor affecting the Polish economy in the last 2 years. It caused an increase in inflation particularly related to increases in energy and food prices.
The first half year of 2024 started with strong sales which later decreased due to uncertainty related to the new government plan for subsidized loans as well as the delay of approving it. The main key factor affecting the market in the first half year of 2024 was the fact that at the end of December 2023, it was no longer possible to apply for subsidized loans (BK2[1] loans). Throughout the first half year, however, banks analysed previously submitted applications and granted loans, resulting in a significant number of developer agreements being signed.

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

Notes to the Consolidated Financial Statements

Note 32 – Risk management

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

The number of subsidized loans granted to buyers of first flats in Poland exceeded the preliminary assumptions. According to not final data, at the end of March 2024, there were already nearly 100,000 of subsidized loans, and in April there were still some applications waiting to be considered. It can be estimated that several thousand such loans (12,000-15,000) were granted at the primary market in the six largest agglomerations in the first quarter of 2024.
In April 2024, the new elected government finalized the first draft of the project of subsidies for mortgage loans– "Mieszkanie na start". For now, the future of program is uncertain, and further decisions will depend on the government's ability to overcome internal disputes and make the necessary changes. The last months of 2024 were a time of relative calm. Year 2024 was a year of waiting for decisions on new loan program. Developers who prepared an offer for this program in the first half of 2024 slowed down the introduction of new projects for sale. The supply of flats on the market was growing, and with it the pressure to slow down price growth. Due to the greater number of apartments put on the market than sold, the offer in Warsaw increased by 55% on a year - year basis, exceeding 15,000 apartments for the first time since II quarter 2022. In the period ended on 31st December 2024, the major cities experienced drop in demand due to the end of the BK2, which caused a decrease in sales in the six largest cities by 33.0% comparing to corresponding period of 2023. Some potential demand is still waiting - either for another support program for first-time homebuyers or for a significant price decrease, which - so far - is not coming. Commercial loan interest rates are still very high, and prudential buffers further reduce creditworthiness. Additionally, the latest NBP forecasts regarding the future of interest rates do not promise quick and significant changes for the better. Therefore, there is no basis to expect that the number of buyers using loans with market interest rates will increase quickly. However, it should be noted that if the subsidized loan program is not enacted, some buyers holding off on decisions will likely go to banks for loans, wanting to finalize long-postponed transactions. Such clients may be, however, forced to revise their plans and choose, for example, a smaller apartment or one located in a less convenient location.
Due to lower sales in recent months and in view of the prolonged waiting period for the new loan program, developers were more flexible in their approach to negotiations, as in the previous quarter. They offered promotions and discounts in selected investments or apartment pools. However, these offers were still officially limited and, as was the case two years ago, they focused on selected elements related to the apartment, most often such as a discount on the price of a parking place, a storage room, favorable payment schedule for Clients, or the cost of a notarial deed included in the price.

The Group has observed the above situation and is preparing an appropriate offer.

Market risk - Inflation risk

According to the Statistical office of Poland (GUS) Poland's annual inflation rate was confirmed at 4.7% in December 2024, compared with the corresponding month of the previous year, and comparing to the inflation rate of 4.9% at the end of the third quarter of 2024. Costs were stable for food and non-alcoholic beverages (4.8%) and communication (4.1%), while deflation eased for transport (-3.3% vs -4.1%). Additionally, prices moderated for alcoholic drinks and tobacco (3.3% vs 3.9%), recreation and culture (5.5% vs 6.1%), education (9.2% vs 9.3%), restaurants and hotels (6.8% vs 7%), and miscellaneous goods and services (3.1% vs 3.3%). On the other hand, costs increased at a faster pace for housing and utilities (10.1% vs 9.9%) and health (5.5% vs 5.3%). On a monthly basis, consumer prices stalled for December 2024, compared to 0.5% in the previous month and preliminary estimates of 0.2%.
The inflation rate and with it the interbank interest which was stabilized during the reporting period still affects the polish economy in many aspects and the real estate residential sector in the following:

- the risk of average mortgage rates increases which might result in decline in volume of mortgages lending which will influence reduction of the demand from individual clients;
- risk of increase in construction costs, related to problems of manufacturing, energy, labor costs and transportation;
- risk of slowdown in sales due to not clear government policy with respect to the new subsidized mortgage loan plan;
- risk in delay or withholding of starting new projects due to high costs and slowdown in sales.

A high level of interest rates has had negative consequences for the Group in the form of high interest expenses on the debt held - financial costs for the year ended 31.12.2024 amounted to PLN 24 million, as compared to PLN 24.1 million in the year ended 31.12.2023 despite new bonds Issuances with significantly lower margin. Starting from January 2024 the benchmark interest (WIBOR) stabilized to the level of 5.85% and by end of 2024 reached level of 5.80% (WIBOR 6M). The Management Board is continuing monitoring the situation, and adopt further actions, if necessary, in order to reduce as much as possible the effect of the inflation and interest rates increase on the Group's operations and strategy.
Despite of the above results the significance of the above risk factor is assessed by the Group as high, because its occurrence has had a significant, negative impact on business activity and financial situation of the Group and may have such negative impact in the future. The Group estimates the probability of occurrence of this risk as high.

Notes to the Consolidated Financial Statements

Note 32 – Risk management

Market risk - Construction cost risk and nonperformance by General contractors

The Group's activities expose it to a variety of construction costs risks such as construction cost increase risk, raw materials cost increase, shortage of qualified workforce, increase in labor costs and delay in obtaining the necessary permits to start construction.
The construction costs have significantly risen within the last two years, reaching their peak in the second half of 2022 and stabilized during 2023 and in 2024. There is still a risk that construction costs may rise in 2025.
The increase so far has been mainly due to rising prices of construction materials and energy, which has translated directly and indirectly into production costs, in addition to the continuation of the Russian-Ukrainian conflict causing energy prices to rise across Europe and shortages of construction workers as well as increase in labor costs due to increase in higher minimum average remuneration to employees. Construction labor costs have increased by approximately 5.1% according to published information on February 2025.
The Group do not conduct construction business, however, for each project an agreement with an external general contractor is concluded. The general contractor is responsible for the construction works and completion of the project, including obtaining all permits necessary for safe use of the residential units.
The risk related to improper performance of the agreement by the general contractor may cause delays in the project or have a significant impact on the Group's operations, financial conditions, or results. The Group sees potential sources of improper performance of the obligations by the general contractor in a lack of access to qualified workforce, increase in salaries/wages, costs of construction materials and increase in energy prices.
Inadequate performance of the agreement may lead to claims against the general contractor, potentially rendering it unable to meet the claims of the Company and the Group. A crucial factor in selecting a general contractor is its experience, professionalism, financial stability (including its capacity to provide bank and/or insurance guarantee), and the adequacy of the insurance policy to cover all risks associated with the construction process.
Significance of the above risk factor is assessed by the Group as high, because its occurrence has had a significant, negative impact on business activity and financial situation of the Group and may have such negative impact in the future. The Group estimates the probability of occurrence of this risk as high.

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

The real estate development business, in which the Company and the Group operates, requires significant initial expenditures to purchase land and to cover construction, infrastructure, and design costs.
As such, the Company and the Group, in order to continue and develop its business, require significant amounts of cash through external financing banks and issuance of bonds. The Company's and Group's ability to obtain such financing depend on many factors in particular, on market conditions which are beyond the Company's and the Group's control. In the event of difficulties to obtain the required financing, there is a risk that the scale of the Company's and Group's development and pace of achieving its strategic objectives may differ from what was originally planned. In such situation as described above, there is no certainty whether the Company and the Group will be able to obtain the required financing, nor whether financial resources will be obtained under conditions that are favorable to the Company and the Group. To mitigate the risk of insufficient financial resources, the Company is actively exploring alternative financial sources that can provide the necessary funding and favorable conditions.

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

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

At the end of 2021 year, the Group resolved to commence its business operations in the Private Rented Sector (PRS). This segment has been recognized as a promising and complementary addition to the Group's residential business portfolio. Despite extensive experience in the housing market, entering a new segment entails a multitude of financial, legal, and public relations risks. These risks include an increased capital commitment, elevated debt levels, reduced flexibility in responding to market fluctuations, diminished competitiveness, the potential for underperformance in relation to projections, and the risk of adverse public perception. Despite thorough analyses conducted prior to the commencement of operations, the outcomes of such projects may deviate from initial assumptions and adversely impact the Group's operations and financial standing. As at 31 December 2024, the carrying amount of Investment Property was PLN 61.0 million and land held for development in the PRS segment was PLN 52.4 million, representing approximately 4.1% of the Group's assets.
In the period ended December 31, 2024, the Group sold one of its assets for a total amount of PLN 24.2 million due to the company's inability to meet the initial development plan for the asset.
As the PRS activity is complementary to the Group's core business, the risk of lack of success in this segment will not significantly affect the Group's financial position. If there is no success in the rental area, the completed units will mostly be able to be sold by the Group on the market as ordinary flats.

Notes to the Consolidated Financial Statements

Note 32 – Risk management

Market risk - Legislation and administrative risk

The nature of development projects requires the Company and the Group to obtain a number of permits, approvals and agreements at each stage of the development process. Despite the utmost care being taken to meet project schedules, there is always a risk of delay in obtaining these.

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

The Group's operations cannot be conducted in isolation from the legal environment, which consists of both applicable laws and the practice of applying them. Since laws and the interpretation and practice of their application are subject to changes that are not always favorable to the Group's operations, these changes must be taken into account by the Group when conducting its operations, especially when planning future projects.

The amendment to the Planning and Development Act, which came into force on 30 September 2023 (many of its solutions will in fact be in force from 1 January 2026 or from the adoption of a general plan by a municipality), has introduced significant changes and these should be taken into account in 2025.

Indeed, among the most important changes introduced in the aforementioned law, it is necessary to point out:

- resignation from the study of spatial development conditions and directions in favor of a general plan, which will cover the area of the entire municipality and will be an act of local law;
- establishment of new rules for issuing decisions on land development conditions - after 31 December 2025, decisions on development conditions will only be able to be issued in the areas designated in the new municipality's general plan in the so-called areas of development completion (OUZ). The municipality may designate these in the general plan, but is not obliged to do so. This means that in some municipalities that choose not to designate OUZs, the issuing of development conditions will not be possible. In addition, decisions on land development conditions issued after 1 January 2026 will be valid for 5 years and not indefinitely as before;
- repealing as of 31 December 2025 the so-called lex developer and introducing a new planning tool in the form of integrated investment plans.

In addition, as of 1 July 2024, the transitional period of the existing Act of 20 May 2021 on the Protection of the Rights of the Purchaser of a Dwelling or Single-Family House and on the Developer Guarantee Fund (the so-called Developer Act) ended and, as of 1 July 2024, the sale of flats in all ongoing development projects has already taken place in accordance with the new Developer Act. Moreover, on 1 August 2024, the Ordinance of the Minister of Development and Technology of 27 October 2023 amending the Ordinance on technical conditions to be met by buildings and their location will come into force. The amendment to the technical conditions particularly concerns the requirements for multi-family residential buildings, the most important of which include:

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

Although another important change for the market will come into force on 1 January 2026, it must nevertheless already be taken into account by the Company in the context of future projects. The Civil Protection and Civil Defence Act of 5 December 2024 (the so-called Shelter Act) imposes an important obligation to construct shelters and hiding places in new multi-family residential buildings and in selected public facilities. There is still a transitional period in 2025, and the new regulations will apply to projects where a building permit application is submitted after 31 December 2025. Shelters will have to meet certain standards for safety, structural strength and equipment. This means additional costs for investors and the need to adapt projects to the new technical requirements. Developers should take these changes into account already at the planning stage of future developments to avoid problems with obtaining permits once the regulations come into force.

Moreover the Ministry of Development and Technology is working on a law to increase the availability of land for housing. It is planned to remove restrictions on the trading of agricultural properties within the administrative boundaries of cities and to abandon the right of repurchase by the National Agricultural Support Centre.

Notes to the Consolidated Financial Statements

Note 32 – Risk management

Market risk – Legislation and administrative risk

In addition, it is planned to reduce the ratio of parking places under the procedure of the Act on Facilitation (the so-called Lex developer), changes in the procedure for drawing up the Integrated Investment Plan by introducing the principles of investor participation by allowing the municipal council to establish within a resolution, constituting an act of local law, the guidelines for urban planning agreements concluded in connection with the drawing up of integrated investment plans. This is intended to regulate the scope of obligations of the municipality and the investor that can be established in the urban planning agreement. In addition, several changes have been proposed to streamline the procedure for drawing up Integrated Investment Plan, to simplify the procedures for issuing building permits and to shorten the waiting time for administrative decisions in terms of changes to the rules for lodging appeals and complaints. The introduction of these changes is likely to reduce the bureaucratic burden that currently prolongs investment processes by up to several years.

The above-described legislative changes are some of the most important changes that, in the opinion of the Management Board, may pose a risk and thus have a direct or indirect impact on the Group's operations and results.

However, considering the Group's extensive market experience, its ability to swiftly adapt to evolving market conditions, its financial standing, and its market reputation, the Board is confident that these changes will have a diminished impact on the Group compared to other developers.

Financial risk factors

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

(i) Currency risk

Entities within the Group are exposed to foreign exchange risk in relation to receivables, payables and financial instrument measured trough profit and loss denominated in currencies other than the polish zloty.
The Group's functional currency is polish zloty, as at 31st December 2024 the Group has a no monetary liabilities to the shareholder measured at amortized costs in comparison to PLN 25.6 million as at 31 December 2023, measured at fair value through profit or loss. For more information see Note 25.
In 2023 as well as 2024 the Group didn't hedge its investments or liabilities in foreign operations. As of 31st December 2024 there are no significant monetary balances held by the Group that are denominated in a non-functional currency and have material effect on the Group results.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Period ended 31 December 2024				
In thousands of Polish Zlotys (PLN)	**Less than 1 year**	**Between 1 and 2 years**	**Between 3 and 5 years**	**Over 5 years**	**Total**
Bond loans (principal only)	-	59 568	216 374	-	275 942
Interests on bond loans	26 490	26 472	31 462	-	84 424
Secured bank loans	11 898	-	-	-	11 898
Lease liabilities related to perpetual usufruct of land and investment property	1 463	1 463	4 388	29 108	36 421
Trade and other payables	59 236	-	-	-	59 236
Total	**99 087**	**87 503**	**252 224**	**29 108**	**467 921**

Notes to the Consolidated Financial Statements

Note 32 – Risk management

Financial risk factors

(ii) Liquidity risk

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

The Group is exposed to liquidity risk as a result of mismatching maturity of assets and liabilities. The Group's liquidity risk is managed with respect to the Group's risk using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash, bank loans, bond loans and other financial instruments. The Group constantly looks for other opportunities to obtain funds which will ensure necessary financing and their favourable conditions.

(iii) Fair value measurement risk

The Investment properties are valued at fair value determined by an independent appraiser (please refer to Note 13).

During the period ending on 31 December 2024 the Group sold one of its assets in the total amount of PLN 24.2 million due to the inability of the Company to fulfil a proper development plan which was initially designated for. The asset was sold on 15 October 2024.

On 14 March 2024, the Company and A. Luzon Group entered into an annex to the agreement dated 25 May 2023. The addendum provided for a change in the payment schedule such that the remaining payments to be made under the aforementioned agreement in the amount of approximately ILS 24.7 million would be paid on 2 April 2024, and upon payment, the Agreement would be executed and terminated. On 5 April 2024, the subject payment was made by the Company. As at 31st December 2024 the Company do not have any financial labilities valued at fair value as all obligations under the SAFE agreement are fully paid.

Other then this there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets, investment property.

(iv) Interest rate risk

The Bonds obtained by the Group bear interest at a floating rate based on WIBOR6M plus a margin. As of December 2024, the WIBOR6M was 5.8% (as of 31 December 2023, it was 5.82%).
The Bank loans are based on WIBOR3M or WIBOR1M plus margin. Changes in the WIBOR rate will have a significant impact on the Group's cash flow and profitability.
Till the end of 31 December 2024 the Company has issued two new series of bonds, series P2023A in the amount of PLN 60 million maturing on 15th of August 2027 as well as Series Y in the amount of PLN 160 million that is scheduled to be repaid in 2 tranches PLN 80 million by 24th March 2028 and PLN 80 million by 24th September 2028.
The table below presents the sensitivity analysis and its impact on net assets and income statement assuming if the variable interest rate changes by 1% assuming that all other variables remain unchanged:

	31 December 2024		31 December 2023	
In thousands of Polish Zlotys (PLN)	**Increase by 1%**	**Decrease by 1%**	**Increase by 1%**	**Decrease by 1%**
Income statement				
Variable interest rate assets	2 500	(2 500)	1 682	(1 682)
Variable interest rate liabilities	(2 970)	2 970	(2 437)	2 437
Total	**(470)**	**470**	**(755)**	**755**
Net assets				
Variable interest rate assets	2 500	(2 500)	1 682	(1 682)
Variable interest rate liabilities	(2 970)	2 970	(2 437)	2 437
Total	**(470)**	**470**	**(755)**	**755**

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

Notes to the Consolidated Financial Statements

Note 32 – Risk management

Financial risk factors

(iv) Interest rate risk

New benchmark reference index

The National Benchmark Reform Working Group (NGR), established by the Polish Financial Supervision Authority, is working on the implementation of a new RFR - type reference index. According to recent meetings held by The Steering Committee of the National Working Group (NWG SC) appointed in connection with the benchmark reform, at its meetings on 21 November 2024 and 6 December 2024, held a discussion and decided to select the proposed index marked with technical name WIRF – and based on unsecured deposits of Credit Institutions and Financial Institutions as the ultimate interest rate benchmark to replace the WIBOR benchmark. The administrator of WIRF – as defined in the Benchmark Regulation (BMR) will be GPW Benchmark S.A., a company registered with the European Securities and Markets Authority (ESMA). Thus, the NWG SC has reviewed and modified its previous decision to select WIRON (originally: WIRD) based on the grounds stated below and mentioned in previous communications from the NWG.
The decision of the NWG SC was consistent with the prevailing opinions of market participants expressed during the additional round of public consultations.
In support of the high ratings for the proposed WIRF – index, the participants in the public consultations had indicated mainly the homogeneity of the eligible transactions pool, relatively low volatility of the proposed index and the highest probability of creating an active derivatives market for such ultimate index and as a result interest rate term structure. It had also been noted that the proposed WIRF – index was characterised by the lowest volume, but still adequate, with eligible transactions pool.
The next step for the NWG SC will be to update the Roadmap as part of the current schedule of activities aimed at replacing the WIBOR benchmark with the ultimate WIRF – benchmark, whose final name is to be chosen in the course of further work.
WIRF – is ultimately to become the key interest rate benchmark as defined in the BMR which can be applied in financial contracts (e.g. credit agreements), financial instruments (e.g. debt securities or derivatives) and by investment funds (e.g. to determine the asset management fees).
The activities of the National Working Group led by the Steering Committee aim to ensure the reliability, transparency and accuracy in the process of determining and applying the new interest rate benchmark.
The Group did not use any hedging instruments to mitigate the interest risk as the interest rates in Poland were very low for a long time and the Group was benefiting from low floating rates. Due to high inflation, the floating rates increased considerably exposing the Group for high interest rates. The Group considered hedging instruments but at this stage, there was no benefit for doing so as costs of hedging together with the caped interests were similar to the floating rates the Group will pay.

Interest rate risk and liquidity risk analysed

In respect of income-earning financial assets and interest-bearing financial liabilities, the following tables indicate their average effective interest rates at the reporting date and the periods in which they mature or, if earlier, re-price.

			As at 31 December 2024					
In thousands of Polish Zlotys (PLN)	***Note***	**Average effective interest rate**	**Total**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Fixed rate instruments								
Cash and cash equivalents	*20*	2.7%	**248 840**	248 840	-	-	-	-
Other current financial assets	*19*	0.0%	**11 294**	11 294	-	-	-	-
Variable rate instruments								
Cash and cash equivalents	*20*	0.0%	**40 338**	40 338	-	-		
Secured bank loans	*23*	Wibor 3M or 1M + 2.1% - 2.7%	**(11 898)**	(11 898)	-	-	-	-
Floating rate bonds	*23*	Wibor 6M + 3.3%-4.2%	**(285 071)**	(9 129)		(59 568)	(216 373)	-
Interest bearing deferred trade payables		Wibor 6M	**-**	-	-	-	-	-
Loans granted to joint ventures	*14*	Wibor 6M + 3.2%	**156**	-	156	-	-	-

Notes to the Consolidated Financial Statements

Note 32 – Risk management

Financial risk factors

(iv) Interest rate risk

Interest rate risk and liquidity risk analysed

In thousands of Polish Zlotys (PLN)	Note	Average effective interest rate	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
			As at 31 December 2023					
Fixed rate instruments								
Cash and cash equivalents	*20*	3.99%	**167 020**	167 020	-	-	-	-
Other current financial assets	*19*	0,00%	**12 809**	12 809	-	-	-	-
Liability to shareholders measured at amortised costs	*14*	3.00%	**(25 593)**	**-**	(6 074)	(19 519)	-	-
Variable rate instruments								
Cash and cash equivalents	*20*	0,00%	**36 840**	36 840	-	-	-	-
Secured bank loans	*23*	Wibor 3M or 1M + 2.1% -2.7%	**(8 815)**	(8 815)	-	-	-	-
Floating rate bonds	*23*	Wibor 6M + 4.00%-4.30%	**(225 320)**	(66 645)	(40 000)	(59 395)	(59 280)	-
Interest bearing deferred trade payables		Wibor 6M	**(9 538)**	(9 538)	-	-	-	-
Loans granted to joint ventures	*14*	Wibor 6M + 3.20%	**145**	-	-	145	-	-

(v) Credit risk

Credit risk is the risk of financial loss of the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially expose the Group to concentrations of credit risk consist principally of cash, cash equivalents and receivables, loans granted to JV and third parties, as well as other current financial assets.
The Group is making substantial cash payments as security for preliminary land purchase agreements. To mitigate its credit risk associated with these payments, the Group registers advance repayment obligations in the mortgage register of the respective property. Management has implemented a comprehensive credit policy and continuously monitors its credit risk exposure. This monitoring involves analyzing overdue receivables from clients, assessing the credit risk of financial institutions, and ensuring the liquidity position of the joint venture and related companies.

The maximum exposure to credit risk as at 31 December 2024 and as at 31 December 2023 was as follows:

As at 31 December *In thousands of Polish Zloty (PLN)*	**2024**	**2023**
Trade and other receivables	14 654	14 361
Loans granted to joint ventures	156	145
Cash and cash equivalents	289 178	203 860
Other current financial assets	11 294	12 809
Total	**315 282**	**231 175**

The Group places its cash, cash equivalents and other current financial assets in financial institutions with high credit ratings. Management has no information that any counterparty will fail to meet its obligations. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Group's customer base. The credit quality of cash at banks and short-term bank deposits can be assessed by reference to external credit ratings.

Notes to the Consolidated Financial Statements

Note 32 – Risk management

Financial risk factors

(v) Credit risk

(A) Cash and cash equivalents

In thousands of Polish Zloty (PLN) **Rating**	**As at 31 December 2024**	**As at 31 December 2023**
A	245 801	164 095
BBB	39 262	30 671
BB	4 115	9 094
Total cash at banks and short-term bank deposits	**289 178**	**203 860**

(B) Other current financial assets

In thousands of Polish Zloty (PLN) **Rating**	**As at 31 December 2024**	**As at 31 December 2023**
A	8 543	2 004
BBB	2 751	9 518
BB	-	1 287
Total other current financial assets	**11 294**	**12 809**

The Group keeps cash and cash equivalents and other financial assets in seven financial institutions.
Cash and cash equivalents and escrow accounts presented in Other financial assets in Statement of Financial Position are considered to have low credit risk. While Other financial assets and Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. Given such characteristics of the financial instruments the Management estimates that credit risk loss allowance with respect to all financial instruments, including primarily loans granted, is immaterial.

Note 33 - Capital management

When managing capital, it is the Group's objective to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the profit distribution, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio and leverage financial ratio. The Group's policy is to keep the gearing ratio of the Group lower than 60%, and a leverage of the Group lower than 50%.
Banking covenants vary according to each loan agreement, but typically are not related directly to the gearing ratio of the Group but to the proportion of loan to value of the mortgage collateral which usually is required not to cross the limit of 70% or 75%.
Moreover, the Group is obliged to monitor its indebtedness according to the conditions of the bond issuance, which require, amongst others, that in each reporting period the Group shall test the ratio between Net debt to Equity. The Ratio shall not exceed 100% (for additional information see Note 23).
The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents and less Other current financial assets. Leverage is calculated as net debt divided by total capital employed. Total capital employed is calculated as "equity" as shown in the Consolidated Statement of Financial Position plus net debt financing assets in operation.
The gearing ratios and leverage at 31 December 2024 and 31 December 2023 were as follows:

As at 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Loan and borrowings, including current portion	285 071	225 320
Secured bank loans	11 898	8 815
Financial liability measured at amortised cost	-	25 593
IFRS 16 - Lease liabilities related to cars	864	489
Less: cash and cash equivalents	(289 178)	(203 860)
Less: cash on individual escrow accounts (other current financial assets)	(11 294)	(12 809)
Net debt	**(2 639)**	**43 548**
Total equity	553 824	533 672
Total capital employed	**551 185**	**577 220**
Gearing ratio	**(0.5%)**	**8.2%**
Leverage ratio	**(0.5%)**	**7.6%**

There were no changes in the Groups approach to capital management during the year. During the period, the Group did not breach any of its loan and borrowings covenants, nor did it default on any other of its obligations.

Notes to the Consolidated Financial Statements

Note 34 – Cash flow reconciliation

Inventory and Residential land bank

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Balance sheet change in inventory	**19 589**	**(45 803)**
Finance expense, net capitalized into inventory	19 654	17 180
Impact of perpetual usefruct recognition	(606)	18 577
Purchase of land	25 440	16 000
Transfer from land designated for development	-	9 525
Transfer to land designated for development	(14 029)	(1 674)
Write-down of inventory	52	-
Other	886	(1 898)
Change in inventory in the Consolidated Statement of Cash Flows	**50 985**	**11 908**

Trade and other receivables and prepayments

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Balance sheet change in trade and other receivables and prepayments	**(4 494)**	**12 081**
Impact of IFRS 16	(1 941)	1 820
Write-off of loans granted to others	-	1 717
Other non-cash reclasses	(504)	-
Bank charges	-	874
Change in Trade and other receivables and prepayments in the Consolidated Statement of Cash Flows	**(6 939)**	**16 492**

Trade and other accounts payable

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Balance sheet change in Trade and other accounts payable	**(40 064)**	**24 245**
Impact of IFRS 16	1 877	(1 780)
Other non-cash transactions and reclasses	640	-
Transfer of payables due to sold of subsidiary	23 450	-
Reclassification of Advances paid to purchase of land (not paid)	-	(1 100)
Change in Trade and other payables and accrued expenses in the Consolidated Statement of Cash Flows	**(14 098)**	**21 365**

Note 35 – Information about agreed-upon engagements of the Group's auditor

Information about audit agreements and the value from those agreements is disclosed below:

For the year ended 31 December *In thousands of Polish Zlotys (PLN)*	**2024**	**2023**
Audit and review remuneration for Standalone and Consolidated Financial Statements	588	560
Other services	85	181
Reimbursed audit review costs (1)	-	(95)
Total remuneration	**673**	**646**

(1) In 2023 costs in respect of the audit review of the Group's first and third quarter reports have been reimbursed in 50% to Main Group's shareholder.

Note 36 – Events during the financial year

Occupancy permits

Project name	Location	Occupancy permit date	Number of units	Area of units *(m^2)*
Osiedle Vola	Warsaw	13 March 2024	84	4 851
Nowa Północ 1A	Szczecin	26 April 2024	110	5 230
Między Drzewami I	Poznań	23 July 2024	115	5 803
Miasto Moje VII	Warsaw	23 October 2024	255	11 725
Ursus Centralny 2E	Warsaw	20 November 2024	291	16 127
Total			**855**	**43 736**

Notes to the Consolidated Financial Statements

Note 36 – Events during the financial year

Building permits

Project name	Location	Building permit date	Number of units	Area of units *(m²)*
Między Drzewami II.1–II.2	Poznań	25 January 2024	285	13 869
Nowa Północ II–III	Szczecin	16 February 2024	350	17 901
Nova Królikarnia 4a	Warsaw	20 February 2024	5	1 185
Falenty II.1–II.2	Warsaw	07 May 2024	98	8 698
Bełchatowska*	Poznań	29 May 2024	48	4 078
Nowe Warzymice VII.1–VII.4	Warsaw	27 June 2024	107	9 191
Nova Królikarnia 4B2	Szczecin	6 June 2024	12	2 566
Sobieskiego**	Wrocław	20 November 2024	198	11 520
Total			**1103**	**69 008**

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

Conclusion of a material agreement for General contractors

Project name	Location	Number of units	General contractor	Agreement signing date	Agreement net value *(PLN million)*	Additional provisions
Viva Jagodno III	Wrocław	58	Przedsiębiorstwo Budowlane ARKOP Sp. z o.o. Sp. k.	12 January 2024	20.6	None
Zielono Mi I	Warsaw	92	Hochtief Polska S.A.	15 January 2024	32.5	None
Nowe Warzymice V.1	Szczecin	12	KMJ Deweloper Sp. z o.o.	15 February 2024	4.8	None
Nowa Północ 1B	Szczecin	89	EBUD - Przemysłówka Sp. z o.o.	15 March 2024	22.8	None
Nowe Warzymice V.2	Szczecin	27	KMJ Deweloper Sp. z o.o.	28 June 2024	12.3	None
Miasto Moje VIII	Warsaw	152	Hochtief Polska S.A.	16 July 2024	50.3	None
Między Drzewami II.1	Poznań	78	W.P.I.P. MARDOM Sp. z o. o.	11 October 2024	26.2	None
Total		**508**			**169.5**	

Secured Construction Bank Loan agreements

On 20th of December 2023 financing of Ursus Centralny IIe and Miasto Moje VII was signed, respectively for a total value of PLN 121,400 thousand and 77,900 thousand. 11 January 2024 is the date on which all financing formalities were completed, i.e., both loan and collateral agreements were signed by that date.
On 11th of June 2024 financing of Zielono Mi I was signed for a total value of PLN 45,500 thousand.
On 8th of November 2024 financing of Viva Jagodno III was signed, for a total value of PLN 24,500 thousand.
On 19 December 2024 financing of Między Drzewami II.1 was signed, for a total value of PLN 32,000 thousands.

Purchase of New Land

On 25 November 2024, the company's subsidiary (Ronson Development Sp. z o.o. Projekt 7 Sp.k.) concluded an annex to the preliminary agreement for the purchase of real estate located in Warsaw, Ursus district (plot No. 107). The changes are primarily related to the need to establish a mortgage for the benefit of the Capital City of Warsaw ("Mortgage") in connection with obtaining a resolution on the location of a residential investment ("ULIM").
The most important provisions of the annex are as follows: (i) the date and condition of concluding the final agreement, which is now to be concluded after obtaining the ULIM (the condition of demolition of the existing building on the property has been removed, while the seller will still be obliged to carry out this demolition, after the transfer of ownership of the property), (ii) the seller's obligation to cooperate and enable the establishment of the Mortgage has been introduced; (iii) the schedule of payment of the remaining part of the price has been changed to the following: (a) a part of the price in the amount of PLN 5,000,000 will be paid immediately after signing the annex within 7 days from the receipt of the invoice from the seller, in such a way that in the first place the part that is required to repay the seller's loan and release the mortgage encumbering the property will be paid directly to the bank's account, and the surplus will be paid directly to the seller, therefore an additional security has been established for the benefit of the buyer, i.e. an additional contractual mortgage up to the amount of PLN 10,000,000, as well as an additional statement on submission to enforcement by the seller pursuant to Article 777 paragraph 1 item 5 of the Code of Civil Procedure up to the amount of PLN 10,000,000 (b) part of the price in the amount of PLN 50,000,000 will be paid to the seller immediately after the conclusion of the final agreement (c) the remaining part of the price in the amount of PLN 65,000,000 will be paid in the form of repayment of the loan granted by the seller at the conclusion of the final agreement.
The loan will be granted for 5 years and with an interest rate of 5% per annum. In connection with granting the loan, the additional security will be established for the benefit of the seller, i.e. a statement of submission to enforcement pursuant to Article 777 paragraph 1 item 5 of the Civil Procedure Code, (iv) the possibility of dividing the real estate and purchasing it in part related to individual stages has been abolished, therefore the real estate will be acquired in its entirety as part of the transaction.

Notes to the Consolidated Financial Statements

Note 36 – Events during the financial year

Purchase of New Land

On 6 December 2024, the company's subsidiary (Ronson Development SPV9 Sp. z o.o.) purchased real estate located in Wrocław at Sobieskiego Street for PLN 25,450,000 (including PLN 450,000 for the rights to the design documentation). The price also includes the transfer of the building permit issued for the property, enabling the construction of a residential investment with an area of approx. 9,506 m2 of usable area of apartments (PUM) and 1,997 m2 of service usable area (PUU), the price for each square meter of PUM + PUU was approx. PLN 2,212.25.

On 13 December 2024, the company's subsidiary (Ronson Development Partner 2 Sp. z o.o. – Retreat 2011 Sp. K.) entered into a preliminary agreement for the purchase of real estate located at Polska Street in Warsaw for PLN 2,700,000. The condition for concluding the final agreement is a positive result of due diligence of the property, which will be completed within 90 days from the date of conclusion of the preliminary agreement. In accordance with the Company's expectations, the purchase of the property will enable the increase of usable area in the Zielono Mi investment by about 600-800 m2. In addition, the acquisition of the property will strengthen the Company's negotiating position to acquire further neighboring properties.

Bonds issuance

On 15 February 2024, the final (unconditional) allotment of 60,000 (sixty thousand) P2023A Bonds with a total nominal value of PLN 60,000,000.00 (sixty million zlotys) was made. The P2023A Bonds were offered by way of a public offering, under the Public Bond Issue Program covered by the base prospectus approved by the Financial Supervision Authority on 25 July 2023. The interest rate on the P2023A Bonds is variable and set at the six-month WIBOR rate (WIBOR 6M) plus a fixed margin of 3.85%. The P2023A Bonds are set to mature on 15 August 2027. The P2023A Bonds are in uncertificated form and dematerialized. The P2023A Bonds are traded in the alternative trading system operated by the Warsaw Stock Exchange S.A. - as part of the Catalyst market.

On 7 February 2024 the Company acquired for redemption 14,859 Series V bonds with a nominal value of PLN 600 PLN each and a total nominal value of PLN 8,915 thousand. The holders of the redeemed V Bonds became bondholders of the newly issued P2023A Bonds. After the redemption, 85,141 V Bonds remained with a maturity date of 2 April 2024. On 2 April 2024, the Company redeemed all of the remaining V Bonds, 85,141 in number, with a nominal value of PLN 600 each, in accordance with their maturity, and also paid the interest accrued on these V Bonds. The V Bonds were thus fully redeemed.

On 24 September 2024, the final (unconditional) allotment of 160,000 (one hundred and sixty thousand) Series Y Bonds with a total nominal value of PLN 160,000,000 (one hundred and sixty million zlotys) was made. The interest rate on the Series Y Bonds is variable and set at the six-month WIBOR rate (WIBOR 6M) plus a fixed margin of 3.3%. The Bonds will be repaid in two installments: (i) at the end of the seventh interest period (24 March 2028), so that after this redemption the balance of the Bonds will be no more than 50% of the originally issued bonds, and (ii) on 24 September 2028, by paying the remaining par value of the Bonds. The Series Y Bonds were subscribed for cash contributions only. The Series Y Bonds are not in documentary form and are dematerialized. Series Y Bonds are traded in the alternative trading system operated by the Warsaw Stock Exchange - as part of the Catalyst market.

On 24 and 25 September 2024, the Company repurchased Series W Bonds with a total nominal value of PLN 41,199,000 for redemption, of which 11,199,000 Series W Bonds were repurchased cashless (by offset against the issue price of the Series Y Bonds). Holders of the redeemed Series W Bonds became bondholders of the newly issued Series Y Bonds. After the redemption, 58,801 Series W Bonds remained, maturing in April 2025, with the Company deciding on 13 September 2024 to redeem the Series W Bonds in full at the end of the seventh interest period, i.e. on 15 October 2024. On 15 October 2024 the Issuer made a redemption of all existing 58,801 series W bonds of the Issuer with a nominal value of PLN 1,000 each, as well as paid interest accrued on these bonds. In addition, in relation to some of the bonds that are not subject to mandatory amortization in accordance with item 15 of the Terms and Conditions of the Series W Bonds, the Company paid an early redemption premium provided for in those Terms and Conditions. Thus, the series W bonds have been fully redeemed.

Sale of a subsidiary holding real estate

The company announces that on 15 October 2024 it entered into an agreement to sell its subsidiary Ronson Development SPV1 Sp. z o.o. (SPV1) for a price equal to the nominal value of the shares in that company. The company was the owner and perpetual usufructuary of real estate located in Warsaw's Wola district, with SPV1 having paid for the real estate only a portion of the price required to pay VAT, which was subsequently returned to SPV1.

Establishment of a pledge on the Company's shares

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

Notes to the Consolidated Financial Statements

Note 36 – Events during the financial year

Establishment of a pledge on the Company's shares

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

Resolution and payment of dividends to shareholders of the Company

On 17 June 2024, the Company's Ordinary General Meeting of Shareholders adopted a resolution on the distribution of net profit for 2023 in the amount of PLN 80,705,000 (eighty million seven hundred and five thousand zlotys) in such a way that: (i) to allocate the amount of PLN 40,352,500 (forty million three hundred and fifty-two thousand five hundred zlotys) for the payment of dividends to the Company's shareholders, (ii) to leave the remaining part of the Company's net profit for 2023, i.e. the amount of PLN 40,352,500 (forty million three hundred and fifty-two thousand five hundred zlotys) undistributed.
The distribution of profit as specified above was conditioned on the fact that the payment would not affect the Company's development plans. The fulfillment or non-fulfillment of this condition was to be determined by the Extraordinary General Meeting of the Company no later than 29 November 2024. In the case of the payment of the dividend described above, the date according to which the list of shareholders entitled to the payment of the dividend referred to in item 1 above is determined (the dividend date) was set for 13 September 2024 and the dividend payment date was set for the 12 December 2024.
The above resolution was in accordance with the proposal of the Company's Management Board regarding the distribution of the Company's net profit for 2023, and the Supervisory Board gave a positive opinion of the said proposal of the Management Board.

On 14 August 2024, the Extraordinary General Meeting of Shareholders of the Company passed following resolutions:

1. a resolution to amend the resolution on distribution of net profit for 2023 with regard to:
   i. the amount allocated for the payment of dividends to the Company's shareholders - a total amount of PLN 48,732,857.70 (forty-eight million seven hundred and thirty-two thousand eight hundred and fifty-seven zlotys and seventy cents) has been allocated for the payment of dividends to the Company's shareholders, which, in view of the fact that the Company held 1,567,954 treasury shares, which do not entitle to receive dividends, meant that the above dividend per share was 30 cents,
   ii. the dividend date and dividend payment date - the list of shareholders entitled to dividend payment (dividend date) has been set for 21 August 2024, and the dividend payment date for 27 August 2024.
2. a resolution to declare that the condition for the distribution of net profit for 2023 has been met, i.e. that the payment of dividends will not affect the Company's development plans, taking into account the changes specified in the resolution described in point 1 above.

The dividend was paid to the Company's shareholders in accordance with the above resolutions.

Note 37 – Subsequent events

Conclusion of a material agreement for General contractors

Project name	Location	Number of units	General contractor	Agreement signing date	Agreement net value *(PLN million)*	Additional provisions
Ursus Centralny IId	Warsaw	361	Techbau Budownictwo Sp. z o. o.	13 January 2025	118.3	None
Total		**361**			**118.3**	

Repaid Construction Bank Loan agreements

On 25th of February 2025 financing of Nova Królikarnia 4b1 Investment was fully repaid.

Notes to the Consolidated Financial Statements

Note 37 – Subsequent events

Purchase of New Land

On 22 January 2025, the company's subsidiary (Ronson Development SPV14 Sp. z o.o.) entered into an open oral tender for the sale of land located in Warsaw at 16 Brzeska Street and won the tender offering a price of PLN 16,300,000. The agreement transferring ownership of the property was concluded on 21 February 2025. The price for the property has been paid in full. According to the Company's expectations, it will be possible to build a multi-family residential building on the Real Property with an underground car park and the necessary infrastructure with a PUM and PUU area of approx. 3 080 m2.

On 25th February 2025 the company's subsidiary (Ronson Development Sp. z o. o.- Retreat 2011 Sp. k.) entered into an preliminary agreement for purchase of land located in Warsaw at 14 Polska Street for a price of PLN 10,100,000. The condition for concluding the final agreement is a positive result of due diligence of the property, which will be completed within 60 days from the date of conclusion of the preliminary agreement. In accordance with the Company's expectations, the purchase of the property will enable the increase of usable area in the Zielono Mi investment by about 3 000-3 500 m2. In addition, the acquisition of the property will strengthen the Company's negotiating position to acquire further neighboring properties.

On 10 March 2025, the Company's subsidiary (Ronson Development SPV16 Sp. z o. o.) entered into a preliminary agreement for the acquisition of the property located at Wolska Street in Warsaw. The total price for the perpetual usufruct right to the property will be the sum of the following net amounts: (i) the net amount of PLN 50,000,000 (fifty million zlotys), (ii) an amount equivalent to the first fee for the transfer of the above-mentioned property to the seller in perpetual usufruct. (ii) the amount equivalent to the first fee for handing over the above-mentioned real estate to the Seller for perpetual usufruct (in the net value of this fee), (iii) the amount constituting the fee for buildings and improvements, if such a fee is payable, (iv) the amount of the annual fee for perpetual usufruct of the real estate, payable in accordance with relevant regulations for the year in which the final agreement is concluded (however, in the light of the regulations currently in force, no such fee is payable for this year). The conclusion of the final agreement is conditional on a positive outcome of the due diligence of the real estate and the acquisition of the perpetual usufruct right to the real estate by the seller. The conclusion of the promised agreement should take place no later than 30 September 2027. According to the Company's expectations, it will be possible to build a development project on the property with a total area of 16 229 m2 PUM and 700 m2 PUU.

The Management Board

Boaz Haim
President of the Management Board

Yaron Shama
Finance Vice-President of the Management Board

Andrzej Gutowski
Sales Vice-President of the Management Board

Karolina Bronszewska
Member of the Management Board for
Marketing and Innovation

Tomasz Kruczyński
Person responsible for Financial Statement
preparation

Warsaw, 12 March 2025