

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholders and the Supervisory Board of Develia S.A.

Report on the Audit of the Interim Condensed Financial Statements

Opinion

We have audited the interim condensed financial statements of Develia S.A. (the "Company"), which comprise the condensed statement of financial position as at June 30, 2020, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the period from 1 January to 30 June 2020, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (the "interim condensed financial statements").

In our opinion, the accompanying interim condensed financial statements have been prepared in all key aspects in accordance with International Accounting Standard 34 "Interim Financial Reporting" announced in the form of Commission Regulations.

Basis for Opinion

We conducted our audit in accordance with National Standards on Auditing in line with the wording of International Standards on Auditing adopted by resolution no. 3430/52a/2019 of the National Council of Statutory Auditors of 21 March 2019, as amended ("PSAs") and in compliance with the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017 (the "Act on Statutory Auditors", Journal of Laws of 2020, item 1415). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Interim Condensed Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics for Professional Accountants (including: International Federation of Accountants' Code) ("IFAC Code"), adopted by resolution no. 3431/52a/2019 of the National Council of Statutory Auditors of 25 March 2019, together with the ethical requirements that are relevant to the audit of the financial statements in Poland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the interim condensed financial statements. They encompass the most significant assessed risks of material misstatement, including assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We summarized our response to those risks and, where appropriate, we presented the key findings related to those risks. We do not provide a separate opinion on these matters.

Key audit matter	How we addressed the matter
<p data-bbox="204 286 588 315">Impairment of shares in subsidiaries</p> <p data-bbox="204 434 703 553">In Note 12 to the interim condensed financial statements the Company provides disclosures about impairment tests performed for its shares in subsidiaries.</p> <p data-bbox="204 595 703 748">Performance of impairment tests involves the Management Board’s judgment, among other matters, about the adopted calculation methodology, and it requires the adoption of numerous assumptions.</p> <p data-bbox="204 790 703 1010">We considered the judgment and estimates related mainly to assumptions about future cash flows, discount rate calculation as well as estimates of the residual values used in the DCF model which is the basis for recognition of the related impairment loss as the key audit risk.</p>	<p data-bbox="738 320 1214 349">In particular, our audit procedures included:</p> <ul data-bbox="738 351 1396 1122" style="list-style-type: none"><li data-bbox="738 351 1396 412">• gaining an understanding of internal control relevant to the performance of impairment tests;<li data-bbox="738 414 1396 510">• verification of the mathematical correctness and methodological consistency of the measurement models developed by the Management Board;<li data-bbox="738 512 1396 609">• an analysis of the Management Board’s judgment about indications of impairment of the shares held by the Company;<li data-bbox="738 611 1396 707">• a critical assessment of the Management Board’s assumptions and estimates associated with the calculation of future cash flows, including:<ul data-bbox="738 710 1396 927" style="list-style-type: none"><li data-bbox="738 710 1396 770">– a comparison of the assumptions made as to future cash flows with approved budgets;<li data-bbox="738 772 1396 869">– an analysis of the key assumptions made by the Management Board about future cash flows in the context of the current and expected market conditions;<li data-bbox="738 871 1396 931">– an analysis of the correctness of the calculation of WACC used for discounting estimated future cash flows;<li data-bbox="738 934 1396 1030">• an assessment of the Management Board’s analysis of sensitivity of the key assumptions to the result of the measurement;<li data-bbox="738 1032 1396 1128">• an assessment of the correctness and completeness of disclosures in the financial statements of the Company.

Responsibilities of the Management Board and the Supervisory Board for the Financial Statements

The Company’s Management Board is responsible for the preparation and presentation – of interim condensed financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting” announced in the form of Commission Regulations. The Company’s Management Board is also responsible for internal control, which is necessary to preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim condensed financial statements, the Management Board is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Management Board and members of the Supervisory Board of the Company are obliged to ensure that the financial statements meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2019, item 351, as amended). Members of the Supervisory Board are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim condensed financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these interim condensed financial statements.

The scope of an audit does not include an assurance about the future profitability of the Company or the effectiveness or efficiency of the Management Board in managing the Company's affairs at present or in the future.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board;
- conclude on the appropriateness of the Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Supervisory Board, we determined those matters that were of most significance in the audit of the interim condensed financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information, Including the Report on the Activities

Other information includes a report on the Company's activities in the financial year ended June 30, 2020 (the "Report on the Activities").

Responsibilities of the Management Board and the Supervisory Board

The Company's Management Board is responsible for the preparation of the Report on the Activities in accordance with the applicable laws.



The Management Board and members of the Supervisory Board of the Company are obliged to ensure that the Report on the Activities, meet the requirements of the Accounting Act.

Auditor's Responsibilities

Our opinion on the interim condensed financial statements does not cover the Report on the Activities. In connection with our audit of the interim condensed financial statements, our responsibility is to read the Report on the Activities and, in doing so, consider whether the Report on the Activities is materially inconsistent with the interim condensed financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Report on the Activities, we are required to report that fact in our auditor's report. We had not affirmed any material misstatements in the Report on the Activities.

The key statutory auditor on the audit resulting in this independent auditor's report is Maciej Krasoń.

Acting on behalf of Deloitte Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered seat in Warsaw, entered under number 73 on the list of audit firms, in the name of which the financial statements have been audited by the key statutory auditor:

Maciej Krasoń
Registered under number 10149

Warsaw, 8 September 2020

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