

**REPORT OF THE SUPERVISORY BOARD
OF DEVELIA SPÓŁKA AKCYJNA (JOINT STOCK COMPANY) WITH ITS REGISTERED
OFFICE IN WROCLAW
ON SUPERVISION OVER COMPANY'S OPERATIONS
FROM 01/01/2021 TO 31/12/2021**

I. Supervisory Board's Composition and Operations in 2021

1. Supervisory Board's Composition

As of 01 January 2021, the Supervisory Board was composed of the following members:

Jacek Osowski – Chairman of the Supervisory Board
Artur Osuchowski – Vice Chairman of the Supervisory Board
Paweł Małyska – Member of the Supervisory Board
Piotr Kaczmarek – Member of the Supervisory Board
Robert Pietryszyn – Member of the Supervisory Board
Piotr Pinior – Member of the Supervisory Board
Marcin Eckert – Member of the Supervisory Board

Ordinary General Meeting of Shareholders of Develia S.A. appointed as of July 1, 2021 the following persons to the Supervisory Board of the Company for a new three-year term of office: Jacek Osowski, entrusting him with the function of the Chairman of the Supervisory Board, Paweł Małyska, entrusting him with the function of the Vice-Chairman of the Supervisory Board, and Piotr Pinior, Piotr Borowiec, Artur Osuchowski, Piotr Kaczmarek and Robert Pietryszyn.

As of 31 December 2021, the Supervisory Board was composed of the following persons:

Jacek Osowski – Chairman of the Supervisory Board
Paweł Małyska – Vice-Chairman of the Supervisory Board
Artur Osuchowski – Member of the Supervisory Board
Piotr Kaczmarek – Member of the Supervisory Board
Robert Pietryszyn – Member of the Supervisory Board
Piotr Pinior – Member of the Supervisory Board
Piotr Borowiec – Member of the Supervisory Board

None of the members of the Supervisory Board have real and significant connections with any shareholder holding at least 5% of the total number of votes in the Company.

The Company does not have a diversity policy towards the Supervisory Board, and when selecting its members, it places emphasis primarily on the selection of highly competent, well-educated professionals having many years of professional experience as well as expertise in the scope adequate to their supervisory functions.

Furthermore, two committees were set up under the Supervisory Board. The Audit Committee and the Appointment and Remuneration Committee described in section II below.

2. Resolutions Adopted

While performing their duties in the financial year 2021, the Supervisory Board of Develia S.A. had 8 meetings and adopted 60 resolutions, of which:

- 24 resolutions were adopted at the meetings;
- 36 resolutions were adopted pursuant to Article 19(6) of the Company's Articles of Association, namely, by circulation.

Minutes were taken during the meetings of the Supervisory Board, which are kept along with other documents at the registered office of the Company.

3. Supervisory Board's Operations

The Supervisory Board supervised the Company's operations on a continuous basis in all aspects of its activities within their powers and in compliance with obligations set out in the provisions of the Commercial Partnerships and Companies Code, the Company's Articles of Association and were responsible for ensuring that corporate purposes were reached.

The supervisory and controlling activities included but were not limited to the following:

- To analyze and evaluate current financial results of the Company;
- To analyze periodic financial statements;
- To read periodic information regarding current and planned operations of the Company, prepared by the Management Board;
- To analyze materials received from the Management Board;
- To approve and consent to Company incurring liabilities;
- To consent to securities being provided in relation to loan agreements made by the Company and Group companies;
- To consent to the acquisition of real property.

While performing their activities, the Supervisory Board:

- Expressed opinions on draft resolutions prior to presenting them to the General Meeting of Shareholders;
- Assessed the report on the Company Management Board's operations and financial statements for the financial year 2021;
- Prepared and approved the report on the Supervisory Board's operations for the financial year 2021;
- Made an assessment of and evaluated the operations and financial standing of the Company;
- Approved the reports on the Audit Committee and Appointment and Remuneration Committee's operations for 2021;
- Approved the 2021 Company's budget;
- Approved the Company's strategy for 2021-2024;
- Adopted the report on the remuneration of Members of the Management Board and Supervisory Board for 2019 and 2021;
- Received information on the application of Best Practice for WSE listed companies
- Gave consent to the Management Board to provide security and standing surety for a subsidiary in relation to its incurring liabilities and in respect of the disposal of the Sky Tower commercial real property;
- Gave consent to the Management Board to allow the Company to purchase real property and acquire and take up shares in other entities (including Group companies);
- Gave consent to the Management Board of the Company to undertake cooperation as part of a joint venture with another entity;
- Made changes to the composition of the Management Board of the Company and established the rules of remuneration for members of the Management Board, and set goals for members of the Management Board for 2021
- Adopted the consolidated text of the Company's Articles of Association;
- Adopted the regulations of the Company's incentive program for 2021-2024 and allocated rights to warrants for 2021 for members of the Management Board and approved the resolution of the Management Board regarding the allocation of rights to warrants for 2021 for other entitled persons;
- Adopted the internal audit plan;
- Carried out a periodic assessment of transactions with related entities.

The Supervisory Board were further responsible for overseeing the Company's financial standing and expressed opinions as to the Company's current and planned operations. While performing their duties, the Supervisory Board obtained information from documents, information, presentations and explanations provided by the Management Board, which was necessary in order for such duties to be carried out.

The Supervisory Board are of the opinion that co-operation with the Company's Management Board throughout the reporting period was correct, and the Management Board provided, in a fair and

exhaustive manner, information pertaining to any and all aspects concerning the operations of the Company and Develia Group companies, as well as kept the Supervisory Board informed of matters covered by their competences on an ongoing basis.

Activities carried out by the Supervisory Board are listed in detail in minutes of the Supervisory Board meetings, which are archived at the Company's registered office along with resolutions adopted by the Supervisory Board in 2021.

II. Supervisory Board Committees

The Supervisory Board fulfilled their tasks both at Supervisory Board meetings and as part of the works of committees appointed by the Board. Pursuant to the Articles of Association and the Supervisory Board By-Laws, the Supervisory Board may form standing and *ad hoc* committees by resolution. In such a case, the Supervisory Board lay down committee by-laws, appoint its members and set targets. Committees served their functions in line with the Supervisory Board By-Laws and By-Laws applicable to individual Committees. The following committees were organized as part of the Supervisory Board in 2021: The Audit Committee and Appointment and Remuneration Committee.

1. Audit Committee

As of 1 January, 2021, the Supervisory Board's Audit Committee was composed of the following persons:

- Artur Osuchowski – Chairman of the Committee
- Paweł Małyska – Member of the Committee
- Piotr Kaczmarek – Member of the Committee
- Robert Pietryszyn – Member of the Committee

In connection with the end of the term of office of the Audit Committee operating within the Supervisory Board on 30 June, 2021 and in connection with the appointment on 30 June, 2021 by the Ordinary General Meeting of Shareholders of the Issuer of new members of the Supervisory Board for a new, joint, three-year term of office, on 2 July, 2021, the Supervisory Board of the Issuer appointed new members of the Audit Committee in the composition, which did not change until 31 December, 2021.

As of 31 December, 2021, the Supervisory Board's Audit Committee was composed of the following persons:

- Artur Osuchowski c Chairman of the Committee
- Paweł Małyska – Member of the Committee
- Piotr Kaczmarek – Member of the Committee
- Robert Pietryszyn – Member of the Committee

The Audit Committee's operations were in line with the Act on Auditors, Audit Firms and Public Oversight of 11 May 2017.

All members of the Supervisory Board, including all Audit Committee members sitting on the said Committee in 2021, did and still do meet the independence criterion.

Most members of the Audit Committee who sat on the Committee in 2021 have knowledge of accountancy and audit of financial statements. The following Audit Committee members declared that they have knowledge and competencies necessary for the industry in which the Company operates – Artur Osuchowski, Piotr Kaczmarek, and Paweł Małyska.

As part of their fundamental tasks, the Audit Committee held several meetings with the Company's auditor to discuss:

- Results of the review of the H1 2021 interim report;
- Results of the audit of the 2021 financial statements and
- Risks identified during the audit of the interim and annual financial statements.

Furthermore, at the Audit Committee meetings, its members considered the matters relating to the organization of internal audit functions: internal control, internal audit. While performing their duties in the financial year 2021, the Audit Committee held 7 (seven) meetings.

The day-to-day activities of the Audit Committee entailed ongoing monitoring of works associated with the process of drawing up and reviewing the Company's financial statements, therefore the Committee collaborated with an auditor in this regard on a daily basis. The representatives of the auditor, Deloitte Audyt Sp. z o.o. Sp. k., engaged to audit the 2020 financial statements, attended one (1) meeting of the Audit Committee in 2021 (on 18 March 2021), and while auditing the 2021 financial statements – they participated in 1 (one) meeting of the Audit Committee in 2021 (on 13 December 2021) and 1 (one) meeting in 2022 (on 28 March 2022). The Audit Committee Members were also in constant contact with the auditor during the period of auditing the 2019 and 2020 statements.

Furthermore, at the Audit Committee meetings, its members considered the matters relating to the organization of internal audit functions: internal control, internal audit. Due to the fact that the Audit Committee are responsible, within their powers arising from the committee by-laws, for assessing and recommending the selection of an auditor and examining the independence of an auditor who audits the Company's financial statements both in respect of the Company and persons managing and supervising the Company, the Audit Committee, having analyzed proposals submitted by seven audit firms and having met representatives of three audit firms selected by the Audit Committee for further discussions accepted, under the Resolution No. 4/2021 of 18 March 2021, the recommendation on selecting an audit firm from two entities recommended by the Audit Committee, implying and suggesting that the Supervisory Board select Deloitte Audyt Sp. z o.o. Sp. k. for audit to be conducted in the period 2021-2021, and based on that recommendation, the Supervisory Board selected the proper audit firm by Resolution No. 8/2021 of 09 April 2021. The Audit Committee have acknowledged that the audit firm meets independence criteria in the reporting period.

At the meeting held on 28 January 2021, the Audit Committee developed a work plan for 2021.

The Audit Committee, in collaboration with the internal auditor, designed an internal audit working plan for 2021, recommending the adoption thereof to the Supervisory Board of the Company. The main goals of the internal audit were as follows:

- Bank loans (financial division),
- Settlement of general contractors (residential division),
- Retail and service leasing (commercial division),
- Investment settlement and revenue recognition (finance division),
- Land acquisition (residential division),
- Payroll (administrative division),
- Office space lease (commercial division),
- Investments in the economic system (residential division),
- Process of purchasing services (administrative division).

Some of the above audit tasks were outsourced to an external entity – Grant Thornton, which carried out audit works in collaboration with the internal auditor. The Audit Committee found that the audit process was independent, due to the fact that the auditor met conditions of expressing an impartial and independent opinion about the audit, in accordance with applicable national legislation and professional standards.

The Audit Committee monitored the financial reporting process and financial statements were in all aspects prepared in line with accounting principles and based on correctly kept books of account, and as found by the Audit Committee, they fairly reflect the Company's financial standing, assets and results of business activity. The Audit Committee also reviewed the Management Board's report on the Company's operations and held that figures and facts disclosed therein give a true and fair account of the circumstances.

2. Appointment and Remuneration Committee

As of 1 January 2021, the Supervisory Board's Appointment and Remuneration Committee was composed of the following persons:

Jacek Osowski – Chairman of the Committee
Paweł Małyska – Member of the Committee
Piotr Kaczmarek – Member of the Committee

In connection with the end of the term of office of the Appointment and Remuneration Committee operating within the Supervisory Board on 30 June, 2021 and in connection with the appointment on 30 June, 2021 by the Ordinary General Meeting of Shareholders of the Issuer of new members of the Supervisory Board for a new, joint, three-year term of office, on 2 July, 2021, the Supervisory Board of the Issuer appointed new members of the Appointment and Remuneration Committee in the composition, which did not change until 31 December, 2021.

Jacek Osowski – Chairman of the Committee
Paweł Małyska – Member of the Committee
Piotr Kaczmarek – Member of the Committee
Piotr Pinior - Member of the Committee
Piotr Borowiec - Member of the Committee

While performing their duties in the financial year 2021, the Appointment and the Remuneration Committee held 15 meetings at which 19 resolutions were adopted (both at the meetings and by circulation). Minutes were taken during the meetings of the Appointment and the Remuneration Committee, which are kept along with other documents at the registered office of the Company.

In 2021, the Appointment and Remuneration Committee met in order to:

- recruit a candidate for the position of the Vice-President of the Management Board of the Company and to adopt recommendations for the Supervisory Board regarding the selected candidate and to conclude an employment agreement with him and a non-compete agreement,
- give recommendations to the Supervisory Board with regard to the conclusion of agreements with two members of the Management Board on the termination of their employment agreements,
- establish and adopt recommendations for the Supervisory Board with regard to goals for 2021 for the Member of the Management Board responsible for Finance and the Vice-President of the Management Board,
- establish and adopt recommendations for the Supervisory Board with regard to changing the function of a member of the Management Board as well as to conclude an amendment to the employment agreement,
- establish and adopt recommendations for the Supervisory Board with regard to the appointment of the Management Board for a new term of office,
- adopt recommendations with regard to the adoption of the regulations of the Company's incentive program for the years 2021-2024,
- approve the report on the Appointment and Remuneration Committee's operations in 2020;
- adopt recommendations for the Supervisory Board with regard to the detailed terms of the remuneration policy applicable to members of the Management Board and the Supervisory Board,
- elect the Chair of the Appointment and Remuneration Committee,
- adopt recommendations for the Supervisory Board with regard to changes to employment agreements with members of the Management Board.

When performing their activities, the Appointment and Remuneration Committee complied with the provisions of law in force and employed corporate governance best practices.

III. Assessment of Company's Circumstances

Given the COVID-19 pandemic, the year 2021, after 2020 was, again, quite peculiar, however, despite multiple problems, particularly in the commercial segment, it enabled the Company to maintain further growth in the property development industry. Even though restrictions were in place, the Company was able to achieve targets previously set and to make a satisfactory profit. Financial assets liquidity of the Company is very good due to consistent pursuing of its growth strategy, strengthening its position and increasing its share in the real property market, specifically in respect of the residential segment. At the same time, in view of COVID – 19 pandemic, the Company significantly decreased its share in the commercial segment.

On 18 February, 2021, the Supervisory Board approved the "Strategy of the Develia Group for the years 2021-2025" adopted by the Management Board of the Company, according to which the Company planned, *inter alia*:

- a significant increase in the scale of its operations in the residential segment to the sales level of 3100 apartments in 2025 (CAGR 18%),
- divestments of the office and commercial portfolio and the parallel creation of the residential units' segment for institutional clients (PRS), thus increasing the capital involved in the residential segment to 85% of equity,
- a significant improvement in return on equity (ROE), reaching the level of 15% *per annum*,
- to actively create and participate in significant new market trends also by establishing partnerships, alliances and M&A,
- to actively build the brand of a reliable employer, business partner and modern developer, caring for positive relationships and loyalty of employees and customers,
- to redirect the Company's activities towards a positive impact on the environment and to adapt selected projects to the urban context. The aim is also to strengthen the position of a reliable partner of local communities, demonstrating responsibility for the natural environment. As part of its residential activities, the Group also plans to expand and distinguish more clearly its products in terms of ecology, functionality, modernity and friendly environment,
- to establish cooperation with a selected partner under a JV agreement in the warehouse area based on the land owned in Malin and partial disinvestment of this property.

As part of the Strategy, the goals of the Management Board of the Company for 2021 were also adopted:

- 1,750-1,850 units to be sold under development and preliminary agreements,
- 1,800-1,900 units to be handed over,
- 1,500-1,700 units to be introduced to the offer,
- the Wola Retro facility to be sold (turn of 2021 and 2022),
- the Sky Tower facility to be prepared for sale,
- the first residential development in the private rented sector (PRS) to be commenced.

In the commercial segment, the Group met its strategy assumptions by preparing divestments of commercial assets, including the conclusion of a preliminary sale and purchase agreement for the sale of the Sky Tower facility, which finally led to the sale of this asset in March 2022. Moreover, the assumptions in the residential segment were met.

The Supervisory Board of Develia S.A. are of the opinion that activities carried out by the Company in 2021 contributed both to holding financial health of the Group in 2021 and further growth of the Group and strengthening its market position.

The Supervisory Board expressed a positive opinion on the Company's business strategy and its targets set by the Management Board: the expansion of operations in the key Polish cities (Warsaw, Wrocław, Cracow, Gdańsk) by properly launching projects included in the existing portfolio and purchasing new real property, thus ensuring the diversification of the offer of products in terms of location and standards.

Activities undertaken by the Company in 2021 and the Company Management Board's operations, which was able to execute plans devised, are perceived by the Supervisory Board positively. The Supervisory Board have concluded that the Company is managed properly and effectively.

IV. Assessment of Internal Control System and Risk Management System, Compliance and Internal Audit Functions

The Company has systems of internal control, risk management and supervision of compliance with the law, which are appropriate to the size of the Company and the type and scale of activities, for which the Management Board is responsible. The Company has a separate unit in charge of tasks related to the internal audit system together with the internal auditor, and there is a person assigned to the compliance function, which is reasonable due to the size of the Company.

The Company has a separate internal audit unit with an internal auditor who is responsible for performing the duties of internal audit and auditing individual organizational units and processes in the Company in line with the audit plan adopted by the Supervisory Board.

The Audit Committee, in collaboration with the internal auditor, has drawn up an internal audit sheet and each year creates an internal audit operations plan, recommending the adoption thereof to the Supervisory Board of the Company. The main goals of the internal audit include a review and assessment of the adequacy, efficiency and effectiveness of a business risk management system and an internal control system, and in particular:

- A review and assessment of the existing internal control mechanisms and the reliability and accuracy of managerial, operational and financial information;
- A review and assessment of conformity with legal regulations, policies, plans and procedures, the determination of shortcomings and weaknesses of existing controls to ensure proactive problem-solving and minimize the effect on the Company's and the Group's operating activity;
- An assessment of protection measures employed to secure the Company's and the Group's assets;
- An evaluation of whether actions are in line with audit recommendations or controls put forward earlier.

Risk management at Develia S.A. is carried out through a formalized process of periodic identification, analysis and assessment of risk factors in various areas of the Company and Group's operations. When identifying risks, appropriate procedures and processes are established, the implementation of which is to eliminate or reduce the risk for the Company and the Group.

The Supervisory Board oversaw the Management Board's activities relating to risk management in the Company. The Supervisory Board are of the opinion that systems devised and deployed in the Company to ensure the management of key risks, i.e. operating, legal and financial risks, worked correctly.

The Supervisory Board believe that the Management Board properly identified risks relevant to the Company and effectively managed them in a dynamically changing external environment. In 2021, the Company maintained an effective and efficient compliance system, adequate to the size of the Company, type and scale of its operations, based on legal regulations which are generally applicable and voluntarily adopted by the management of the entity legal that and important in the scope of the Develia Group's operations as well as tailored to its business profile.

The Company has an internal control system operating as a verification process answering the question regarding the application of the procedure and its effectiveness. The internal control system itself is supported by the independent internal audit, which - as a tool - may ensure the improvement of internal control used in the Company, and the above is supplemented by the compliance officer function, where a designated person coordinates the supervision of compliance with obligatory and voluntarily adopted legal regulations. The Company has comprehensive rules of conduct regarding its practices, conflicts of interest and ethical principles. The implementation and monitoring are supervised by the Compliance Officer, cooperating, *inter alia*, with the Internal Auditor. As part of a comprehensive approach to the operation of the internal control system - bearing in mind that there is no dedicated organizational unit for this purpose - all activities are based on the mechanisms of independent internal audit, compliance and the financial reporting and controlling management system.

In order to assess the internal control systems, risk management, compliance and internal audit functions, the Supervisory Board exercised constant and systematic supervision over the Company's operations, in particular based on information and materials obtained from the Company's Management Board, internal auditor, external auditor, compliance officer and key Company employees. In line with rules 3.8. and 3.9., the Supervisory Board monitors the effectiveness of the systems and functions based, *inter alia*, on periodic reports provided thereto directly by the persons responsible for these functions and the Company's Management Board, in particular with the participation of the Audit Committee.

V. Assessment of the application of Corporate Governance Principles by the Company and methods of Company's Compliance with Information Duties Relating to Implementation

of Corporate Governance Principles Set Out in Stock Exchange By-Laws and Regulations on Current and Periodic Information Published by Issuers of Securities

The information duties relating to the implementation of corporate governance principles are currently set out in the Stock Exchange By-Laws and the Regulation of the Minister of Finance on Current and Periodic Information Published by Issuers of Securities and on Conditions for Regarding Information Required by Law of Non-Member State as Equivalent of 29 March 2018. The principles of providing current reports on compliance with detailed corporate governance principles are set out by Resolution No. 13/1834/2021 adopted by the Management Board of the Warsaw Stock Exchange (GPW) on 29 March 2021.

Pursuant to the Stock Exchange By-Laws, where a given corporate governance principle is not applied consistently or if it is breached incidentally by the issuer, it must publish a report in this regard. The report should be published on the issuer's official website and in the same manner as current reports. Pursuant to the Resolution No. 13/1834/2021 adopted by the Management Board of the Warsaw Stock Exchange (GPW), reports pertaining to the application of detailed corporate governance principles referred to in Section 29(3) of the Stock Exchange By-Laws are provided via the Electronic Information Base (EIB). The Regulation of the Minister of Finance of 29 March 2018 lays down detailed guidelines about information to be contained in a corporate governance statement which is a separate part of the report on the issuer's operations accompanying the company's annual report.

In 2021, the Company applied the principles of corporate governance in accordance with Resolution No. 26/1413/2015 of 13 October, 2015 - "Best Practice for WSE Listed Companies 2016", effective from 1 January, 2016 to 30 June, 2021 adopted by the Stock Exchange Board. as well as in accordance with Resolution No. 13/1834/2021 of 29 March, 2021 adopted by the Stock Exchange Board - "Best Practice for WSE Listed Companies 2021", effective from 1 July, 2021.

On 1 July, 2021, the Company began to apply the principles of Best Practice for WSE Listed Companies 2021, with the exception of the following 10 principles which the Company did not apply throughout the year: 1.3.1., 1.3.2., 1.4., 1.4.1., 1.4.2., 1.5., 2.1., 2.2., 2.11.6., 4.1.

The Supervisory Board by Resolution No. 25/2021 adopted on 30 July 2021. approved the information on the state of application by the Company of Best Practice for WSE Listed Companies 2021, which was then published by the Management Board of the Company in the EBI report on 30 July 2021. and posted by the Company in a separate section on the website. In the opinion of the Supervisory Board, the information and explanations regarding the application of Best Practice published by the Company is compliant with the actual state of affairs, consistent with each other and exhaustive.

The Supervisory Board believe that the Company has properly discharged information duties relating to the application of corporate governance principles laid down in the provisions of law mentioned above. The Supervisory Board read the corporate governance statement contained in the 2021 Annual Report of Develia S.A. and the Group. The said statement describes in detail matters relating to corporate governance and contains all the information required by the Regulation of the Minister of Finance on Current and Periodic Information Published by Issuers of Securities and on Conditions for Regarding Information Required by Law of Non-Member State as Equivalent of 29 March 2018.

In order to assess the application of the corporate governance rules by the Company and the manner of fulfilling the disclosure obligations set out in the Stock Exchange Rules and the provisions on current and periodic information provided by issuers of securities, the Supervisory Board exercised constant and systematic supervision over the Company's operations, based on information and materials obtained from the Company's Management Board, internal auditor, compliance officer and key employees of the Company.

VI. Assessment of the legitimacy of the expenses referred to in rule 1.5 of Best Practice for WSE Listed Companies 2021 and information on the degree of implementation of the diversity policy in relation to the management board and supervisory board, including meeting the goals referred to in rule 2.1

In the financial year 2021, the Company did not pursue large-scale sponsorship, charity or other similar activities, therefore it does not have any detailed policy in this regard. Nevertheless, the Company carried out a variety of activities as part of corporate social responsibility, being engaged in charity and supporting only a few charity events in that regard. In 2021, the Company conducted charity activities in the field of supporting cultural and social projects and charitable institutions. Due to the fact that the scale of expenses incurred by the Company and its Group on supporting culture, sports, charities, media, social organizations, trade unions, etc., is not significant from the point of view of the Company's financial situation and in relation to other costs incurred by the Company, these expenses are not separated. In 2021, the expenses of the Company and its Group for these purposes totaled PLN 49,796. The Supervisory Board, after analyzing the detailed list of expenses presented by the Company, incurred for purposes other than those directly related to the core business, indicating a list of names of all beneficiaries and the amount of funds, positively assesses the legitimacy of the expenses incurred by the Company for the purposes described above and their amount, indicating that the activities taken are also in line with corporate social responsibility.

The Company does not have an official document regarding the diversity policy towards the Management Board and the Supervisory Board, adopted respectively by the Supervisory Board or the general meeting of shareholders because the Company does not apply rule 2.1 of Best Practice for WSE Listed Companies 2021. The Company does not currently provide gender differentiation in the Management Board and Supervisory Board at a level not lower than 30%. Any personnel decisions are made in the Company on the basis of individual qualifications and skills of individual people, regardless of sex and age.

VII. Assessment of 2021 Reports

Pursuant to Article 382(3) of the Code of Commercial Partnerships and Companies, the Supervisory Board assessed the conformity of the following reports with the books and records and actual state of affairs:

1. 2021 financial statements of Develia S.A., including:
 - a) statement of financial position made as at 31 December 2021, disclosing the total balance of assets and liabilities amounting to PLN 2,373,278.00 (in words: two billion three hundred and seventy-three million two hundred and seventy-eight thousand zlotys),
 - b) statement of comprehensive income for the financial year commencing on 1 January 2021 and ending on 31 December 2021, disclosing a net profit of PLN 157,843k. (in words: one hundred and fifty-seven million eight hundred and forty-three thousand zlotys) and a total income of PLN 157,843k (in words: one hundred and fifty-seven million eight hundred and forty-three thousand zlotys),
 - c) statement of changes in equity for the financial year commencing on 1 January 2021 and ending on 31 December 2021, disclosing an increase in equity by the amount of PLN 86,067k (in words: eighty-six million sixty-seven thousand zlotys),
 - d) statement of cash flows for the period from 1 January 2021 to 31 December 2021, disclosing an increase in net cash by PLN 1.984k (in words: one million nine hundred and eighty-four thousand zlotys),
 - e) notes to financial statements – Accounting principles (policies) and additional explanatory notes;
2. 2021 financial statements of the Develia S.A. Group, including:
 - a) Consolidated statement of financial position made as of 31 December 2021, disclosing the total balance of assets and liabilities amounting to PLN 3,249,840k (in words: three billion two hundred and forty-nine million eight hundred and forty thousand zlotys);
 - b) Consolidated statement of comprehensive income for the financial year commencing on 01 January 2021 and ending on 31 December 2021, disclosing a net profit of PLN 153,946k (in words: one hundred and fifty-three million nine hundred and forty-six thousand zlotys) and a total income of PLN 154.397k (in words: one hundred and fifty-four million three hundred and ninety-seven thousand zlotys),

- c) consolidated statement of changes in equity for the financial year commencing on 1 January 2021 and ending on 31 December 2021, disclosing an increase in equity by PLN 82,621k (in words: eighty-two million six hundred and twenty-one thousand zlotys),
 - d) consolidated statement of cash flows for the financial year commencing on 1 January 2021 and ending on 31 December 2021, disclosing a decrease in net cash by PLN 44,282k (in words: forty-four million two hundred and eighty-two thousand zlotys),
 - e) Notes to consolidated financial statements – Accounting principles (policies) and additional explanatory notes;
3. Management Board's reports on the Company and the Group's operations for the period from 1 January 2021 to 31 December 2021 as regards their conformity with the books and records and the actual state of affairs, and
 4. The Management Board's motion regarding the allocation of the profit for 2021.

The Supervisory Board, having considered the report by an independent auditor of 30 March 2022, believe both the financial statements of Develia S.A. and the Management Board's report on the Company and the Group's operations for the period from 1 January 2021 to 31 December 2021 to be compliant with the books and records and that they reflect the actual state of affairs, to the best of the Supervisory Board's knowledge. The Company's application of corporate governance principles has been assessed positively by the Supervisory Board.

The Supervisory Board hereby give a positive opinion on the Management Board's motion regarding the allocation of the profit for 2021 and agree with the Management Board's proposal that the net profit generated by the Company in 2021 of PLN 157,842,591.47 (in words: one hundred and fifty-seven million eight hundred and forty-two thousand five hundred and ninety-one zlotys 47/100), is to be allocated as follows:

- a) PLN 117,565,432.94 (in words: one hundred and seventeen million five hundred and sixty-five thousand four hundred and thirty-two zlotys 94/100) to be distributed among the shareholders by the payment of dividend:
- b) PLN 40,277,158.53 (in words: forty million two hundred and seventy-seven thousand one hundred and fifty-eight zlotys 53/100) to be allocated to supplementary capital.

The Supervisory Board gives a positive opinion of the dividend payment proposed by the Management Board in the total amount of PLN 201,401,239.95 (in words: two hundred and one million four hundred and one thousand two hundred and thirty-nine zlotys and 95/100) covering part of the profit for the financial year 2021 intended for the payment of dividends of PLN 117,565,432.94 (in words: one hundred and seventeen million five hundred and sixty-five thousand four hundred and thirty-two zlotys 94/100), increased by PLN 83,835,807.01 (in words: eighty-three million eight hundred and thirty-five thousand eight hundred and seven zlotys 01/100) transferred from the reserve capital created from the profit for 2019, intended for the payment of dividends and advance payments for dividends in the future.

VIII. The Supervisory Board's Self-Assessment and Evaluation of SB Members' Independence

In 2021, the Supervisory Board's works were focused on day-to-day matters concerning the Company's operations and the strategy for further growth of both the Company and the Group. Based on materials presented by the Management Board and concerning the daily operations of the Company, in particular, its performance, the Supervisory Board assessed on an ongoing basis results achieved by the Company and works carried out by the Management Board. The organization of the Supervisory Board's operations was correct.

All members of the Supervisory Board meet the independence criterion

The Supervisory Board have positively assessed their works and works of committees operating under the aegis of the Supervisory Board in 2021.

IX. Recommendations

The Supervisory Board have positively assessed the Company's operations in 2021 and reports submitted to them for assessment, and therefore, they recommend the General Meeting of Shareholders of Develia S.A.:

1. To approve the report on the Supervisory Board's operations for the financial year 2021, containing: the assessment of Develia S.A.'s financial statements for the year ended on 31 December 2021, the Management Board's report on the operations of Develia S.A. and Develia S.A. Group in 2021 and the financial statements of Develia S.A. Group for the year ended on 31 December 2021, as well as the Management Board's motion for the allocation of profit;
2. To approve the Supervisory Board's assessment of the Company's standing, including the evaluation of the internal control system, risk management system, compliance and internal audit functions;
3. To consider and approve the Company's financial statements for the financial year 2021;
4. To consider and approve the Management Board's report on the operations of Develia S.A. and the Develia S.A. Group for the financial year 2021;
5. To consider and approve the financial statements of the Develia S.A. Group for the financial year 2021;
6. To consider and give a positive opinion on the annual report on the remuneration of the Management Board and Supervisory Board of Develia S.A. for the year 2021,
7. To grant the members of the Management Board of Develia S.A. discharge for the financial year 2021;
8. To grant the members of the Supervisory Board of Develia S.A. discharge for the financial year 2021;
9. To adopt a resolution on the allocation of the profit for 2021.

Warsaw, 19 April, 2022

Jacek Osowski
Chairman of the Supervisory Board