



Develia S.A.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD OF SIX MONTHS ENDED 30 JUNE 2022
INCLUDING THE INDEPENDENT AUDITOR'S REVIEW REPORT**

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
as at 30 June 2022 (PLN'000)

	Note	30 June 2022 (unaudited)	31 December 2021 (audited)
Assets			
A. Fixed assets		931,966	988,321
1. Intangible assets		387	315
2. Property, plant and equipment	14	6,872	6,006
2.1. Fixed assets		6,790	5,803
2.2. Tangible assets under construction		82	203
3. Non-current loans and receivables	16	75,762	95,839
4. Non-current investments	15	838,003	879,233
5. Non-current prepayments		658	465
6. Deferred tax assets	13.3	10,284	6,463
B. Current assets		1,503,656	1,384,957
1. Inventory	18	1,308,031	1,116,530
2. Trade and other receivables	19	25,689	75,072
3. Income tax receivable		725	0
4. Short-term securities	17.1	10,081	27,053
5. Other financial assets	17.2	81,381	89,960
6. Cash and cash equivalents	20	74,208	73,792
7. Current prepayments		3,540	2,550
C. Non-current assets classified as held for sale		0	0
Total assets		2,435,622	2,373,278
Equity and liabilities			
A. Equity		1,091,189	1,129,605
1. Share Capital	21.1	447,558	447,558
2. Called-up share capital not paid		0	0
3. Supplementary capital	21.2	457,973	417,696
4. Other reserve funds	21.3	16,369	100,205
5. Other capitals	21.4	10,602	6,303
6. Retained profit/(Loss carried forward)		158,687	157,843
B. Non-current liabilities		552,534	603,175
1. Non-current financial liabilities	22.1	549,491	599,954
2. Non-current lease liabilities		2,598	2,776
3. Provisions	24	445	445
4. Deferred tax liability	13.3	0	0
C. Current liabilities		791,899	640,498
1. Current financial liabilities	22.1	149,164	151,359
2. Current lease liabilities		42,176	40,642
3. Trade and other payables	23.1	116,167	177,342
4. Income tax payables		0	671
5. Provisions	24	243	107
6. Accruals and deferred income		484,149	270,377
Total equity and liabilities		2,435,622	2,373,278

Accounting principles (policies) and Additional explanatory notes to the Financial Statements presented on pages 9 to 52 are an integral part hereof

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the period of 6 months ended 30 June 2022 (PLN '000)

	Note	Period of 6 months ended 30 June 2022 (unaudited)	Period of 6 months ended 30 June 2021 (unaudited)
Revenue			
Revenue from sale of services, products and goods	11	86,582	165,509
Revenue from interest and discounts		368	3,558
Revenue from dividend		203,841	90,869
Other financial income		174	77
Other operating income		1,075	577
Total operating income		292,040	260,590
Expenses			
Operating expenses, value of products, goods sold	12	(106,930)	(147,976)
Costs of interest and discounts		(5,456)	(3,568)
Other financial expenses		(24,354)	(5,185)
Other operating expenses		(435)	(116)
Total operating expenses		(137,175)	(156,845)
Pre-tax profit (loss)		154,865	103,745
Income tax	13.1	3,822	(3,458)
Net profit (loss) on continuing operations		158,687	100,287
Discontinued operations			
Profit (loss) on discontinued operations in the financial year		0	0
Net profit/(loss)		158,687	100,287
Other comprehensive income			
Other components of comprehensive income		0	0
Income tax relating to other components of comprehensive income		0	0
Other comprehensive income (net)		0	0
Total comprehensive income		158,687	100,287
Profit/(loss) per share			
- basic EPS from the profit/(loss) for the period (PLN)		0.35	0.22
- diluted EPS from the profit/(loss) for the period (PLN)		0.35	0.22

CONDENSED INTERIM STATEMENT OF CASH FLOWS
for the period of 6 months ended 30 June 2022 (PLN '000)

	Note	Period of 6 months ended 30 June 2022 (unaudited)	Period of 6 months ended 30 June 2021 (unaudited)
A. Cash flows from operating activities			
I. Gross profit (loss) on continued operations		154,865	103,745
II. Total adjustments		128,213	4,380
1. Change in tangible assets and intangible assets		(938)	812
2. Change in provisions		136	0
3. Change in inventory		(191,501)	(78,527)
4. Change in receivables		49,383	(7,991)
5. Change in current liabilities (net of loans and borrowings)		(61,175)	86,962
6. Change in prepayments and accruals		212,587	37,002
7. Change in financial liabilities		27,206	(66,326)
8. Change in financial assets resulting from borrowings and notes		73,191	17,103
9. Change in financial assets resulting from shares		41,230	13,032
10. Income tax		(1,396)	(22)
11. Other adjustments		(20,510)	2,335
III. Net cash flow from operating activities (I±II)		283,078	108,125
B. Cash flows from financing activities			
I. Cash inflows		21,255	192,299
1. Issue of debt securities		0	150,000
2. Bank and non-bank loans		21,255	42,299
II. Outflows		(303,917)	(109,992)
1. Redemption of debt securities		(68,496)	(100,000)
2. Lease repayment		(1,281)	(1,139)
3. Repayment of loans and borrowings		(21,790)	(2,299)
4. Interest		(10,949)	(6,554)
5. Other financial expenses (dividend)		(201,401)	0
III. Net cash flows from financing activities (I–II)		(282,662)	82,307
C. Total net cash flow (A.III±B.III)		416	190,432
D. Balance-sheet change in cash, including:		416	190,432
– change in the position of cash on account of foreign exchange differences		0	0
E. Cash at beginning of period		73,792	71,808
F. Cash at end of period (F±D)	20	74,208	262,240
- restricted cash		20	20

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY for the period of 6 months ended 30 June 2022 (PLN '000)

	Note	Share Capital	Called-up share capital not paid	Supplementary capital	Other reserve funds	Other capitals	Retained profit/(Loss carried forward)	Total
As at 01 January 2022		447,558	0	417,696	100,205	6,303	157,843	1,129,605
Net profit for the period of 6 months ended 30 June 2022		0	0	0	0	0	158,687	158,687
Other comprehensive income for the period of 6 months ended 30 June 2022		0	0	0	0	0	0	0
Total comprehensive income for the period of 6 months ended 30 June 2022		0	0	0	0	0	158,687	158,687
Profit allocated to supplementary capital	21.2			40,277	0	0	(40,277)	0
Allocated to the payment of dividend	28.1	0	0	0	(83,836)	0	(117,565)	(201,401)
Valuation of incentive scheme	21.4					4,299		4,299
As at 30 June 2022 (audited)		447,558	0	457,973	16,369	10,602	158,687	1,091,189

	Note	Share Capital	Called-up share capital not paid	Supplementary capital	Other reserve funds	Other capitals	Retained profit/(Loss carried forward)	Total
As at 01 January 2021		447,558	0	353,524	100,205	1,994	140,257	1,043,538
Net profit for 2021		0	0	0	0	0	157,843	157,843
Other comprehensive income for 2021		0	0	0	0	0	0	0
Total comprehensive income for 2021		0	0	0	0	0	157,843	157,843
Profit allocated to supplementary capital and reserve funds		0	0	64,172	0	0	(64,172)	0
Payment of dividend		0	0	0	0	0	(76,085)	(76,085)
Valuation of incentive scheme		0	0	0	0	4,309	0	4,309
As at 31 December 2021		447,558	0	417,696	100,205	6,303	157,843	1,129,605

Accounting principles (policies) and Additional explanatory notes to the Financial Statements presented on pages 9 to 52 are an integral part hereof

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	<i>Share Capital</i>	<i>Called-up share capital not paid</i>	<i>Supplementary capital</i>	<i>Other reserve funds</i>	<i>Other capitals</i>	<i>Retained profit/(Loss carried forward)</i>	<i>Total</i>
As at 01 January 2021	447,558	0	353,524	100,205	1,994	140,257	1,043,538
<i>Net profit for the period of 6 months ended 30 June 2021</i>	0	0	0	0	0	100,287	100,287
<i>Other comprehensive income for the period of 6 months ended 30 June 2021</i>	0	0	0	0	0	0	0
Total comprehensive income for the period of 6 months ended 30 June 2021	0	0	0	0	0	100,287	100,287
Profit allocated to supplementary capital	0	0	64,173	0	0	(64,173)	0
Allocated to the payment of dividend	0	0	0	0	0	(76,084)	(76,084)
As at 30 June 2021 (unaudited)	447,558	0	417,697	100,205	1,994	100,287	1,067,741

Accounting principles (policies) and Additional explanatory notes to the Financial Statements presented on pages 9 to 52 are an integral part hereof

ACCOUNTING PRINCIPLES (POLICIES) AND ADDITIONAL EXPLANATORY NOTES**1. General Information**

Develia S.A. (the "Issuer", the "Company"), formerly known as LC Corp S.A., was established by the Notarial Deed dated 3 March 2006. The Company's registered office is situated in Wrocław, Poland, at ul. Powstańców Śląskich 2-4. The Company has been entered into the register of entrepreneurs of the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, 4th Commercial Division of the National Court Register, under KRS No. 0000253077.

As at 30 June 2022, the shares of Develia S.A. are in public trading.

The Company has been assigned statistical identification number (REGON): 020246398, tax identification number (NIP): 8992562750.

The Company has been established for an indefinite time. The Company's primary activity includes:

- PKD 6420Z Activities of financial holding companies
- PKD 4110Z Completion of construction projects related to putting up buildings
- PKD 6810Z Buying and selling of own real estate
- PKD 4120Z Construction works related to the completion of residential and non-residential buildings

There was no parent undertaking of Develia S.A. as at 30 June 2022 and the date of signing these financial statements.

2. Composition of Management Board of Parent Undertaking

As at 01 January 2022 and 30 June 2022, the Management Board of Develia S.A. did not change and was composed of the following persons:

- President of Management Board – Andrzej Oślizło
- Vice President of Management Board – Paweł Ruszczak
- Vice President of Management Board – Mariusz Poławski

3. Identification of Condensed Interim Financial Statements

These Condensed Interim Financial Statements of the Company concerning the period of 6 months ended 30 June 2022 was approved by the Management Board for publication on 13 September 2022.

The Company prepared also Condensed Interim Consolidated Financial Statements concerning the period of 6 months ended 30 June 2022, which were approved by the Management Board on 13 September 2022 for publication.

4. Company's Investments

The Company has investments in the following subsidiaries and jointly controlled entities:

	Registered office	30 June 2022 Share in Capital	31 December 2021 Share in Capital
Company name			
<i>Subsidiary undertakings</i>			

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Arkady Wrocławskie S.A.	Wrocław	100%	100%
Develia Wrocław S.A. ¹⁾	Wrocław	100%	100%
Develia Warszawa Sp. z o.o. ²⁾	Wrocław	100%	100%
Kraków Zielony Złocię Sp. z o.o.	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)
LC Corp Invest I Sp. z o.o.	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)
LC Corp Invest II Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest III Sp. z o.o. ³⁾	Wrocław	100%	100%
LC Corp Invest VII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest VIII Sp. z o.o. ⁴⁾	Wrocław	100%	100%
LC Corp Invest IX Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest X Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XI Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XV Sp. z o.o.	Wrocław	100%	100%
4resident Sp. z o.o. ⁵⁾	Wrocław	100%	100%
LC Corp Invest XVII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 4 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 6 Sp. k. ⁶⁾	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 7 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 8 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)
LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k.	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)
LC Corp Invest XV Sp. z o.o. Investments S.K.A.	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)
LC Corp Service S.A. ⁷⁾	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)
Develia Invest Sp. z o.o.	Wrocław	100%	100%
Jointly Controlled Entities			
Atal Services Sp. z o.o. ⁸⁾	Cieszyn	-	-
Projekt Ciszewskiego Sp. z o.o. ⁹⁾	Warsaw	80% (directly)	80% (directly)
Projekt Myśliborska Sp. z o.o. ⁹⁾	Warsaw	80% (directly)	80% (directly)
Projekt Lizbońska Sp. z o.o. ⁹⁾	Warsaw	80% (directly)	80% (directly)
Projekt Ciszewskiego Sp. z o.o. Sp. k. ⁹⁾	Warsaw	80% (directly and indirectly)	80% (directly and indirectly)

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Projekt Myśluborska Sp. z o.o. Sp. ⁹⁾	Warsaw	80% (directly and indirectly)	80% (directly and indirectly)
Projekt Lizbońska Sp. z o.o. Sp. k. ⁹⁾	Warsaw	80% (directly and indirectly)	80% (directly and indirectly)

- 1) On 01 August 2022, a competent registry court registered a new company name of Sky Tower S.A., which was changed to Develia Wrocław S.A.
- 2) On 22 June 2022, a competent registry court registered a new company name of Warszawa Przyokopowa Sp. z o.o., which was changed to Develia Warszawa Sp. z o.o.
- 3) On 19 August 2022, a registry court made an entry relating to the redemption of shares in LC Corp Invest III sp. z o.o., and consequently, a reduction in its share capital from PLN 1,700,000.00 to PLN 100,000.00, i.e. by a sum of PLN 1,600,000.00.
- 4) On 28 April 2022, the Extraordinary General Meeting of LC Corp Invest VIII Sp. z o.o. adopted a resolution on voluntary redemption of shares in the company share capital and reduction in share capital from PLN 13,600,000 to PLN 50,000, i.e. by an amount of PLN 13,550,000 by the redemption of 13,550 shares. Proceedings to notify the company's creditors of share capital reduction ended on 9 August 2022, and the corresponding change in the company's name will take place on it being registered by the registry court.
- 5) On 29 August 2022, a competent registry court registered a new company name of LC Corp Invest XVI Sp. z o.o., which was changed to 4resident Sp. z o.o.
- 6) On 01 September 2022, a competent registry court registered a merger between LC Corp Invest III sp. z o.o. and LC Corp Invest XV sp. z o.o. Projekt 6 sp.k. and an increase in the share capital of LC Corp Invest III sp. z o.o. from PLN 100,000.00 to PLN 100,500.00. The aforesaid companies merged pursuant to Article 492(1)(1) of the Polish Commercial Partnerships and Companies Code, through the transfer of the entire assets of LC Corp Invest XV sp. z o.o. Projekt 6 sp.k. to LC Corp Invest III sp. z o.o.
- 7) On 01 June 2022, an increase in the share capital of LC Corp Service S.A. was registered by the District Court for Wrocław-Fabryczna in Wrocław, 6th National Court Register Division, from PLN 633,165.00 to PLN 1,133,165.00, by the issue of 500,000 new D series registered shares.
- 8) In the period ended 31 December 2021, on account of planned collaboration with the Atal Group in relation to a property development project to be carried out on a JV basis, Develia S.A. acquired 50% of shares in Atal Services Sp. z o.o. on 09 June 2021 (a joint venture valued by the equity method). Eventually, the property development project was not implemented. As the collaboration for the said project failed, the Issuer's Management Board disposed of 50% of company's shares back on 07 September 2021, and consequently, ended co-operation with the Atal Group. There are no equity relationships between Develia S.A. and the Atal S.A. Group in connection with the aforesaid transaction.
- 9) The Company carried out an in-depth analysis of the JV agreement made with Grupo Lar Holding Polonia Sp. z o.o. Based on that analysis, specifically, the provisions concerning the requirement for unanimity of both parties to the agreement when taking all significant decisions by companies covered by the agreement, in spite of holding 80% capital commitment in individual companies covered by the JV agreement, they are recognised by the Company as jointly controlled entities. These investments have been classified in the consolidated financial statements of the Develia S.A. Group as a joint contractual arrangement (joint ventures) and are valued by the equity method.

As at 30 June 2022 and as at 31 December 2021, the share in the total vote held by the Parent Undertaking in its subsidiaries was equal to the share of the Parent Undertaking in the capitals of these entities.

5. Basis for Preparation of Condensed Interim Financial Statements

These Condensed Interim Financial Statements of Develia S.A. were prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the EU, in particular with the International Accounting Standard No. 34.

IFRS comprise standards and interpretations accepted by the International Accounting Standard Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These Condensed Interim Financial Statements concern the period of 6 months ended on 30 June 2022 and contain comparative data for the period of 6 months ended on 30 June 2021 and as at the 31 December 2021.

The Interim Condensed Financial Statements are presented in thousand zlotys ("PLN"), and all values included in the tables and descriptions, if not indicated otherwise, are given in PLN'000.

The Condensed Interim Financial Statements have been prepared on the going concern assumption, i.e. the continuation of the Company's business activity in the foreseeable future.

These condensed interim financial statements were prepared using the historical cost method, except for a part of derivative instruments which are measured at fair value.

As at the day of the approval of these financial statements, no circumstances were identified that could be regarded as a threat to the continuation of the Company's activity.

The Condensed Interim Financial Statements do not contain all information and disclosures required for annual financial statements and they must be read together with the Company's financial statements for the year ended 31 December 2021.

6. Accounting Principles Applied to Preparation of Condensed Interim Financial Statements

The accounting principles (policies) applied to the preparation of these financial statements are consistent with those adopted to draw up the financial statements for the year ended 31 December 2021, save for the following principles. The below changes to IFRS have been applied to these financial statements as of the date of their entry into force:

- **Amendments to IAS 16 "Property, Plant and Equipment"** – Proceeds Before Intended Use approved by the EU on 28 June 2021 (applicable to annual periods beginning on or after 1 January 2022);
- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** – Onerous Contracts – Cost of Fulfilling a Contract, approved by the EU on 28 June 2021 (applicable to annual periods beginning on or after 1 January 2022);
- **Amendments to IFRS 3 "Business Combinations"** – Amendments to References to the Conceptual Framework including amendments to IFRS 3 approved in the EU on 28 June 2021 (applicable to annual periods beginning on or after 1 January 2022);
- **Amendments to miscellaneous standards "Improvements to IFRS (the 2018-2020 cycle)"** – amendments made as part of the IFRS Annual Improvement Process (IFRS 1, IFRS 9, IFRS 16 and IAS 41) are designed mainly to deal with non-conformities and ensure the consistency of terminology – approved by the EU on 28 June 2021 (amendments to IFRS 1, IFRS 9 and IAS 41 are applicable to annual periods beginning on or after 1 January 2022. Amendments to IFRS 16 concern only an illustrative example, hence no entry into force date has been set).

The adoption of the standards and amendments to existing standards, as mentioned above, did not exert any considerable impact on the financial statements.

7. New Standards and Interpretations Published But Not Effective Yet**New standards and amendments to the existing standards which have been already issued by the IFRIC and approved by the EU, but are not in force yet:**

On the approval of these financial statements, the following amendments to existing standards were issued by the IFRIC and approved for application within the EU, nevertheless they will enter into force on a later date:

- **Amendments to IFRS 12 “Income Tax”**- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable to annual periods beginning on or after 01 January 2023);
- **IFRS 17 “Insurance Contracts”**, with further amendments to IFRS 17 published by the IASB on 25 June 2020 - approved in the EU on 19 November 2021 (applicable to annual periods beginning on or after 01 January 2023);
- **Amendments to IAS 1 “Presentation of Financial Statements”**- Disclosure of Accounting Policies Applied approved on 02 March 2022 (applicable to annual periods beginning on or after 01 January 2023);
- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”**- Definition of accounting estimates approved in the EU on 02 March 2022 (applicable to annual periods beginning on or after 01 January 2023);

New standards and amendments to the existing standards which have been already issued by the IFRIC, but which have not been approved for application within the EU yet

Currently, IFRS in the form approved by the EU do not differ significantly from regulations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), except for the following new standards and amendments to standards which as at the date of the publication of these statements were not approved for application within the EU (the below entry into force dates relate to the full version of standards):

- **Amendments to IAS 1 “Presentation of Financial Statements”** – Classification of Liabilities as Current or Non-current (applicable to annual periods beginning on or after 01 January 2023);
- **Amendments to IFRS 17 “Insurance Contracts”**- IFRS 17 and IFRS 9 applied for the first time - comparatives (applicable to annual periods beginning on or after 01 January 2023).
- **IFRS 14 “Regulatory Deferral Accounts”** (applicable to annual periods beginning on or after 1 January 2016) – the European Commission decided not to initiate the process of approving this temporary standard for application within the EU before the release of the final version of IFRS 14;
- **Amendments to IFRS 10, “Consolidated Financial Statements” and IAS 28, “Investments in Associates and Joint Ventures”** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and subsequent amendments (the date of entry into force of the amendments was postponed until research works on the equity method have been completed).

Early application is allowed, including also for the financial statements which have not been approved for publication on or after the date of release of amendment.

The Company is in the process of verification of the impact of the above-mentioned standards on its financial situation, performance and the scope of information presented in financial statements.

According to the Company's estimates, the above-mentioned new standards and amendments to existing standards would not have had major impact on the financial statements if they had been applied by the Company at the balance-sheet date.

Apart from regulations approved by the EU, there is also hedge accounting for a portfolio of assets and liabilities, the principles of which have not been approved for application within the EU yet.

According to the company's estimates, the application of hedge accounting for a portfolio of assets or financial liabilities under IAS 39, "Financial Instruments: Recognition and Measurement" would not have any significant impact on the financial statements, if the standard in question had been approved for application as at the balance-sheet date..

The Company is in the process of verification of the impact of the other above-mentioned standards on its financial situation, performance and the scope of information presented in financial statements.

According to the Company's estimates, the above-mentioned new standards and amendments to existing standards would not have had major impact on the financial statements if they had been applied by the Company at the balance-sheet date.

8. Significant Values Based on Professional Judgement and Estimates

The Company's Management Board applied their best knowledge regarding not only the standards and interpretations used, but also the methods and principles of valuation of individual items of the enclosed financial statements. Preparing the financial statements in accordance with IFRS required the Company's Management Board to make some assessments and assumptions, which are reflected in these statements. Actual results may vary from these estimates.

The financial data for the first half of 2021 presented herein was not subject to auditor's examination.

Professional Judgement

In the process of applying the accounting principles (policies) to the issues specified hereinbelow, the professional judgement of the management was, apart from the accounting estimates, of the greatest importance.

Uncertainty of Estimates

The basic assumptions concerning the future have been discussed below as well as other key reasons for doubts occurring at the end of the reporting period and entailing a significant risk of considerable adjustment of the net book value of assets and liabilities in the following reporting period.

Deferred Tax Asset

The Company recognises a deferred tax asset based on the assumption that a tax profit enabling its utilisation should be obtained in the future. Worse tax results obtained in the future could have the effect that this assumption might become groundless. Deferred income tax is presented in Note 13.3.

Write-downs of shares held in subsidiary undertakings

At the end of each reporting period, the Management Board verifies if there is any evidence pointing to the impairment of the shares in subsidiary undertakings.

If the verification reveals the existence of such impairment, the Management Board writes down these assets to their recoverable value. The recoverable value of an asset can be defined as being the higher one of the two values: fair value less costs to sell or value in use.

The value in use is estimated with the DCF method or with the hybrid model: net assets and discounted revenues (discounted dividends). The DCF method is based on discounted cash flows generated by the subsidiary undertakings within the approved investment schedules and proceeds from the sale of flats, taking into consideration the sale price of 1 square metre of usable floor space in accordance with the current market situation and prices. The discount rate takes account of the weighted average cost of external and own capital (WACC).

The recoverable value of shares and the amount of their write-downs were estimated as at 30 June 2022 and may be subject to a change depending on the fluctuations of the market prices of land, sale prices of flats, constructions costs, project completion schedules and discount rate calculations in the future.

The actual results may vary from these estimates, which were calculated on the grounds of the data available as at the reporting date. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. Consequently, the amount of write-downs may change in the following accounting periods.

Write-Downs of Shares are presented in Note 14.

Classification of Lease Agreements

The Company classifies lease according to IFRS 16.

Write-Downs of Inventory

At the end of each reporting period, the Management Board verifies if there is any evidence pointing to the loss of value of its property development projects under implementation on the basis of sales reports, market research and other available evidence. Should the risk of the loss of value occur, the value of such projects is estimated employing the DCF method, which is used to establish the write-down of inventories. The DCF method is based on discounted cash flows generated within the approved investment schedules and proceeds from the sale of premises, allowing for the sale price of 1 square metre of usable floor area of flats in accordance with the current market situation. The discount rate takes account of the weighted average cost of external and own capital (WACC).

The write-downs of inventories are estimated as at 30 June 2022 and may be subject to change depending on the fluctuation of market prices of land, selling prices of flats, construction costs, project completion schedules and discount rate calculations in the future. The actual results may vary from these estimates, which were calculated on the grounds of the data available as at the reporting date. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. Consequently, valuation allowances may change in the following financial periods. As at 30 June 2022, there were no write-downs of inventory.

Uncertainty Associated with Tax Settlements

The regulations concerning the tax on goods and services, corporate tax and burdens associated with social insurance are subject to frequent changes. These frequent changes make no appropriate reference points, inconsistent interpretations and few established precedents that might be applicable. The binding regulations also contain uncertainties, resulting in different opinions regarding the legal interpretation of tax regulations, both among public authorities and between public authorities and companies.

Tax settlements and other areas of activity (for example customs and foreign currency issues) may be subject to inspection by bodies authorised to impose high penalties and fines, and any additional tax liabilities arising from the inspection must be paid together with high interest. Having considered these conditions, the tax risk in Poland is greater than in countries with a more mature tax system.

Consequently, amounts presented and disclosed in financial statements may change in the future as a result of a final decision of a tax audit authority.

On 15 July 2016, changes were made to the Tax Ordinance Act in order to take account of the provisions of the General Anti-Avoidance Rule (GAAR). GAAR is to prevent the creation and use of artificial legal structures created in order to avoid the payment of tax in Poland. GAAR defines the avoidance of taxation as an action made above all in order to achieve a tax advantage, contrary – under given circumstances – to the object and purpose of the provisions of the tax act. In accordance with GAAR, such an action does not result in the tax advantage, if the operation was artificial. Any occurrence of (i) unjustified separation of operations, (ii) involvement of intermediary entities despite the lack of economic justification, (iii) elements that null or compensate each other and (iv) other actions having a similar effect to the previously mentioned, may be treated as a premise of artificial operations subject to GAAR. New regulations will require a much greater degree of professional judgement in assessing the tax consequences of individual transactions.

The GAAR clause should be applied to transactions made after its entry into force and transactions that had been carried out before the entry into force of the GAAR clause, but for which benefits were or are

still being gained after the date of entry of this clause into force. The implementation of these provisions will enable Polish tax audit authorities to question the legal arrangements and agreements carried out by taxable persons, such as the restructuring and reorganisation of a group.

The Company recognises and measures the assets or liabilities in respect of current and deferred income tax in compliance with the requirements of IAS 12, Income Tax on the basis of the profit (tax loss), tax base, unrelieved tax losses, unused tax exemptions and tax rates, taking into account the uncertainty associated with tax settlements.

The table below presents estimates as at 30 June 2022 and as at 31 December 2021.

	30 June 2022 (unaudited)	31 December 2021 (audited)
Deferred tax asset	10,284	6,463
Write-downs of shares	160,356	137,365

9. Seasonal or Cyclical Nature of Activity

The Company's operations are not seasonal by nature, therefore the presented Company's operating results are not subject to significant fluctuations during a year.

10. Information on Segments of Activity

For management purposes, Develia S.A. distinguishes two reporting operating segments:

- property development activity segment
- holding (other) activity segment

The tables presented below show data concerning revenues and expenses of the Company's individual segments for the period of 6 months ended 30 June 2022 and 30 June 2021.

Period of 6 months ended 30 June 2022	Property development activity	Holding (other) activity	TOTAL
Operating income			
Revenue from sale of services, products and goods (IFRS 15)	78,778	7,804	86,582
Revenue from interest and discounts		368	368
Revenue from dividend		203,841	203,841
Other financial income		174	174
Other operating income		1,075	1,075
Total operating income	78,778	213,262	292,040
Operating expenses			
Operating expenses, cost of sold products and goods	(95,864)	(11,066)	(106,930)
Costs of interest and discounts		(5,456)	(5,456)
Other financial expenses		(24,354)	(24,354)
Other operating expenses		(435)	(435)
Total operating expenses	(95,864)	(41,311)	(137,175)
Pre-tax profit/(loss)	(17,086)	171,951	154,865
Income tax (tax expense)	-	3,822	3,822
Net profit/(loss) on continued operations	(17,086)	175,773	158,687

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Discontinued operations

Profit (loss) on discontinued operations in the financial year

- - -

Net profit/(loss)	(17,086)	175,773	158,687
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Other comprehensive income

Other components of comprehensive income

- - -

Income tax relating to other components of comprehensive income

- - -

Other comprehensive income (net)	-	-	-
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Comprehensive income	(17,086)	175,773	158,687
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Period of 6 months ended 30 June 2021	Property development activity	Holding (other) activity	TOTAL
Operating income			
Revenue from sale of services, products and goods (IFRS 15)	156,027	9,482	165,509
Revenue from interest and discounts		3,558	3,558
Revenue from dividend		90,869	90,869
Other financial income		77	77
Other operating income		577	577
Total operating income	156,027	104,563	260,590
Operating expenses			
Operating expenses, cost of sold products and goods	(130,525)	(17,451)	(147,976)
Costs of interest and discounts		(3,568)	(3,568)
Other financial expenses		(5,185)	(5,185)
Other operating expenses		(116)	(116)
Total operating expenses	(130,525)	(26,320)	(156,845)
Pre-tax profit/(loss)	25,502	78,243	103,745
Income tax (tax expense)	(4,845)	1,387	(3,458)
Net profit/(loss) on continued operations	20,657	79,630	100,287
Discontinued operations			
Profit (loss) on discontinued operations in the financial year	-	-	-
Net profit/(loss)	20,657	79,630	100,287
Other comprehensive income			
Other components of comprehensive income	-	-	-
Income tax relating to other components of comprehensive income	-	-	-
Other comprehensive income (net)	-	-	-
Comprehensive income	20,657	79,630	100,287

In the period of 6 months ended 30 June 2022, no new operating segments were singled out, as well as no changes were reported for the rules applicable to the presentation of their revenues and costs.

11. Sales Revenue

	Period ended 30 June 2022 (unaudited)	Period ended 30 June 2021 (unaudited)
Revenue from sale of services	7,804	9,482
Revenue from sale of finished products	40,599	156,027
Revenue from sale of goods	38,179	0
Total sales revenue (IFRS 15)	86,582	165,509

12. Operating expenses

	Period ended 30 June 2022 (unaudited)	Period ended 30 June 2021 (unaudited)
Amortisation and depreciation	1,582	1,432
Consumption of materials and energy	522	336
Contracted services, including:	5,735	3,610
• <i>IT and communications services</i>	627	399
• <i>Rental and lease services</i>	689	179
• <i>Tax and legal advisory services</i>	1,329	728
• <i>Real property audits, market analysis and advisory services</i>	1,963	964
Taxes and charges	495	546
Remuneration	25,431	18,202
Social security and other benefits	3,858	3,334
Other costs by type	3,368	1,480
Change in products	(2,438)	(1,472)
Value of products sold, work in progress and goods	68,377	120,508
Total	106,930	147,976

Employee Share-based Incentive Schemes

In the period ended 31 December 2021, the Company introduced an incentive scheme aimed at members of the Management Board and key personnel of the (parent) Company. The scheme is expected to be operated for the years 2021-2024. Under the scheme, the appropriate portion of equity instruments (warrants) will be allocated to key personnel by the Management Board and to Management Board members by the Supervisory Board on a yearly basis. Warrants may be exchanged for the (Parent) Company's shares at a specified price, provided, however, that relevant vesting conditions have been fulfilled.

In the period ended 30 June 2022, on account of the incentive scheme being granted, the Company recognised in the cost of remuneration, under the rules laid down in IFRS 2, a sum of PLN 4,299,000 (in the period ended 31 December 2021 – a sum of PLN 4,309,000).

13. Income tax

13.1. Tax Expense

The main components of tax expense for the period of 6 months ended 30 June 2022 and 30 June 2021 are as follows:

	Period ended 30 June 2022 (unaudited)	Period ended 30 June 2021 (unaudited)
Statement of Comprehensive Income		
Current income tax		
Current income tax expense		
Adjustments of current income tax from previous years	-	-
Deferred Income Tax		
Timing differences and their reversal	(3,822)	3,458
Tax expense reported in the statement of comprehensive income	(3,822)	3,458

13.2. Reconciliation of Effective Tax Rate

The reconciliation of income tax on the gross financial result before taxation according to the statutory tax rate, with income tax calculated according to the Company's effective tax rate for the period of 6 months ended 30 June 2022 and 30 June 2021 is as follows:

	Period ended 30 June 2022 (unaudited)	Period ended 30 June 2021 (unaudited)
Profit /(loss) before tax on continued operations	154,865	103,745
Profit /(loss) before tax on discontinued operations	0	0
Pre-tax profit /(loss)	154,865	103,745
Tax at the statutory tax rate applicable in Poland: 19% (2020: 19%)	29,424	19,712
Non-tax-deductible costs	1,031	125
Write-downs of shares	4,368	867
Revenue from dividend (non-taxed)	(38,730)	(17,265)
Other	85	19
Tax according to effective tax rate	(3,822)	3,458
Income tax (expense) reported in the Statement of Comprehensive Income	(3,822)	3,458
Income tax attributed to discontinued operations	-	-
	(3,822)	3,458

13.3. Deferred Income Tax

Deferred income tax arises from the following items:

	Statement of Financial Position		Changes recognised in the result for the reporting period ended	
	30 June 2022 (unaudited)	31 December 2021 (audited)	30 June 2022 (unaudited)	31 December 2021 (audited)
Deferred tax liability				
Accrued interest on borrowings and deposits	(1,454)	(1,752)	298	(185)
Difference in the value of tangible assets (tax	(97)	(95)	(2)	(16)

and balance-sheet depreciation)

Temporary gain on disposal of products	(6,942)	(18,212)	11,270	(18,044)
Other	(730)	(575)	(154)	41
Gross deferred tax liability	(9,223)	(20,634)		
Deferred tax assets				
Provisions and prepayments and accrued income	3,149	3,314	(165)	1,377
Accrued interest on borrowings and discounts on bonds	5,212	4,680	532	523
Cost of finished products sold	5,368	14,147	(8,778)	14,014
Losses potentially deductible from future taxable income	5,778	4,957	821	(4,853)
Gross deferred tax assets	19,507	27,098		
Deferred tax expense			3,822	(7,143)
Net deferred tax asset	10,284	6,464		
Net deferred tax liability	0	0		

14. Property, plant and equipment

In the period of 6 months ended 30 June 2022, the Company acquired property, plant and equipment in the amount of PLN 665,000 (in the period of 6 months ended 30 June 2021: PLN 436,000).

In the period of 6 months ended 30 June 2022, the Company did not recognise any new lease agreements for passenger cars.

In the period of 6 months ended 30 June 2022 and in the period of 6 months ended 30 June 2021, the Company did not make any significant sale regarding property, plant and equipment items.

As at 30 June 2022, there were no significant liabilities on account of the purchase of property, plant or equipment.

As at 30 June 2022 and 31 December 2021, no item of tangible assets was used as collateral, was subject to encumbrance or was mortgaged.

15. Non-current investments

Shares

As at 30 June 2022 and 31 December 2021, the Company owned the following shares in companies:

Company name	Registered office	30 June 2022		31 December 2021	
		Balance sheet value in PLN'000	Participation in share capital	Balance sheet value in PLN'000	Participation in share capital
Arkady Wrocławskie S.A.	Wrocław	128,652	100%	128,652	100%
Develia Wrocław S.A.	Wrocław	231,198	100%	231,198	100%
Develia Warszawa Sp. z o.o.	Wrocław	46,367	100%	46,367	100%

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Kraków Zielony Złocień Sp. z o.o.	Wrocław	29,963	100% (indirectly and directly)	29,963	100% (indirectly and directly)
LC Corp Invest I Sp. z o.o.	Wrocław	1	100% (indirectly and directly)	1	100% (indirectly and directly)
LC Corp Invest II Sp. z o.o.	Wrocław	91,788	100%	91,788	100%
LC Corp Invest III Sp. z o.o.	Wrocław	100	100%	1,833	100%
LC Corp Invest VII Sp. z o.o.	Wrocław	12,234	100%	12,234	100%
LC Corp Invest VIII Sp. z o.o.	Wrocław	3,500	100%	20,500	100%
LC Corp Invest IX Sp. z o.o.	Wrocław	17,096	100%	17,096	100%
LC Corp Invest X Sp. z o.o.	Wrocław	19,500	100%	19,500	100%
LC Corp Invest XI Sp. z o.o.	Wrocław	85,935	100%	85,935	100%
LC Corp Invest XII Sp. z o.o.	Wrocław	40,582	100%	40,582	100%
LC Corp Invest XV Sp. z o.o.	Wrocław	305	100%	305	100%
LC Corp Invest XV Sp. z o.o. Investments S.K.A.	Wrocław	91,855	100% (indirectly and directly)	91,855	100% (indirectly and directly)
4resident Sp. z o.o.	Wrocław	5	100%	5	100%
LC Corp Invest XVII Sp. z o.o.	Wrocław	5	100%	5	100%
LC Corp Invest XVII sp. z o.o. Projekt 20 Sp.k.	Wrocław	85,915	100% (indirectly and directly)	85,915	100% (indirectly and directly)
LC Corp Invest XVII sp. z o.o. Projekt 22 Sp.k.	Wrocław	42,710	100% (indirectly and directly)	42,710	100% (indirectly and directly)
LC Corp Service S.A.	Wrocław	1,115	100% (indirectly and directly)	621	100% (indirectly and directly)
Develia Invest Sp. z o.o.	Wrocław	13,345	100%	13,345	100%
Projekt Ciszewskiego Sp. z o.o. Sp. K ^{e)}	Warsaw	8,231	80% (indirectly and directly)	8,231	80% (indirectly and directly)
Projekt Ciszewskiego Sp. z o.o.	Warsaw	5	80% (directly)	5	80% (directly)
Projekt Lizbońska sp. z o.o. Sp. k	Warsaw	45,491	80% (indirectly and directly)	45,491	80% (indirectly and directly)
Projekt Lizbońska sp. z o.o.	Warsaw	6	80% (directly)	6	80% (directly)
Projekt Myśliborska sp. z o.o. sp.k	Warsaw	2,450	80% (indirectly and directly)	2,450	80% (indirectly and directly)
Projekt Myśliborska sp. z o.o.	Warsaw	5	80% (directly)	5	80% (directly)
		998,359		1,016 598	
Write-down of shares		(160,356)		(137,365)	
Total		838,003		879,233	

Changes in shares held by the Company, which took place in the period ended 30 June 2022, are described in Note 4.

As at 30 June 2022, the Management Board made an update of write-downs of shares to their recoverable value. The total value of write-downs of shares as at 30 June 2022 was PLN 160,356,000 (compared to PLN 137,365,000 as at 31 December 2021).

The changes in write-downs of shares in respective companies are presented in the table below:

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Company	Year ended 31 December 2021	Used	Reversed	Created/Increased	Period ended 30 June 2022
LC Corp Invest II Sp. z o.o.	(23,451)	-	-	(459)	(23,910)
LC Corp Invest III Sp. z o.o.	-	-	-	(15)	(15)
LC Corp Invest VIII Sp. z o.o.	(3,125)	-	-	(182)	(3,307)
LC Corp Invest XI Sp. z o.o.	-	-	-	(8,913)	(8,913)
LC Corp Invest XII Sp. z o.o.	-	-	-	(9,686)	(9,686)
LC Corp Invest XV Sp. z o.o.	-	-	-	-	-
Investments SKA	(9,369)	-	9,369	-	-
LC Corp Service SKA	(621)	-	-	(158)	(779)
Arkady Wrocławskie S.A.	(24,190)	-	3,686	-	(20,504)
Develia Wrocław S.A.	(76,593)	-	-	(16,631)	(93,224)
Projekt Lizbońska Sp. z o.o.	(6)	-	-	-	(6)
Projekt Ciszewskiego Sp. z o.o.	(5)	-	-	(1)	(6)
Projekt Myśluborska Sp. z o.o.	(5)	-	-	(1)	(6)
	(137,365)	-	13,055	(36,046)	(160,356)

The change in the write-downs of shares made in subsidiaries and jointly controlled entities in the reporting period ended 30 June 2022 result mainly from the revision of work schedules relating to property development projects carried out by companies, and as regards Arkady Wrocławskie S.A. - from the revaluation of estimates relating to net operating profit or loss, and consequently from a change in the fair value of investment property. The amount of write-down made/reversed is recognised by the Company in the Statement of Comprehensive Income at *Other Financial Income / Other Financial Expenses*.

The project recoverable value corresponds to the value in use of every single project.

Tests conducted for the period ended 30 June 2022 relied on a discount rate standing at 11.06% (in 2021: 6.9%).

16. Non-current loans and receivables

	30 June 2022 (unaudited)	31 December 2021 (audited)
Non-current borrowings (with interest accrued)	75,225	95,302
Long-term security deposits	537	537
Total	75,762	95,839

Within the period of 6 months ended 30 June 2022, the Company granted borrowings to its subsidiary undertakings and jointly controlled entities for investment financing.

17. Current financial assets

17.1. Short-term securities

	Interest rate	Repayment date	30 June 2022 (unaudited)	31 December 2021 (audited)
Commercial bonds (Factoring Santander sp. z o.o.)	WIBOR 1M+0.1%	03-02-2022	-	19,853
Commercial bonds (mLeasing sp. z o.o.)	zero-coupon bonds	04-02-2022	-	7,200
Treasury bonds (WZ1122)	WIBOR 6M + 0%	22-11-2022	10,081	-
			10,081	27,053

The below table shows changes in the value of commercial and treasury bonds purchased in the period ended 30 June 2022.

	31 December 2021 (audited)	Acquisition	Buy-back / Redemption	Valuation	30 June 2022 (unaudited)
Commercial bonds (Factoring Santander sp. z o.o.)	19,853	-	(19,921)	68	-
Commercial bonds (mLeasing sp. z o.o.)	7,200	7,170	(14,400)	30	-
Treasury bonds (WZ1122)	-	10,083	-	(2)	10,081
	27,053	17,253	(34,321)	96	10,081

17.2. Other financial assets

	30 June 2022 (unaudited)	31 December 2021 (audited)
Current receivables in respect of borrowings	1,409	-
Debt open-end investment fund units:	26,888	64,439
• Subfundusz QUERCUS Dłużny Krótkoterminowy (QUERCUS short-term debt investment compartment)	3,942	9,048
• Subfundusz QUERCUS Ochrony Kapitału (QUERCUS capital protection investment compartment)	5,960	5,997
• Allianz Obligacji Inflacyjnych (Allianz inflation-indexed bonds)	-	2,007
• Allianz Specjalistyczny FIO (Allianz specialised open-end fund) / Allianz Trezor	2,924	2,930
• Allianz SFIO Stabilnego Dochodu (Allianz stable income specialised open-end fund) (formerly Aviva)	4,875	4,914
• Generali Oszczędnościowy (Generali savings fund)	-	4,940
• GAMMA PARASOL BIZNES SFIO (GAMMA UMBRELLA BUSINESS SPECIALISED OPEN-END FUND)	9,187	34,603
Cash in trust accounts	53,084	25,521

81,381

89,960

As at the balance-sheet date, investment fund units are valued at a market price. The effects of increases or reductions in investment fund units valued at a market price (value) are presented as financial income or expenses respectively. Debt open-end investment fund units have no maturity dates and can be redeemed at any time.

Cash in open trust accounts relates to funds generated in the process of selling and carrying out property development projects in accordance with the Property Development Law. An open trust account allows property developers to disburse received funds during the period of construction works. Further tranches are disbursed according to a project works schedule, namely, after the completion of consecutive construction stages.

The below table shows changes in the value of debt open-end investment fund units in the period ended 30 June 2022:

Debt open-end investment fund units:	31 December 2021 (audited)	Acquisition	Buy-back / Redemption	Profit or loss in the period	30 June 2022 (unaudited)
• Subfundusz QUERCUS Dłużny Krótkoterminowy (QUERCUS short-term debt investment compartment)	9,048	8	(5,000)	(114)	3,942
• Subfundusz QUERCUS Ochrony Kapitału (QUERCUS capital protection investment compartment)	5,997	9	-	(46)	5,960
• Allianz Specjalistyczny FIO / Allianz Obligacji Inflacyjnych	2,007	-	(2,064)	57	-
• Allianz Specjalistyczny FIO (Allianz specialised open-end fund) / Allianz Trezor	2,930	-	-	(6)	2,924
• Allianz SFIO Stabilnego Dochodu (Allianz stable income specialised open-end fund) (formerly Aviva)	4,914	-	-	(39)	4,875
• Generali Investments TFI S.A.	4,940	-	(4,802)	(138)	-
• GAMMA PARASOL BIZNES SFIO (GAMMA UMBRELLA BUSINESS SPECIALISED OPEN-END FUND)	34,603	-	(25,000)	(416)	9,187
	64,439	17	(36,866)	(702)	26,888

The below table shows changes in respect of trust accounts in the period ended 30 June 2022:

	31 December 2021 (audited)	Customer payments	Funds released	30 June 2022 (unaudited)
Cash in trust accounts	25,521	272,926	(245,363)	53,084
	25,521	272,926	(245,363)	53,084

18. Inventory

	30 June 2022 (unaudited)	31 December 2021 (audited)
Goods and work in progress	1,286,516	1,088,702
Finished products	10,690	15,593
Write-Downs of Inventory	-	-
Payments made for land acquisition	10,825	12,235
Total inventories	1,308,031	1,116,530

Compared to 31 December 2021, the change in Inventory during the reporting period ended 30 June 2022 results mainly from:

- The purchase of land designated for the implementation of residential projects, located at Krzemieniecka street in Wrocław and Drwęcka street in Warsaw,
- Building and financial expenditures for housing projects implemented on own land,
- The disposal of land located at Niepołomska street in Gdańsk.

Furthermore, in the period ended 30 June 2022, the Company completed another stage of the residential project located at Złocieniowa street in Kraków and obtained certificate of occupancy for buildings at that location.

As at 30 June 2022, the borrowing costs amounting to PLN 57,882,000 (as at 31 December 2021 these were PLN 37,727,000) were capitalised in the inventory.

19. Trade and other receivables

	30 June 2022 (unaudited)	31 December 2021 (audited)
Trade receivables	2,882	6,948
State budget receivables (without income tax)	-	52,871
Receivables in respect of sums blocked, including sums designated for the acquisition of real property	1,514	15,139
Receivables in respect of disposal of shares	18,877	-
Dividend receivables	2,227	-
Other receivables from third parties	189	114
Total receivables (net)	25,689	75,072
Valuation allowance for receivables	(98)	(21)
Gross receivables	25,787	75,093

Changes in the write-down of receivables:

	30 June 2022 (unaudited)	31 December 2021 (audited)
At the beginning of the period	21	57
Increase	77	19
Used	-	(55)
Reversed	-	-
At the end of the period	98	21

Trade receivables as at 30 June 2022, broken down by maturity dates and with maturity below 1 year:

	<1 month	1-3 months	3-12 months	Total 1
Trade receivables	2,882	-	-	2,882
	2,882	-	-	2,882

Trade receivables as at 31 December 2021, broken down by maturity dates and with maturity below 1 year:

	<1 month	1-3 months	3-12 months	Total 1
Trade receivables	6,948	-	-	6,948
	6,948	-	-	6,948

Receivables in respect of disposal of shares relate to proceedings to notify the company's creditors of share capital reduction, pending as at 30 June 2022 (ended on 09 August 2022), with regard to the voluntary redemption of shares for payment. The redemption concerned shares in the share capital of LC Corp Invest VIII Sp. z o.o. and LC Corp Invest III Sp. z o.o. The articles of association of both companies will be changed upon registration by the registry court (see Note 4)

Dividend receivables constitute a portion of dividend for 2021 due to the Company under the 18 May 2021 Resolution of the Ordinary General Meeting of Develia Warszawa Sp. z o.o. in the amount of PLN 2,227,000, paid to Develia S.A. on 20 July 2022 (Note 28.2).

20. Cash and cash equivalents

	30 June 2022 (unaudited)	31 December 2021 (audited)
Cash on hand and in a bank account	21,484	68,792
Short-term deposits *)	52,724	5,000
	74,208	73,792

*) maturity of bank deposits is up to 1 month

Any surplus of funds is invested by the Company in the form of short-term bank deposits, and additionally, it invests in short-term financial instruments, by acquiring units in debt open-end investment funds and taking up bonds of commercial companies belonging to banking groups whose investment ratings reflect a stable financial standing. For purposes associated with the diversification of liquidity risk, the Company differentiates various maturity periods of individual instruments – from redeemable units in investment fund companies to short-term bonds with maturity between three and nine months.

21. Equity

21.1. Share Capital

Share capital	30 June 2022 (unaudited)	31 December 2021 (audited)
Series A ordinary shares with a par value of PLN 1.00 per share	500	500
Series B ordinary shares with a par value of PLN 1.00 per share	113,700	113,700
Series C ordinary shares with a par value of PLN 1.00 per share	1,453	1,453
Series D ordinary shares with a par value of PLN 1.00 per share	1,472	1,472

Series E ordinary shares with a par value of PLN 1.00 per share	32,000	32,000
Series F ordinary shares with a par value of PLN 1.00 per share	102,000	102,000
Series G ordinary shares with a par value of PLN 1.00 per share	80,000	80,000
Series H ordinary shares with a par value of PLN 1.00 per share	58,433	58,433
Series J ordinary shares with a par value of PLN 1.00 per share	57,000	57,000
Series I ordinary shares with a par value of PLN 1.00 per share	1,000	1,000
	447,558	447,558

On 30 June 2022, under Resolution no. 35 of the Ordinary General Meeting, the Company's share capital was increased conditionally by an amount lower or equal to PLN 22,377,912.00 by issuing not more than 22,377,912 K series ordinary bearer shares having a par value of PLN 1.00 each to introduce an incentive scheme at the Company for persons of key relevance to the Company. The purpose of the conditional increase in the share capital is to grant the holders of subscription warrants issued pursuant to the General Meeting's resolution the rights to take up the newly issued shares. Subscription warrants will be issued in order to enable the Company to carry out the aforesaid incentive scheme. For the purpose of exercising the rights to take up shares as part of the conditional increase in share capital, the General Meeting further resolved that the total number of 22,377,912 A series registered subscription warrants should be issued, with each of such a warrant giving the right to take up one share, depriving the existing Company's shareholders of the pre-emption right.

Par value of shares

All issued shares have a par value of PLN 1.00 and have been fully paid.

Shareholders' rights

No shares of any series are preferred as to the dividend or return on capital. One share corresponds to one vote.

Significant shareholders

As at 30 June 2022, the shareholders possessing, directly or indirectly through subsidiary undertakings, at least 5% of the total vote at the General Meeting of the Issuer:

Shareholder	Number of shares	Number of votes	Share in Share Capital (%)	Share (%) in total vote at general meeting
Otwarty Fundusz Emerytalny PZU "Złota Jesień"	85,289,660	85,289,660	19.06 %	19.06%
Nationale-Nederlanden Otworthy Fundusz Emerytalny	83,470,921	83,470,921	18.65 %	18.65%
AVIVA Otworthy Fundusz Emerytalny AVIVA Santander	65,543,000	65,543,000	14.64%	14.64%
MetLife Otworthy Fundusz Emerytalny	36,290,859	36,290,859	8.11%	8.11%
PKO BP BANKOWY Otworthy Fundusz Emerytalny	24,712,198	24,712,198	5.52%	5.52%

Shareholders having directly or indirectly at least 5% of overall number of votes at general meeting of shareholders as at the date hereof pursuant to the information obtained by the Issuer:

Shareholder	Number of shares	Number of votes	Share in Share Capital (%)	Share (%) in total vote at general meeting
Otwarty Fundusz Emerytalny PZU "Złota Jesień"	85,289,660	85,289,660	19.06 %	19.06%
Nationale-Nederlanden Otworthy Fundusz Emerytalny	83,470,921	83,470,921	18.65 %	18.65%
AVIVA Otworthy Fundusz Emerytalny AVIVA Santander	65,543,000	65,543,000	14.64%	14.64%
MetLife Otworthy Fundusz Emerytalny	36,290,859	36,290,859	8.11%	8.11%
PKO BP BANKOWY Otworthy Fundusz Emerytalny	24,712,198	24,712,198	5.52%	5.52%

21.2. Supplementary capital

As at 30 June 2022, supplementary capital totalled PLN 457,973,000, compared to PLN 417,696,000 as at 31 December 2021.

The supplementary capital was created with the surplus of the issue value over the par value of PLN 321,452,000, less share issue costs disclosed as a decrease in the supplementary capital in the amount of PLN 13,215,000. The supplementary capital was used to cover the losses from years 2006, 2008 and 2009, in the total amount of PLN 20,240,000. The supplementary capital was increased by the amount of profit from the year 2007 and years 2010-2014 in the total amount of PLN 106,496,000, while in 2014 and 2015 a total of PLN 100,000,000 was transferred to reserve funds.

In the reporting period ended 31 December 2016, by way of a resolution of the Ordinary General Meeting adopted on 13 April 2016, the reserve funds in the amount of PLN 100,000,000 were released and transferred to the supplementary capital in full. The funds accumulated in supplementary capital were used to pay out dividends in the amount of PLN 63,481,000.

In the reporting period ended 31 December 2017, by way of a resolution of the Ordinary General Meeting adopted on 27 April 2017, the funds accumulated in the supplementary capital were used for the payment of dividend in the amount of PLN 111,000.

In the reporting period ended 31 December 2018, by way of a resolution of the Ordinary General Meeting adopted on 27 June 2018, the funds accumulated in the supplementary capital were used for the payment of dividend in the amount of PLN 6,505,000.

In the reporting period ended 31 December 2019, by way of the resolution of the Ordinary General Meeting adopted on 13 June 2019, the funds accumulated in the supplementary capital were used for the payment of dividend in the amount of PLN 2,180,000.

In the reporting period ended 31 December 2021, by virtue of the resolution of the Ordinary General Meeting adopted on 31 August 2020, a portion of profit for the period ended 31 December 2019 – in the amount of PLN 31,308,000 was allocated for supplementary capital.

In the reporting period ended 31 December 2021, by virtue of the resolution of the Ordinary General Meeting adopted on 30 June 2021, a portion of profit for the period ended 31 December 2020 – in the amount of PLN 64,172,000 was allocated for supplementary capital.

In the reporting period ended 30 June 2022, by virtue of the resolution of the Ordinary General Meeting adopted on 17 May 2022, a portion of profit for the period ended 31 December 2021 – in the amount of PLN 40,277,000 was allocated for supplementary capital.

The below table presents the structure of supplementary capital:

Surplus of the issue value over the par value adjusted for issue costs (Agio)	308,237
Covering of losses of 2006, 2008, 2009	(20,240)
Supplementary capital from agio	287,997
2007, 2010-2014, 2019-2021 profit carryforward	242,253
Payment of dividend	- 72,277
Supplementary capital from profit	169,976
	457,973

21.3. Other reserve funds

As at 30 June 2022, reserve funds totalled PLN 16,369,000, compared to PLN 100,205,000 as at 31 December 2021.

Reserve funds were created by virtue of the resolution of the Ordinary General Meeting adopted on 31 August 2020 from a portion of profit for the period ended 31 December 2019 – in the amount of PLN 100,205,000.

In the reporting period ended 30 June 2022, by virtue of the resolution of the Ordinary General Meeting adopted on 17 May 2022, a portion of reserve funds – in the amount of PLN 83,836,000 was allocated for payment to shareholders.

21.4. Other capitals

Other capitals, created as a result of the fair value measurement of management options in 2007, amounted to PLN 3,108,000 less PLN 40,000 resulting from the settlement of the merger with LC Corp Invest Sp. z o. o. on 17 November 2011.

On 15 July 2019, the Company merged with LC Corp Invest XX Sp. z o.o., and consequently, the value of Other capital decreased by a total of PLN 831,000. As at 31 December 2019, the value of Other capitals was PLN 2,237,000 (figures published).

On 01 October 2020, the Company merged with LC Corp Invest XXI Sp. z o.o. and LC Corp Invest XXIV Sp. z o.o., consequently, the value of Other capital decreased by a total of PLN 243,000. On account of the settlement of that merger, figures as at 31 December 2019 were restated and amounted to PLN 1,994,000.

On 30 June 2021, the Ordinary General Meeting adopted resolutions on the Company's approval of the incentive scheme for management board members and company key personnel described in Note 19. The valuation of the incentive scheme carried out as at 31 December 2021 was PLN 4,309,000 and as at 30 June 2022 PLN 4,299,000, and was recognised in other capitals.

As at 30 June 2022, the value of other capitals totalled PLN 10,602,000, compared to PLN 6,303,000 as at 31 December 2021.

22. Financial Liabilities

22.1. Interest-bearing bank loans, bonds, bills of exchange and borrowings

Non-current	Repayment date	Interest rate	30 June 2022 (unaudited)	31 December 2021 (audited)
Bond scheme (a)(*)		Wibor 6M+margin	-	-
Bond scheme (b)(*)		Wibor 6M+margin	-	-
Bond scheme (c)(**)		Wibor 6M+margin	-	-
Bond scheme (d) (**)		Wibor 6M+margin	-	-
Bond scheme (e)		Wibor 6M+margin	-	-
Bond scheme (f)		Wibor 6M+margin	-	-
Bond scheme (g)		Wibor 3M+margin	-	-
Bond scheme (h)	22-05-2023	Wibor 3M+margin	-	59,810
Bond scheme (i)	06-10-2023	Wibor 3M+margin	69,771	69,625
Bond scheme (j)	10-05-2024	Wibor 3M+margin	149,279	149,085
Bond scheme (k)	08-10-2024	Wibor 3M+margin	99,413	99,216
Investment notes (l)	-	IRS 2Y of 08/03/2012+margin	-	-
Investment notes (m)	-	Wibor 1M of 07/12/2010+margin	-	-
Borrowing (n)	indefinite	EURIBOR 1M+margin	25,148	24,432
Borrowing (o)	indefinite	Wibor 6M+margin	92,497	87,361
Borrowing (p)	indefinite	Wibor 6M+margin	27,070	25,611
Borrowing (q)	indefinite	EURIBOR 1M+margin	0	2,804
Borrowing (r)	indefinite	Wibor 6M+margin	32,828	31,166
Borrowing (s)	indefinite	Wibor 6M+margin	10,929	10,376
Borrowing (t)	indefinite	Wibor 6M+margin	22,186	40,384
Borrowing (u)	indefinite	Wibor 6M+margin	2,723	-
Borrowing (v)	indefinite	Wibor 6M+margin	17,647	-
Bank loan (w)	01-12-22	Wibor 1M+margin	-	-
Bank loan (x)	04-11-23	Wibor 1M+margin	-	84
Bank loan (y)	28-04-23	Wibor 3M+margin	-	-
Bank loan (z)	31-12-22	Wibor 3M+margin	-	-
Bank loan (aa)	12-04-24	Wibor 1M+margin	-	-
			549,491	599,954

Current	Repayment date	Interest rate	30 June 2022 (unaudited)	31 December 2021 (audited)
Bond scheme (a)(*)		Wibor 6M+margin	-	-
Bond scheme (b)(*)		Wibor 6M+margin	-	-
Bond scheme (c)(**)		Wibor 6M+margin	-	-
Bond scheme (d) (**)		Wibor 6M+margin	-	-
Bond scheme (e)	05-06-22	Wibor 6M+margin	-	50,154
Bond scheme (f)	28-02-22	Wibor 6M+margin	-	18,707
Bond scheme (g)	19-10-22	Wibor 3M+margin	20,347	20,134
Bond scheme (h)	23-05-23	Wibor 3M+margin	60,497	327
Bond scheme (i)	07-07-22	Wibor 3M+margin	1,306	-
Bond scheme (j)	11-08-22	Wibor 3M+margin	1,875	912
Bond scheme (k)	08-10-22	Wibor 3M+margin	1,713	-

Develia S.A.

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Investment notes (l)	31-12-22	IRS 2Y of 08/03/2012+margin	6,779	6,646
Investment notes (m)	09-12-22	Wibor 1M of 07/12/2010+margin	49,331	48,290
Borrowing (n)	indefinite	EURIBOR 1M+margin	-	-
Borrowing (o)	indefinite	Wibor 6M+margin	-	-
Borrowing (p)	indefinite	Wibor 6M+margin	-	-
Borrowing (q)	indefinite	EURIBOR 1M+margin	-	-
Borrowing (r)	indefinite	Wibor 6M+margin	-	-
Borrowing (s)	indefinite	Wibor 6M+margin	-	-
Borrowing (t)	indefinite	Wibor 6M+margin	-	-
Borrowing (u)	indefinite	Wibor 6M+margin	-	-
Borrowing (v)	indefinite	Wibor 6M+margin	-	-
Bank loan (w)	01-12-22	Wibor 1M+margin	-	-
Bank loan (x)	04-11-23	Wibor 1M+margin	-	-
Bank loan (y)	28-04-23	Wibor 3M+margin	-	-
Bank loan (z)	31-12-22	Wibor 3M+margin	7,316	6,189
Bank loan (aa)	12-04-24	Wibor 1M+margin	-	-
			149,164	151,359

(*) On 23 December 2016, the assimilation of bonds issued on 19 August 2016 with bonds issued on 10 May 2016 took place on the "Catalyst" bond market

(**) On 25 April 2017, the assimilation of bonds issued on 27 October 2016 with bonds issued on 6 October 2016 took place on the "Catalyst" bond market

- Coupon bonds – the issue 10 May 2016, including 85,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 85,000,000 under a Bond Issue Agreement concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw. (*) On 23 December 2016, the assimilation of the bonds of the series in question with the bonds issued on 19 August 2016 took place on the "Catalyst" bond market. On 10 May 2021, Develia S.A. redeemed the bonds.
- Coupon bonds – the issue 19 August 2016, including 15,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 15,000,000 under a Bond Issue Agreement concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw. (*) On 23 December 2016, the assimilation of the bonds of the series in question with the bonds issued on 10 May 2016, took place on the "Catalyst" bond market. On 10 May 2021, Develia S.A. redeemed the bonds.
- Coupon bonds – the issue of 6 October 2016, including 25,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 25,000,000 under a Bond Issue Agreement with the redemption date set at 6 October 2021 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw. On 25 April 2017, the assimilation of bonds of these series with bonds issued on 27 October 2016 a yearly place on the "Catalyst" bond market. On 06 October 2021, Develia S.A. redeemed the bonds.
- Coupon bonds – the issue of 27 October 2016, including 15,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 15,000,000 under a Bond Issue Agreement with the redemption date set at 6 October 2021 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw.

(*) On 25 April 2017, the assimilation of the bonds of the series in question with the bonds issued on 6 October 2016, took place on the "Catalyst" bond market. On 06 October 2021, Develia S.A. redeemed the bonds.

- e) Coupon bonds – the issue of 5 December 2017, including 50,000 five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 50,000,000 under a Bond Issue Agreement with the redemption date set at 5 June 2022 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw. On 31 March 2022, Develia S.A. partially redeemed bonds of PLN 19,000,000 before the bond maturity date. On 03 June 2022, Develia S.A. redeemed the bonds
- f) Coupon bonds – the issue of 28 February 2018, including 45,000 four-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 45,000,000 under a Bond Issue Agreement with the redemption date set at 28 February 2022 concluded with the banks Pekao S.A., having its registered office in Warsaw, and mBank S.A., having its registered office in Warsaw. On 23 December 2021, Develia S.A. completed the early redemption of 26,504 bonds. On 28 February 2022, Develia S.A. redeemed the bonds.
- g) Coupon bonds – the issue of 19 October 2018, including 66,000 four-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 66,000,000 under a Bond Issue Agreement with the redemption date set at 19 October 2022 concluded with mBank S.A., having its registered office in Warsaw. The Company received calls for early redemption in the total amount of PLN 46,000,000 and on 20 July 2020 it redeemed the bonds before their maturity date in the amount of PLN 46,000,000. The value of obligations still outstanding and to be redeemed as at 19 October 2022 equals PLN 20,000,000.
- h) Coupon bonds – the issue of 22 May 2019, including 60,000 four-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 60,000,000 under a Bond Issue Agreement with the redemption date set at 22 May 2023 concluded with mBank S.A., having its registered office in Warsaw.
- i) Coupon bonds – the issue of 7 October 2020, including 70,000 three-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 70,000,000 under a Bond Issue Agreement with the redemption date set at 6 October 2023 concluded with mBank S.A., having its registered office in Warsaw.
- j) Coupon bonds – the issue of 11 May 2021, including 150,000 three-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 150,000,000 under a Bond Issue Agreement with the redemption date set at 10 May 2024 concluded with mBank S.A., having its registered office in Warsaw.
- k) Coupon bonds – the issue of 08 October 2021, including 100,000 three-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 100,000,000 under a Bond Issue Agreement with the redemption date set at 08 October 2024 concluded with mBank S.A., having its registered office in Warsaw.
- l) Investment notes – the issue of 9 March 2012 of seven investment notes having a par value of PLN 2,000,000 each, taken up by a subsidiary – Arkady Wrocławskie S.A. On 31 January 2014, an amendment was signed to reschedule the redemption date of the notes from 31 January 2014 to 31 January 2017. On 30 January 2017, an amendment was signed to reschedule the redemption date of the notes from 31 January 2017 to 30 November 2017. On 30 November 2017, an amendment was signed to reschedule the redemption date of the notes from 30 November 2017 to 30 November 2019. On 27 November 2019, an amendment was signed to reschedule the redemption date of the notes for 30 November 2021. On 04 November 2021, an amendment was signed to reschedule the redemption date of the notes to 30 June 2022. On 24 May 2022, an amendment was signed to reschedule the redemption date of the notes to 31 December 2022.
- m) Investment notes – the issue of 9 December 2010 of thirty investment notes having a par value of PLN 1,000,000 each, taken up by a subsidiary – Warszawa Przyokopowa Sp. z o.o. On 9 December 2013, an amendment was signed to reschedule the redemption date of the notes from 9 December 2013 to 9 December 2016. On 28 November 2016, an amendment was signed to

- reschedule the redemption date of the notes for 9 December 2019. On 27 November 2019, an amendment was signed to reschedule the redemption date of the notes to 9 December 2022.
- n) Borrowing – on 27 February 2019, Develia S.A. entered into a borrowing agreement with Warszawa Przyokopowa Sp. z o.o. under which a sum of EUR 5,000,000 was borrowed for an indefinite period of time.
 - o) Borrowing – on 18 December 2019, Develia S.A. entered into a borrowing agreement with LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. under which a sum of PLN 82,500,000 was borrowed for an indefinite period of time.
 - p) Borrowing – on 24 February 2020, Develia S.A. entered into a borrowing agreement with Warszawa Przyokopowa Sp. z o.o. under which a sum of PLN 25,000,000 was borrowed for an indefinite period of time.
 - q) Borrowing – on 27 March 2020, Develia S.A. entered into a borrowing agreement with Warszawa Przyokopowa Sp. z o.o. under which a sum of EUR 587,000 was borrowed for an indefinite period of time.
 - r) Borrowing – on 20 April 2021, Develia S.A. entered into a borrowing agreement with Warszawa Przyokopowa Sp. z o.o. under which a sum of PLN 30,000,000 was borrowed for an indefinite period of time.
 - s) Borrowing – on 30 April 2021, Develia S.A. entered into a borrowing agreement with LC Corp Invest XI Sp. z o.o. under which a sum of PLN 10,000,000 was borrowed for an indefinite period of time.
 - t) Borrowing – on 02 November 2021, Develia S.A. entered into a borrowing agreement with LC Corp Invest XV Projekt 2 Sp. kom under which a sum of PLN 40,000,000 was borrowed for an indefinite period of time.
 - u) Borrowing – on 30 May 2022, Develia S.A. entered into a borrowing agreement with LC Corp Invest VIII Sp. z o.o. under which a sum of PLN 17,500,000 was borrowed for an indefinite period of time.
 - v) Borrowing – on 30 May 2022, Develia S.A. entered into a borrowing agreement with LC Corp Invest III Sp. z o.o. under which a sum of PLN 2,700,000 was borrowed for an indefinite period of time.
 - w) mBank revolving loan in the amount of PLN 35,000,000 granted by mBank S.A. under a revolving loan agreement of 03 December 2020, designated for financing day-to-day company's operations. On 1 April 2021, Develia S.A. and mBank S.A. made an amendment to a revolving loan agreement of 3 December 2020, under which the loan repayment security list was supplemented, enabling the company to utilise the full amount of loan up to the amount of PLN 35,000,000. As at the date hereof, no loan disbursement was made.
 - x) Santander Bank Polska S.A. loan – on 4 March 2021, Develia S.A. and Santander Bank Polska S.A. entered into a loan agreement for the amount of up to PLN 36,270,000 for the financing or refinancing of costs relating to the construction of a property development project called "Prestovia House" in Warsaw. On 31 January 2022, the loan agreement was closed prior to the contractual date, as the consequence of which all obligations arising from the above agreement were extinguished.
 - y) PKO BP revolving loan – on 29 April 2021, Develia S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. made an overdraft facility agreement, under which the bank granted to the company a PLN 20,000,000 loan designated for financing current liabilities arising from operations carried on, including the costs of projects being implemented (including purchase of land). The loan was provided to the company for the period from the date of signature of the loan agreement to 28 April 2022. On 27 April 2022, Develia S.A. and PKO BP S.A. made Amendment no. 1 to the 29 April 2021 overdraft facility agreement, pursuant to which the lending period was

extended to 28/04/2023, the amount borrowed was increased to PLN 50,000,000 and modifications to the loan repayment security were made. On 3 August 2022, Develia S.A. and PKO BP S.A. made Amendment no. 2 to the 29 April 2021 overdraft facility agreement, pursuant to which modifications to the loan repayment security were made. As at the date hereof, no loan disbursement was made.

- z) "Kaskady Różanki" BOŚ loan – on 11 August 2021, the Company and Bank Ochrony Środowiska S.A. entered into a non-revolving loan agreement for the amount of up to PLN 33,700,000 for the financing or refinancing of costs relating to the construction of a property development project called "Kaskady Różanki" in Wrocław.
- aa) Santander Bank Polska S.A. loan of up to PLN 30,000,000 under a loan agreement entered into with Santander Bank Polska S.A. on 12 April 202, designated for the day-to-day financing of property development activity. The final repayment date has been agreed at 12 April 2024. As at the date hereof, no loan disbursement was made.

In the period of 6 months ended 30 June 2022 and in 2021, the average weighted interest was as follows – for loans: 6.65%, for bonds: 6.51%, for investment notes: 5.77% and for borrowings: 6.28% (in the period ended 31 December 2021, it was – for loans: 2.74%, for bonds: 3.51%, for investment notes: 5.77% and for borrowings: 3.99%).

The below financial liabilities are presented in correlation with the figures showed in the above table and refer to loans, bonds, borrowings and notes, broken down into maturity dates.

	<1 month	1-3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Borrowings								231,028	231,028
Notes			56,110					-	56,110
Bonds (floating interest)	1,306	1,875	82,557	219,050	99,413			-	404,201
Bank loan (WIBOR)			7,316					-	7,316
	1,306	1,875	145,983	219,050	99,413	0	0	231,028	698,655

22.2. Information about Failure to Repay Loan or Borrowing or Infringement of Material Provisions of Loan or Borrowing Agreement With Regard to Which No Corrective Actions Were Taken by the End of the Reporting Period

In the period ended 30 June 2022, no such event occurred.

22.3. Liquidity

The Company aims to maintain a balance between the continuity and flexibility of financing by means of using different sources of financing such as bank loans and bonds. The Company has its own funds which are used for securing day-to-day operations and ongoing property development projects, however, it is required to obtain further financing through taking out bank loans or issuing bonds to expand the business. When setting repayment dates of further loan instalments, the Company strives to make sure that proceeds from the sales of individual projects are already available.

The Company's liquidity is very good – cash and current financial assets ensure the servicing of current financial liabilities in a timely fashion. Revenue from the sale of residential premises of various projects is a source for the repayment of bonds for the financing of the Company's residential segment.

A maturity analysis of financial assets and liabilities is presented in individual notes relating to those categories of the financial statements.

22.4. Issue, Redemption of Equity Securities

On 28 February 2022, Develia S.A. redeemed four-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 18,496,000.

On 31 March 2022, the Company redeemed on maturity five-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 19,000,000.

On 05 June 2022, Develia S.A. redeemed on maturity four-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 31,000,000.

In the period of 6 months ended 30 June 2022, no notes were issued nor redeemed.

22.5. Taking out and Repayment of Bank Loans and Borrowings

- 1) On 31 January 2022, a loan agreement with Santander Bank Polska S.A. designated for the financing or refinancing of costs relating to the construction of a property development project called "Prestovia House" in Warsaw was closed. The Company repaid the loan in the amount of PLN 84,000 prior to the contractual date, as the consequence of which all obligations arising from it were extinguished.
- 2) On 12 April 2022, the Company and Santander Bank Polska S.A. entered into a loan of up to PLN 30,000,000 designated for the day-to-day financing of property development activity. The final repayment date has been agreed at 12 April 2024. As at the date hereof, no loan disbursement was made.
- 3) In the period of 6 months ended 30 June 2022, Develia S.A. drew down funds in the total amount of PLN 1,055,000 in accordance with an agreement made with Bank Ochrony Środowiska S.A. under which a loan was provided for the financing or refinancing of costs relating to the construction of a property development project called "Kaskady Różanki" in Wrocław. As at 30 June 2022, the total outstanding amount was PLN 7,316,000.
- 4) On 30 May 2022, Develia S.A. entered into a borrowing agreement with LC Corp Invest VIII Sp. z o.o., under which a sum of EUR 17,500,000 was borrowed on arm's length conditions for an indefinite period of time.
- 5) On 30 May 2022, Develia S.A. entered into a borrowing agreement with LC Corp Invest III Sp. z o.o., under which a sum of EUR 2,700,000 was borrowed on arm's length conditions for an indefinite period of time.
- 6) In the period of 6 months ended 30 June 2022, Develia S.A. paid off a borrowing to Develia Warszawa Sp. z o.o. in the amount of EUR 587,000, including interest.
- 7) In the period of 6 months ended 30 June 2022, Develia S.A. paid off a borrowing to LC Corp Invest XV Sp. z o.o. Projekt 2 Sp.k. in the amount of PLN 19,500,000, including interest.

23. Liabilities

23.1. Trade and other payables

	30 June 2022	31 December 2021
Trade payables	104,546	172,150
State budget liabilities (without income tax)	4,126	1,050
Liabilities on account of security deposits (including sums paid in for the reservation of premises)	6,785	3,872
Other payables	710	270
	116,167	177,342

As at 30 June 2022, financial liabilities broken down by maturity dates and with maturity below 1 year are as follows:

	<1 month	1-3 months	3-12 months	Total 1
Trade payables	51,932	12,614	40,000	104,546
	51,932	12,614	40,000	104,546

As at 31 December 2021, financial liabilities broken down by maturity dates and with maturity below 1 year are as follows:

	<1 month	1-3 months	3-12 months	Total 1
Trade payables	172,130	19	1	172,150
	172,130	19	1	172,150

Budget liabilities concern mainly personal income tax, the Social Insurance Institution (ZUS), VAT and civil-law taxes. Budget liabilities are settled at statutory dates.

Liabilities on account of security deposits pertain mainly to sums withheld in connection with the construction of property development projects and sums paid for the reservation of residential premises located in housing projects built by the Company.

Other liabilities include mainly PPK (Employee Capital Plan: occupational pension savings plan) contributions payable until one month and mandatory ZFSS (company social contribution fund) payments.

23.2. Lease liabilities

The below tables shows discounted lease payments as at 30 June 2022, broken down into maturity periods:

	30 June 2022 (unaudited)	31 December 2021 (audited)
up to 1 month	199	208
between 1 and 3 months	292	1,881
between 3 and 12 months	3,923	1,084
between 1 year and 2 years	3,989	3,272
between 2 and 3 years	2,711	3,054
between 3 and 4 years	2,387	2,598
between 4 and 5 years	1,904	1,904
above 5 years	29,369	29,417
Total	44,774	43,418

24. Provisions

The amounts of provisions and the reconciliation presenting the changes in their position within the period of 6 months are shown in the table below:

	<i>Retirement and disability benefits and bereavement payment</i>	<i>Remedy of construction faults and defects</i>	<i>Penalties and Damages</i>	<i>Other</i>	<i>Total</i>
As at 01 January 2022	445	25	5	77	552
Created during the financial year	0	0	0	140	140
Used	0	0	(4)	0	(4)
Reversed	0	0	0	0	0
As at 30 June 2022	445	25	1	217	688
Current provisions as at 30 June 2022	0	25	1	217	243
Non-current provisions as at 30 June 2022	445	0	0	0	445
As at 01 January 2021	445	-	-	-	445
Created during the financial year	-	25	255	77	357
Used	-	-	(250)	-	(250)
Reversed	-	-	-	-	-
As at 31 December 2021	445	25	5	77	552
Current provisions as at 31 December 2021	-	25	5	77	107
Non-current provisions as at 31 December 2021	445	-	-	-	445

25. Collateral

As at 30 June 2022, the repayment of loans was secured mainly by:

- 1) Security for the bank loan agreement concluded by Arkady Wrocławskie S.A.:
 - Pledge on the shares of Arkady Wrocławskie S.A. held by Develia S.A. – up to the amount of EUR 37,500,000;
- 2) Security for the bank loan agreement signed by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k. in favour of mBank S.A.:
 - A subordination agreement concluded by the borrower, the Issuer and Issuer's other subsidiaries (LC Corp Invest I Sp. z o.o. and LC Corp Invest XVII Sp. z o.o.) as subordinate creditors along with the borrower – as the senior creditor, providing for an assignment as security for all subordinated debts;
 - First-ranking registered pledges on the rights and debts owed to the limited partner and the general partner of the borrower's company (with pledges created in relation to the refinanced debt being senior to all other pledges), each up to EUR 51,280,500 along with a declaration on submission to enforcement pursuant to Article 777(1)(6) of the Code of Civil Procedure;
 - A support agreement concluded with the Issuer, under which the Issuer undertook, among other things, to provide financial support to the borrower, including to provide Debt Service Reserve and replenish it if it has been drawn on, along with the Issuer's declaration on free submission to enforcement towards the lender in relation to the Support Agreement up to EUR 560,000.00 pursuant to Article 777(1)(5) of the Code of Civil Procedure;

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- 3) Security relating to the revolving loan agreement of 3 December 2020 by Develia S.A. and mBank S.A.;
- Contractual mortgage of up to PLN 52,500,000 on the real property which Develia S.A. and subsidiaries LC Corp Invest XV Sp. z o.o. Investments S.K.A. and LC Corp Invest XV Sp. z o.o. Projekt 7 sp. k. own or to which they hold the right of perpetual usufruct;
 - The Company's declaration on voluntary submission to enforcement of up to PLN 52,500,000 pursuant to Article 777(1)(5) of the Code of Civil Procedure;
 - Declarations of LC Corp Invest XV Sp. z o.o. Investments S.K.A. and LC Corp Invest XV Sp. z o.o. Projekt 7 sp. k. on voluntary submission to enforcement in relation to the mortgaged real properties pursuant to Article 777(1)(6) of the Code of Civil Procedure;
 - A blank promissory note along with promissory note declaration serving as legal security for the guarantee of PLN 28,000,000 granted by Bank Gospodarstwa Krajowego, which guarantee will be used as security for the repayment of the loan made by mBank SA.
- 4) Security for the revolving loan agreement of 4 March 2021 made between Develia S.A. and Santander Bank Polska S.A.;
- Mortgage of up to PLN 54,405,000.00 on the right of perpetual usufruct to real estate located in Warsaw at 45a Jagiellońska street;
 - A declaration in the form of a notarial deed on free submission to enforcement in favour of Santander Bank Polska SA pursuant to Article 777(1)(5) of the Code of Civil Procedure, for a sum of up to PLN 54,405,000.00;
 - Registered pledges up to the highest sum of security in the amount of PLN 54,405,000.00 and financial pledges on accounts receivable from bank accounts relating to the project in question, however, as regards accounts receivable from the trust account, only a registered pledge will be established;
 - A hold on bank accounts relating to the project in question has been placed (except for the trust account);
 - An assignment agreement signed as security for cash receivables arising from the Project in question;
 - A power of attorney granted to the bank in respect of the bank accounts and to place a hold on bank accounts in the cases stipulated in the loan agreement.
- The loan agreement was closed on 31 January 2022, leading to all obligations arising from it being extinguished.
- 5) Security for the revolving loan agreement of 29 April 2021 made between Develia S.A. and Powszechna Kasa Oszczędności Bank Polski S.A.;
- Joint mortgage of up to PLN 75.000.000,00 on the real properties which Develia S.A. owns or to which it holds the right of perpetual usufruct;
 - A declaration in the form of a notarial deed on free submission to enforcement in favour of PKO BP SA pursuant to Article 777(1)(5) of the Code of Civil Procedure, for a sum of up to PLN 75.000.000,00;
 - A financial and registered pledge up to the highest sum of security amounting to PLN 75.000.000,00 on cash deposited in the current account;
- 6) Security for the non-revolving loan agreement of 11 August 2021 made between Develia S.A. and Bank Ochrony Środowiska S.A.:
- Mortgage of up to PLN 50,550,000.00 on real property located in Wrocław at Chorwacka street, recorded in the Land and Mortgage Register No. WR1K/00091989/0, along with an assignment from insurance policy with coverage for construction risks, and following the completion of the Project along with an assignment from a real property insurance policy;
 - A declaration on voluntary submission to enforcement pursuant to Article 777(1)(5) of the Code of Civil Procedure for a sum of up to PLN 50,550,000.00;
-

- Financial pledge up to the highest sum of security in the amount of PLN 50,550,000.00 on rights to cash deposited in the borrower's accounts maintained with Bank Ochrony Środowiska S.A., along with a netting provision;
 - Power of attorney granted to a bank by the Company to draw down cash deposited in the borrower's bank accounts;
 - Assignment of receivables arising from a contract made with the general contractor of the project;
 - A hold placed on bank accounts relating to the project (except for the trust account);
 - Transfer of copyrights for all forms of exploitation and derivative rights to design documentation and architect's on-site supervision services for the project under a condition precedent of entry into force should the Loan Agreement be terminated by the Bank.
- 7) Security for the revolving loan agreement of 12 April 2022 made between Develia S.A. and Santander Bank Polska S.A.:
- Mortgage up to PLN 45,000,000 on the real properties which Develia S.A. owns or to which it holds the right of perpetual usufruct;
 - A declaration on voluntary submission to enforcement of up to PLN 45,000,000 pursuant to Article 777(1)(5) of the Code of Civil Procedure;
 - Financial and registered pledge up to the highest sum of security in the amount of PLN 45,000,000 on rights to cash deposited in the borrower's accounts maintained with bank Santander Bank Polska S.A.;
 - Power of attorney granted to a bank by the Company to draw down cash deposited in the borrower's bank accounts;

26. Changes in Contingent Assets and Liabilities

As from the end of the last financial year, there were no significant changes with regard to the Company's contingent assets and contingent liabilities.

In addition to the contingent liabilities serving as security for the bank loans described in detail in Note 21, the Company has contingent liabilities arising from a contingent fee of PLN 116,000 for the removal of trees, necessary for projects carried out by the Company.

In addition to the foregoing, as a result of the disposal of real property by entities controlled by the Company, the Company guaranteed that the said entities would discharge their obligations arising from the Agreement concluded.

In pursuance of the Sales and Purchase Agreements covering two real properties: Silesia Star in Katowice and Retro Office House in Wrocław, described in section 2.1 of the Agreement, the Company furnished the Purchasers, Ingadi spółka z ograniczoną odpowiedzialnością ("Ingadi") and Artigo spółka z ograniczoną odpowiedzialnością ("Artigo"), with rent guarantees issued for a five-year period (covering, inter alia, not leased floor areas), secured by suretyship provided by the Company (as the surety of LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. ("P20") and LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k. ("P21"), acting as the Sellers and debtors). In relation to the aforesaid suretyship, the Company will guarantee that:

- (i) obligations and liabilities arising from the Final Agreements will be discharged by P20 and P21, and
- (ii) obligations and liabilities of P20 and P21 relating to finish works to be done by tenants designated in the Final Agreements will be discharged by P20 and P21, and
- (iii) obligations and liabilities of P20 and P21 arising from the rent guarantee agreements contemplated in the Preliminary Sales and Purchase Agreements will be discharged by P20 and P21, and
- (iv) the Company will incur debts of P20 and P21 arising from obligations and liabilities of P20 and P21 under the Final Agreements and rent guarantee agreements if the Sellers have ceased

their operations, have gone into liquidation or have been dissolved, which circumstances will be described in the surety arrangement.

In pursuance of the Sales and Purchase Agreement covering the real property called Wola Center in Warsaw, described in Note 37 of the Financial Statements for the period ended 31 December 2021, the Company has undertaken to the Purchaser to stand surety for the Seller - Warszawa Przyokopowa Spółka z ograniczoną odpowiedzialnością and the debtor. Under the said commitment the Company guaranteed, among other things, that:

- (i) The Seller would perform the obligations and discharge the liabilities of Warszawa Przyokopowa, acting as the Seller, arising from agreements covering the subject-matter of the Transaction, and
- (ii) The Company would incur debts of WP arising from obligations and liabilities of WP under the FSPA, if the Seller has ceased its operations, has gone into liquidation or has been dissolved, which circumstances were described in the surety arrangements,
- (iii) The contractual penalty would be paid, should the Purchaser withdraw from the agreement due to reasons attributable to the Seller.

In pursuance of the sale and purchase agreement for the disposal of 79.55% share in the ownership right to developed land located in Wrocław, on which a multi-purpose building called "Sky Tower" is built, entered into on 15 March 2022 between an Issuer's subsidiary, Sky Tower S.A., as the seller, and Olimp Investment Sp. z o.o., with its registered office in Warsaw, as the purchaser, the Issuer granted corporate guarantee up to the amount of EUR 2,438,481.95, to be used as security for the seller's, i.e. Develia Wrocław S.A.'s (formerly Sky Tower S.A.), performance of its obligations arising from the said agreement.

Apart from the aforesaid contingent liabilities arising from security for bank loans contingent fees relating to the removal of trees and arising from the real property sales and purchase agreements entered into, as at 30 June 2022, the Company did not have any other significant contingent liabilities.

27. Court Proceedings

As at 30 June 2022, there were no significant proceedings before the court or arbitration or public administration authorities with regard to liabilities or receivables of Develia S.A., the value of which would have an important bearing on the financial standing of the Company. The Company is a party to court and public administration proceedings whose value is insignificant for its operations or financial standing. Each case is examined individually in terms of its relevance for the company.

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28. Related Party Transactions

The following tables show the total amounts of transactions concluded with related undertakings for the period of 6 months ended 30 June 2022 (unaudited), for the period of 6 months ended 30 June 2021 (unaudited) and for the period ended 31 December 2021 (audited):

The following table shows the total amounts of transactions concluded with related undertakings for the period ended 30 June 2022 (unaudited):

Related undertaking		Sale	Purchases	Trade and other receivables	Liabilities and other payables	Borrowings and non-current receivables and current financial assets	Financial Liabilities	Financial income (interest, dividends)	Financial expenses (interest, discounts)
Subsidiary undertakings									
Arkady Wrocławskie S.A.	2022	989	1,406	464	167	25,920	6,779	289	133
Sky Tower S.A.	2022	36,249	19	162	-	-	-	57,616	-
Warszawa Przyokopowa Sp. z o.o.	2022	52	-	10	-	-	134,378	4,430	-
Kraków Zielony Złocię Sp. z o.o.	2022	905	-	172	-	-	-	81,959	-
LC Corp Invest I Sp. z o.o.	2022	28	-	5	-	-	-	14	-
LC Corp Invest II Sp. z o.o.	2022	94	-	17	-	2,835	-	77	-
LC Corp Invest III Sp. z o.o.	2022	32	-	5	-	-	2,723	1,743	24
LC Corp Invest VII Sp. z o.o.	2022	475	-	67	-	-	-	4,595	-
LC Corp Invest VIII Sp. z o.o.	2022	189	-	40	-	-	17,647	17,134	159
LC Corp Invest IX Sp. z o.o.	2022	501	-	95	-	18,532	-	3,736	-
LC Corp Invest X Sp. z o.o.	2022	461	-	83	-	-	-	16,020	-
LC Corp Invest XI Sp. z o.o.	2022	13	-	2	-	-	10,929	15,076	315
LC Corp Invest XII Sp. z o.o.	2022	275	40	38	9	-	-	15,381	-
LC Corp Invest XV Sp. z o.o.	2022	22	-	4	-	-	-	1,219	-
LC Corp Invest XV Sp. z o.o. Projekt 2 Sp.k	2022	422	29	49	8	-	22,186	-	3,150
LC Corp Invest XV Sp. z o.o. Projekt 4 Sp.k	2022	95	54	12	11	-	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 6 Sp.k	2022	75	-	9	-	-	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 7 Sp.k	2022	605	37	141	8	-	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 8 Sp.k	2022	184	-	17	-	-	-	-	-
LC Corp Invest XV Sp. z o.o. Investments S.K.A.	2022	3,855	-	146	-	-	-	-	-

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LC Corp Invest XVI Sp. z o.o.	2022	13	-	2	-	-	-	-	-
LC Corp Invest XVII Sp. z o.o.	2022	16	-	2	-	-	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 20 Sp.k	2022	85	-	14	-	-	92,497	4,689	988
LC Corp Invest XVII Sp. z o.o.Projekt 21 Sp.k	2022	28	-	5	-	-	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 22 Sp.k	2022	458	567	330	2	-	-	-	2,596
LC Corp Service S.A. *)	2022	161	-	38	-	-	-	-	-
Develia Sp. z o.o.	2022	204	-	30	-	27,938	-	839	-
Projekt Mysliborska Sp. z o.o. Sp.k.	2022	-	-	-	-	1,409	-	19	-
Total		48,486	2,152	1,959	205	76,634	287,139	224,836	7,365
Management and Supervisory Board									
		Payroll	Purchases						
Management Board	2022	7,170	34	-	-	-	-	-	-
Supervisory Board	2022	379	-	-	-	-	-	-	-

*) In the period ended 30 June 2022, Develia S.A. made a payment of PLN 495,000 in the increased share capital of the company proportionately to a share held (see Note 4).

The following table shows the total amounts of transactions concluded with related undertakings for the year ended 31 December 2021 (audited):

Related undertaking		Sale	Purchases	Trade and other receivables	Liabilities and other payables	Borrowings and non-current receivables and current financial assets	Financial Liabilities	Financial income (interest, dividends)	Financial expenses (interest, discounts)
Subsidiary undertakings									
Arkady Wrocławskie S.A.	2021	2,480	2,428	1,135	22	25,811	6,646	621	298
Sky Tower S.A.	2021	3,940	1	1,412	1	22,260	-	839	-
Warszawa Przyokopowa Sp. z o.o.	2021	125	-	750	200	-	132,303	1,299	4,476
Kraków Zielony Złocień Sp. z o.o.	2021	2,103	274	184	20	-	-	42,590	-
LC Corp Invest I Sp. z o.o.	2021	63	-	10	9	-	-	154	-
LC Corp Invest II Sp.z o.o.	2021	264	-	81	-	2,250	-	55	-
LC Corp Invest III Sp. z o.o.	2021	99	-	15	17	-	-	9,318	8,475
LC Corp Invest VII Sp.z o.o.	2021	937	2	97	22	-	-	4,373	-

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LC Corp Invest VIII Sp.z o.o.	2021	711	53	68	146	-	-	16,466	-
LC Corp Invest IX Sp.z o.o.	2021	820	-	136	-	18,762	-	641	-
LC Corp Invest X Sp.z o.o.	2021	994	48	89	39	-	-	30,922	-
LC Corp Invest XI Sp.z o.o.	2021	30	-	6	-	-	10,376	11,554	279
LC Corp Invest XII Sp. z o.o.	2021	677	60	80	34	-	-	15,500	-
LC Corp Invest XV Sp. z o.o.	2021	38	-	4	5	-	-	1,092	-
LC Corp Invest XV Sp. z o.o.Projekt 2 Sp.k	2021	1,337	74	161	88	-	40,384	-	314
LC Corp Invest XV Sp. z o.o.Projekt 4 Sp.k	2021	649	74	85	39	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 6 Sp.k	2021	217	-	34	1	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 7 Sp.k	2021	746	71	80	8	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 8 Sp.k	2021	1,055	-	101	18	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 10 Sp.k	2021	160	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 11 Sp.k	2021	122	3	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o.Investments S.K.A.	2021	781	-	194	-	-	-	-	-
LC Corp Invest XVI Sp. z o.o.	2021	37	-	13	-	-	-	-	-
LC Corp Invest XVII Sp. z o.o.	2021	37	-	8	-	-	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 20 Sp.k	2021	135	-	622	300	-	87,360	825	3,368
LC Corp Invest XVII Sp. z o.o.Projekt 21 Sp.k	2021	60	-	422	32	-	-	808	-
LC Corp Invest XVII Sp. z o.o.Projekt 22 Sp.k	2021	1,993	953	653	4	-	-	148	-
LC Corp Service S.A.	2021	432	-	136	-	-	-	-	-
Develia Invest Sp. z o.o.	2021	300	-	98	-	26,219	-	987	-
Atal Service Sp. z o.o.	2021	-	-	-	-	-	-	2	-
Atal S.A.	2021	-	-	-	-	-	-	5	-
Management Board	2021	-	38	-	-	-	-	-	-
Total	2021	21,342	4,079	6,674	1,005	95,302	277,069	138,199	17,210

In the year ended 31 December 2021, the Company made capital contributions to its jointly controlled companies and redeemed subsidiary shares, as described in Notes 5 and 16 of the Financial Statements for the period ended 31 December 2021.

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The following table shows the total amounts of transactions concluded with related undertakings for the period of 6 months ended 30 June 2021 (unaudited):

Related undertaking		Sale	Purchases	Trade and other receivables	Liabilities and other payables	Borrowings and non-current receivables and current financial assets	Financial Liabilities	Financial income (interest, dividends)	Financial expenses (interest, discounts)
Subsidiary undertakings									
Arkady Wrocławskie S.A.	2021	930	1,158	512	248	24,544	6,674	275	167
Sky Tower S.A.	2021	1,432	1	251	1	18,618	-	286	-
Warszawa Przyokopowa Sp. z o.o.	2021	156	-	62	-	-	131,288	-	1,907
Kraków Zielony Złocień Sp. z o.o.	2021	998	24	142	2	-	-	42,590	-
LC Corp Invest I Sp. z o.o.	2021	34	-	6	-	-	-	154	-
LC Corp Invest II Sp. z o.o.	2021	96	-	37	-	1,466	-	21	-
LC Corp Invest III Sp. z o.o.	2021	54	-	8,531	-	2	-	9,318	8,475
LC Corp Invest VII Sp. z o.o.	2021	520	-	108	-	16,983	-	4,248	-
LC Corp Invest VIII Sp. z o.o.	2021	487	39	102	-	-	-	16,466	-
LC Corp Invest IX Sp. z o.o.	2021	414	-	62	-	18,125	-	285	-
LC Corp Invest X Sp. z o.o.	2021	499	21	100	2	8,562	-	19,336	-
LC Corp Invest XI Sp. z o.o.	2021	13	-	2	-	-	10,063	6,754	67
LC Corp Invest XII Sp. z o.o.	2021	378	27	72	6	-	-	-	-
LC Corp Invest XV Sp. z o.o.	2021	22	-	5	-	-	-	1,092	-
LC Corp Invest XV Sp. z o.o. Projekt 2 Sp.k	2021	700	57	235	13	-	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 4 Sp.k	2021	363	26	56	-	-	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 6 Sp.k	2021	116	-	5	-	-	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 7 Sp.k	2021	301	34	105	7	-	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 8 Sp.k	2021	589	-	94	-	-	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 10 Sp.k	2021	115	-	14	-	-	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 11 Sp.k	2021	90	1	12	-	-	-	-	-
LC Corp Invest XV Sp. z o.o. Investments S.K.A.	2021	337	-	258	-	-	-	-	-
LC Corp Invest XVI Sp. z o.o.	2021	13	-	2	-	-	-	-	-

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LC Corp Invest XVII Sp. z o.o.	2021	16	-	2	-	-	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 20 Sp.k	2021	215	-	44	-	-	87,715	-	1,339
LC Corp Invest XVII Sp. z o.o.Projekt 21 Sp.k	2021	46	-	9	-	-	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 22 Sp.k	2021	950	517	386	-	-	-	-	-
LC Corp Service S.A.	2021	160	-	9	-	-	-	-	-
Develia Invest Sp. z o.o.	2021	78	-	13	-	25,319	-	480	-
Atal Service Sp. z .o.o.	2021	-	-	-	-	1,138	-	2	-
Total		10,122	1,905	11,236	279	114,757	235,740	101,307	11,955
Management and Supervisory Board*)									
Management Board	2021	5,508	-	-	-	-	-	-	-
Supervisory Board	2021	356	-	-	-	-	-	-	-

(*) remuneration

28.1. Payment of Dividend by Develia S.A.

On 17 May 2022, the Ordinary General Meeting of Develia S.A. adopted a resolution on the payment of dividend on the following principles:

- a) Amount of dividend: PLN 201.401.239,95
- b) Amount of dividend per share: PLN 0.45
- c) Number of shares subject to dividend: 447,558,311 shares
- d) Record date: 24 May 2022
- e) Dividend payment date: 31 May 2022

Pursuant to the said resolution, Develia S.A. paid the dividend on 31 May 2022.

28.2. Payment of Dividend by Subsidiary Undertakings

- Under the Resolution of the Ordinary General Meeting of Kraków Zielony Złocień Sp. z o.o. carried on 31 March 2022, a portion of dividend for 2021 in the amount of PLN 16,409,000 was paid to Develia S.A. on 11 April 2022.
- Under the Resolution of the Ordinary General Meeting of Kraków Zielony Złocień Sp. z o.o. carried on 31 March 2022, a portion of dividend for 2021 in the amount of PLN 20,050,000 was paid to Develia S.A. on 19 April 2022.
- Under the Resolution of the Ordinary General Meeting of Kraków Zielony Złocień Sp. z o.o. carried on 31 March 2022, a portion of dividend for 2021 in the amount of PLN 108,500,000 was paid to Develia S.A. on 20 April 2022.
- Under the Resolution of the Ordinary General Meeting of Kraków Zielony Złocień Sp. z o.o. carried on 31 March 2022, the remainder of dividend for 2021 in the amount of PLN 35,000,000 was paid to Develia S.A. on 22 April 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest I Sp. z o.o. carried on 21 April 2022, dividend for 2021 in the amount of 14,000 was paid to Develia S.A. on 28 April 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest VII Sp. z o.o. carried on 18 May 2022, previous years' profit in the amount of 4,595,000 was paid to Develia S.A. on 27 May 2022.
- Under the Resolution of the Ordinary General Meeting of Develia Warszawa Sp. z o.o. carried on 18 May 2022, a portion of dividend for 2021 in the amount of PLN 2,200,000 was paid to Develia S.A. on 27 May 2022. The remainder of PLN 2,227,000 was paid to Develia S.A. on 20 July 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest XV Sp. z o.o. carried on 18 May 2022, dividend for 2021 in the amount of 1,219,000 was paid to Develia S.A. on 27 May 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest IX Sp. z o.o. carried on 18 May 2022, dividend for 2021 in the amount of PLN 3,203,000 was paid to Develia S.A. on 30 May 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest XI Sp. z o.o. carried on 18 May 2022, dividend for 2021 in the amount of 6,576,000 was paid to Develia S.A. on 30 May 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest XI Sp. z o.o. carried on 18 May 2022, an advance on dividend in the amount of 8,500,000 was paid to Develia S.A. on 30 May 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest XII Sp. z o.o. carried on 18 May 2022, dividend for 2021 in the amount of PLN 15,381,000 was paid to Develia S.A. on 30 May 2022.

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- Under the Resolution of the Ordinary General Meeting of LC Corp Invest X Sp. z o.o. carried on 18 May 2022, dividend for 2021 in the amount of PLN 16,020,000 was paid to Develia S.A. on 30 May 2022.
- Under the Resolution of the Ordinary General Meeting of Develia Wrocław Sp. z o.o. carried on 23 May 2022, dividend for 2021 in the amount of PLN 57,258,000 was paid to Develia S.A. on 30 May 2022.
- Under the Resolution of the Ordinary General Meeting of company LC Corp Invest XV Sp. z o.o. Projekt 20 Sp. k. carried on 18 May 2022, a portion of a share in the profit for 2021 in the amount of PLN 3,000,000 was paid to Develia S.A. on 24 June 2022.
- Under the Resolution of the Ordinary General Meeting of company LC Corp Invest XV Sp. z o.o. Projekt 20 Sp. k. carried on 18 May 2022, the remainder of a share in the profit for 2021 in the amount of PLN 1,689,000 was paid to Develia S.A. on 30 June 2022.

29. Financial Instruments

The table below shows the balance sheet values of all financial instruments of the Company in a breakdown by respective categories of assets and liabilities, pursuant to IFRS 9:

	Balance sheet value	
	30 June 2022 (unaudited)	31 December 2021 (audited)
Assets measured at fair value through profit or loss:		
Non-bank loans granted	76,634	95,302
Open-ended debt fund units	26,888	64,439
	103,522	159,741
Assets measured at amortised cost:		
Commercial and treasury company bonds	10,081	27,053
Cash in open trust accounts	53,084	25,521
Cash and other cash equivalents	74,208	73,792
Trade and other receivables (<i>net of budget receivables</i>)	25,689	75,072
	163,062	201,438
Financial liabilities measured at amortised cost:		
Trade and other payables (<i>net of budget liabilities</i>)	112,041	176,292
Loans, bonds and borrowings at a floating interest rate	642,545	696,377
Loans, bonds, borrowings, notes at a fixed interest rate	56,110	54,936
	810,696	927,605

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The below table shows balance-sheet and fair values of the Company's financial instruments as at 30 June 2022:

	30 June 2022 (unaudited)				
	Balance sheet value	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:					
Non-bank loans granted	76,634	76,634	-	76,634	-
Open-ended debt fund units	26,888	26,888	-	26,888	-
	103,522	103,522	-	103,522	-
Assets measured at amortised cost:					
Treasury bonds	10,081	10,081	10,081	-	-
Cash in open trust accounts	53,084	53,084	-	53,084	-
Cash and Other Cash Assets	74,208	74,208	-	74,208	-
	137,373	137,373	10,081	127,292	-
Financial liabilities measured at amortised cost:					
Borrowings at a floating interest rate	231,028	223,796	-	223,796	-
Loans at a floating interest rate	7,316	7,529	-	7,529	-
Bonds at a floating interest rate	404,201	401,841	319,549	82,292	-
Notes at a fixed interest rate	56,110	55,134	-	55,134	-
	698,655	688,300	319,549	368,751	-

IFRS 13 defines the following levels of hierarchy:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which inputs are directly or indirectly observable;
- Level 3 – valuation techniques for which inputs are unobservable.

Compared to the previous reporting period, the Company did not change the classification and valuation methods employed to financial instruments. In the reporting period, there were no movements in the levels of fair value hierarchy.

30. Capital Management

The main purpose of the Company's capital management is to maintain a good credit rating and safe capital ratios which would support the Company's operating activity and increase the value for its shareholders.

The Company manages the capital structure and modifies it as a result of changes in economic conditions. In order to maintain or adjust the capital structure, the Company can change the payment of dividend to shareholders, return capital to shareholders or issue new shares. In the period ended 30 June 2022 and in the year ended 31 December 2021, there were no changes in the objectives, rules and processes binding in this area.

The Company monitors the condition of capital by means of a leverage ratio, which is calculated as a relation of debt to equity. The Company's rules determine this ratio as not higher than 5. The Company's debt includes interest-bearing loans and borrowings, trade payables and other liabilities.

	30 June 2022 (unaudited)	31 December 2021 (audited)
Interest-bearing bonds and loans	411,517	149,412
Trade and other payables	116,167	177,342
A. Debt	520,368	326,754
B. Equity	1,091,189	1,129 605
Leverage ratio (A/B)	0.48	0.29

31. Effects of COVID-19 Epidemic on Company's Current Operations

The Company monitors, on a day-to-day basis, developments relating to the impact of the SARS-CoV-2 epidemic on the Company's operations, taking actions designed to minimise its negative consequences.

In the previous years, the COVID-19 epidemic led to a delay in the process of issuing administrative decisions, e.g. decisions on building permit, which stemmed from the fact that time limits for administrative authorities to give such decisions were suspended and the working behaviour of offices changed on account of the epidemic.

The situation caused by the introduction of the state of epidemic did not exert any significant impact on revenue and profit (or loss) made in the period of 6 months ended 30 June 2022.

The COVID-19 pandemic is still considered an important risk factor. A sharp rise in the number of infections and potential restrictions imposed as a consequence of that may affect the Company's operations. The Management Board are of the opinion that it is not possible to assess the effects of the epidemic on the Company in subsequent months.

32. Risk Associated with Warfare in Ukraine

The risk factors that might adversely affect the Company's operations include the warfare waged by the Russian Federation in Ukraine and related undesirable economic effects with global implications. The potential areas of risk that can be identified at the moment with respect to the construction and property development industry in which the Company operates are as follows:

- A possible decline in demand on the housing market following customers' uncertainty over likely scenarios of how the present economic and political situation may unfold.
- A dramatic rise in the prices of key raw materials, which increases the prices of goods of key relevance to the economy, including the prices of construction works, services, equipment and materials;
- Limited availability of construction materials, equipment, services and the interruption or disruption of continuity of supplies;
- Limited availability of employees from Ukraine, which results from the fact that reservists were called up to the army, whereas others decided to return to their country in order to engage in the warfare;
- Interest rate rises and a risk of further increase thereof;
- The financial standing of borrowers, including their worse creditworthiness, as well as a credit policy pursued by banks, which is reflected in the Polish Financial Supervision Authority Office's (UKNF) statement of 07 March 2022, and consequently, limited availability of loans for residential purposes;

- Availability and cost of debt financing resulting from limited demand on the bond market;

The above factors may have a direct impact on the timely and correct performance of contracts entered into by the Company, and in particular, contracts under which construction projects are to be carried out, which stems from the fact that meeting completion dates for individual projects may prove to be difficult and project costs may rise considerably, as well as they may result in reduced demand for flats, consequently, adversely affecting the Company's revenue.

Due to the war in Ukraine and record high interest rates in H1 2022, a significant drop in demand for flats was reported. This applies mainly to customers relying on mortgage loans to finance their purchases. Higher interest rates considerably reduced customers' purchasing capacity and increased credit costs. As the current purchasing structure shows, flats are most often bought through payments made in cash.

The decline in sales affects the industry – in response to the falling demand, property developers are reducing supply, refraining from the commencement of new projects. High inflation and material prices, which continue to grow quickly, are also an impediment to the commencement of new projects. It is a common practice that currently general contracting contracts contain a price indexation clause. Consequently, property developers are not able to assess the final project profitability, leading to the suspension of many projects. According to data presented by the Central Statistical Office of Poland (GUS), currently the number of constructions started is almost 30% smaller than in the preceding year.

Given the foregoing changes in the market environment, the Management Board of Develia S.A. have decided to adjust the sales plan, withhold or postpone the construction of some projects and change current supply to meet demand. For some of projects, a pre-sales phase has been initiated, meaning that only reservation agreements are signed. The final decision as to whether construction works are to be commenced or not will be taken when a satisfactory pre-sales level and an acceptable level of general contracting costs are achieved.

Due to high market volatility and uncertainty over the conflict situation in Ukraine and its economic effects on Europe or Poland, the Management Board are incapable of assessing the impact of the conflict on future performance, nevertheless, no circumstances were identified by the Board, which would imply any threats to the continuation of the Company's business activity. The Management Board monitor, on an ongoing basis, the potential impact of the conflict on the Company's operations, the property development and construction market.

33. Events After End of Reporting Period

After the balance-sheet date, i.e. after 30 June 2022, no significant events that might have a major impact on financial results presented herein were observed, however, other events occurred:

- 1) On 30 June 2021, the composition of the Supervisory Board of Develia S.A. changed – Paweł Małyska, who tendered his resignation from the Supervisory Board on 30 June 2022, was replaced by Filip Gorczyca.
- 2) On 6 July 2022, on account of a changed market and economic situation arising from the war in Ukraine, pursuant to the "2021-2025 Develia's Strategy" published in the Current Report no. 12/2021 of 18 February 2021, the Management Board of the Company decided to revise the 2022 sales target set by the Develia S.A.'s Management Board approved by the Management Board Resolution No. 7/2022 of 31/01/2022 and published in the Current Report no. 8/2022 of 31/01/2022. The said revision concerned the number of premises to be sold in 2022 (development or preliminary agreements), which was changed to 1,600-1,800 units.
- 3) On 08 July 2022, the Management Board of the Issuer adopted a resolution under which a Public Bond Issue Programme was instituted, covering the value of up to PLN 150,000,000 (the "Bonds"). In pursuance of the Public Bond Issue Programme, the Issuer submitted to the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) an application for approval of a base prospectus. The Bonds may be issued in the manner set out in Article 33(1) of the Act on Bonds of 15 January 2015 (the "Bonds Act") within 12 months of the date the Polish Financial Supervision Authority approves the Company's base prospectus, however, the Company will be permitted to issue one or more series of Bonds. In accordance with the resolution, the Bonds may be issued as unsecured bonds. Every consecutive series of Bonds will be issued under separate resolutions of the Company's Management

Board setting out final terms and conditions for the issue of individual series and specifying, in particular: the issue price, the total nominal value of Bonds of respective series, conditions for the payment of Bond interest, a redemption date for Bonds of respective series, interest periods for Bonds of respective series and the types of investors to whom the respective series of Bonds will be proposed.

- 4) On 08 July 2022, the shareholders of LC Corp Invest III Sp. z o.o. and LC Corp Invest XV Sp. z o.o. Projekt 6 Sp.k. passed resolutions on a merger (merger through take-over) of LC Corp Invest XV Sp. z o.o. Projekt 6 Sp.k. (the acquired company) by LC Corp Invest III Sp. z o.o. (the acquiring company). An application to register the merger was filed with the registry court on 12 August 2022.
- 5) On 18 July 2022, Develia S.A. stood surety for Kraków Zielony Złocień Sp. z o.o. up to PLN 922,500.00 in respect of a bank guarantee given on instruction of the said company by mBank S.A. to the City of Katowice and designed to secure the good performance of a contract of 02 November 2020 for the completion of a road project relating to the Katowice Ceglana project.
- 6) On 25 July 2022, the Issuer entered into a joint-venture co-operation agreement with The Heart S.A., with its registered office in Warsaw ("The Heart"), with a view to carrying out, through a special purpose vehicle (the "SPV") established to this end, a project that entails the development of a real property management system, including a real property and tenant management IT platform and a mobile application for tenants based on an order placed by the SPV (the "JV Agreement"). The Issuer and The Heart will collaborate under the JV Agreement to set up an SPV in the form of a private limited company and develop the management system mentioned above and subsequently to commercialise the system (the "Project"). The Project will derive from the experience of the Issuer and The Heart, and responsibility for operational management will rest with a team of the Issuer's representatives. The Project will be implemented in stages provided for in the JV Agreement and in line with the Project budget according to a schedule agreed. The total capital commitment of the SPV's partners as part of the co-operation under the JV Agreement will not be higher than PLN 8,520,424.00, however, the Issuer's total commitment target has been agreed to amount up to PLN 7,516,304.00, with the remaining contributions being made by The Heart and beneficiaries of an incentive scheme for key personnel, associates and members of the SPV Management Board to be introduced in the SPV. Depending on a Project stage and the progress of the incentive scheme, the Issuer, as the majority partner, will hold between 76.47% and 57.5% shares in the SPV's share capital. The JV Agreement was entered into under the following conditions precedent: (i) to obtain the consent of the President of UOKiK (Office of Competition and Consumer Protection) to concentration that involves the creation of a joint venture by the Issuer and The Heart; (ii) to obtain required corporate permits by The Heart; (iii) to agree on the contents of documentation to be attached to the JV Agreement. The other terms and conditions of the JV Agreement, including those relating to joint venture, do not vary from provisions which are generally applicable to this type of agreements.
- 7) On 27 July 2022, Develia S.A. entered into a borrowing agreement with LC Corp Invest X Sp. z o.o., under which a sum of EUR 10,000,000 was borrowed on arm's length conditions for an indefinite period of time.
- 8) On 01 August 2022, a competent registry court registered a new company name of Sky Tower S.A., which was changed to Develia Wrocław S.A.
- 9) On 3 August 2022, Develia S.A. and PKO BP S.A. made Amendment no. 2 to the 29 April 2021 overdraft facility agreement, pursuant to which modifications to the loan repayment security were made.
- 10) On 17 August 2022, due to a change in the market and economic situation, prolonged negotiations resulting from significant changes in offer terms and conditions, which were different from those agreed in the letter of intent signed, it was decided to stop and cease the negotiations of selling terms and conditions applicable to the right of perpetual usufruct to land located in Warsaw at Podskarbińska street and Żupnicza street, having the total area of 10,518 sq. m (the "Real Property"), along with a project to be carried out on the Real Property by the Issuer in collaboration with an European entity investing in the real property market, consisting in the construction of two residential buildings with a common underground and ground-level car park, including necessary infrastructure. Consequently, the aforesaid project was designated by the Company for retail sale.

- 11) On 19 August 2022, a registry court made an entry relating to the redemption of shares in LC Corp Invest III sp. z o.o., and consequently, a reduction in its share capital from PLN 1,700,000.00 to PLN 100,000.00, i.e. by a sum of PLN 1,600,000.00.
- 12) On 29 August 2022, a competent registry court registered a new company name of LC Corp Invest XVI Sp. z o.o., which was changed to 4resident Sp. z o.o.
- 13) On 01 September 2022, a competent registry court registered a merger between LC Corp Invest III sp. z o.o. and LC Corp Invest XV sp. z o.o. Projekt 6 sp.k. and an increase in the share capital of LC Corp Invest III sp. z o.o. from PLN 100,000.00 to PLN 100,500.00. The aforesaid companies merged pursuant to Article 492(1)(1) of the Polish Commercial Partnerships and Companies Code, through the transfer of the entire assets of LC Corp Invest XV sp. z o.o. Projekt 6 sp.k. to LC Corp Invest III sp. z o.o.

Apart from the foregoing, no other event that could significantly influence the Company's financial results occurred after 30 June 2022.

The document has been signed by a qualified electronic signature

Andrzej Oślizło
President of Management Board

Paweł Ruszczak
Vice President of Management Board

Mariusz Poławski
Vice President of Management Board

Lidia Kotowska
Director of Accounting Department

Anna Gremblewska-Nowak
Chief Accountant

Wrocław, 13 September 2022