



DEVELIA S.A. GROUP

CONSOLIDATED QUARTERLY REPORT

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 9 MONTHS, ENDED 30 September 2022**

drawn up in accordance with the International Financial Reporting Standards

CONTAINING THE QUARTERLY FINANCIAL INFORMATION OF DEVELIA S.A.

(unaudited financial data)

Wrocław, 15 November 2022

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CONSOLIDATED QUARTERLY REPORT

1. SELECTED FINANCIAL DATA

Data concerning interim condensed consolidated financial statements of Develia S.A. Group

	PLN'000		EUR'000	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
I. Fixed assets	609,513	525,450	125,162	114,243
II. Current assets	2,391,934	2,155,860	491,177	468,726
III. Non-current assets classified as held for sale	217,314	568,530	44,625	123,610
IV. Total assets	3,218,761	3,249,840	660,964	706,579
V. Equity	1,256,929	1,400,409	258,107	304,476
VI. Equity attributable to shareholders of the parent	1,256,929	1,400,409	258,107	304,476
VII. Minority interest	-	-	-	-
VIII. Long-term liabilities	533,193	574,475	109,490	124,902
IX. Short-term liabilities	1,414,367	1,260,673	290,436	274,096
X. Liabilities arising from non-current assets classified as held for sale	14,272	14,283	2,931	3,105
XI. Book value of equity attributable to shareholders of the parent, per share (PLN/EUR)	2.81	3.13	0.58	0.68
	Period of 9 months ended 30 September 2022	Period of 9 months ended 30 September 2021	Period of 9 months ended 30 September 2022	Period of 9 months ended 30 September 2021
XII. Sales revenue	320,297	596,332	68,323	130,818
XIII. Gross profit on sales	83,458	163,364	17,802	35,837
XIV. Net profit/(loss)	50,511	84,772	10,775	18,596
XV. Net profit /(loss) attributable to shareholders of the parent	50,511	84,772	10,775	18,596
XVI. Net profit /(loss) attributable to minority interest	-	-	-	-
XVII. Basic profit/(loss) per share (in PLN/EUR) attributable to equity holders of the parent	0.11	0.19	0.02	0.04

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Data concerning interim condensed financial statements of Develia S.A.

	PLN'000		EUR'000	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
XVIII. Total assets	2,584,318	2,373,278	530,683	515,997
XIX. Equity	1,096,484	1,129,605	225,160	245,598
	Period of 9 months ended 30 September 2022	Period of 9 months ended 30 September 2021	Period of 9 months ended 30 September 2022	Period of 9 months ended 30 September 2021
XX. Net profit(loss)	161,968	120,141	34,549	26,355

Selected financial data was converted to EUR acc. to the following principles:

- a) financial data concerning selected items of assets and liabilities was calculated using the average EUR/PLN exchange rate quoted by the National Bank of Poland and effective as at the balance-sheet date. As at 30 September 2022, it stood at EUR/PLN 4.8698, and at the balance-sheet date of 31 December 2021 at EUR/PLN 4.5994.
- b) financial data concerning selected items of the statement of comprehensive income for the three quarters of 2022 and the three quarters of 2021 was calculated using the EUR/PLN rate which is an arithmetic mean of average exchange rates quoted by the National Bank of Poland and effective on the last day of each month in the accounting period, i.e. EUR/PLN 4.6880 and EUR/PLN 4.5585 respectively.

CONSOLIDATED QUARTERLY REPORT

2. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE DEVELIA S.A. GROUP

If not stated otherwise, the below figures are presented in PLN '000.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 September 2022	31 December 2021
Assets			
A. Fixed assets		609,513	525,450
1. Intangible assets		527	433
2. Property, plant and equipment		4,833	5,098
3. Non-current receivables		2,727	2,576
4. Investments in joint ventures valued by equity method	2.13	85,503	55,122
5. Investment property	2.14	487,900	451,660
6. Non-current prepayments		513	509
7. Deferred tax assets	2.18	27,510	10,052
B. Current assets		2,391,934	2,155,860
1. Inventory	2.15	1,948,829	1,569,632
2. Trade and other receivables	2.16	23,491	97,286
3. Income tax receivables		4,117	4,791
4. Derivatives assets	2.30.2	909	49
5. Short-term securities	2.21	25,240	27,053
6. Other financial assets	2.21	120,107	118,539
7. Cash and cash equivalents	2.21	263,625	332,754
8. Current prepayments		5,616	5,756
C. Non-current assets classified as held for sale	2.14	217,314	568,530
Total assets		3,218,761	3,249,840
Equity and liabilities			
A. Equity		1,256,929	1,400,409
I. Equity attributable to shareholders of the parent		1,256,929	1,400,409
1. Share capital		447,558	447,558
2. Other capitals		758,860	798,905
3. Net profit/(loss)		50,511	153,946
II. Minority interest		-	-
B. Long-term liabilities		533,193	574,475
1. Non-current liabilities on account of loans and bonds	2.30.1	451,425	497,850
2. Non-current liabilities arising from derivatives	2.30.2	-	-
3. Non-current lease liabilities	2.30.6	17,874	17,618
4. Provisions	2.17	14,119	6,217
5. Accruals and deferred income		3,806	4,856
6. Deferred tax liability	2.18	45,969	47,934
C. Short-term liabilities		1,414,367	1,260,673
1. Current liabilities on account of loans and bonds	2.30.1	163,308	350,759
2. Current liabilities arising from derivatives	2.30.2	-	736
3. Current lease liabilities	2.30.6	76,732	75,150
4. Current trade and other payables	2.30.7	190,957	245,829
5. Income tax payables		1,189	4,092
6. Provisions	2.17	8,924	6,007
7. Accruals and deferred income	2.30.8	973,257	578,100
D. Liabilities arising from non-current assets classified as held for sale		14,272	14,283
Total equity and liabilities		3,218,761	3,249,840

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	30 September 2022	31 December 2021
Book value of equity (PLN'000)	1,256,929	1,400,409
Book value of equity attributable to shareholders of the parent, per share (in PLN'000)	1,256,929	1,400,409
Number of registered shares (pcs)	447,558,311	447,558,311
Book value of equity attributable to shareholders of the parent, per share (PLN)	2.81	3.13

CONSOLIDATED QUARTERLY REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Q3 2022 period from 01/07/2022 to 30/09/2022	3 Quarters of 2022 cumulatively from 01/01/2022 to 30/09/2022	Q3 2021 period from 01/07/2021 to 30/09/2021	3 Quarters of 2021 cumulatively from 01/01/2021 to 30/09/2021
Operating activity					
Sales revenue	2.11	200,474	320,297	219,588	596,332
Revenue from sale of services		11,521	42,665	21,818	64,052
Revenue from sales of goods and products		188,953	277,632	197,770	532,280
Cost of goods sold	2.11	(156,011)	(236,839)	(172,092)	(432,968)
Pre-tax profit/(loss) on sales		44,463	83,458	47,496	163,364
Gain/(loss) on disposal of non-financial fixed assets		-	-	-	-
Profit /(loss) on investment property	2.14	20,623	42,345	13,903	(6,095)
Write-Downs of Inventory		-	-	-	-
Selling and distribution cost	2.11	(5,964)	(16,669)	(4,832)	(13,869)
General administrative expenses	2.11	(10,528)	(37,867)	(7,983)	(26,905)
Other operating income		5,112	9,064	2,438	4,473
Other Operating Expenses		(3,024)	(5,665)	(1,339)	(3,234)
Operating profit/(loss)		50,682	74,666	49,683	117,734
Financial Income	2.12	2,711	6,471	60	587
Financial Expenses	2.12	(10,041)	(30,163)	(14,008)	(14,402)
Share in profits (losses) of entities disclosed using the equity method	2.13	(359)	(615)	2	(3)
Pre-tax profit/(loss)		42,993	50,359	35,737	103,916
Income tax (tax expense)		(8,239)	152	(6,616)	(19,144)
Net profit/(loss)		34,754	50,511	29,121	84,772
Other comprehensive income subject to reclassification to profit(loss) in subsequent reporting periods					
Cash flow hedges		444	1,260	114	477
Income tax relating to other components of comprehensive income		(79)	(162)	(22)	(91)
Other comprehensive income (net)		365	1,098	92	386
Comprehensive income		35,119	51,609	29,213	85,158

CONSOLIDATED QUARTERLY REPORT

	Q3 2022 period from 01/07/2022 to 30/09/2022	3 Quarters of 2022 cumulatively from 01/01/2022 to 30/09/2022	Q3 2021 period from 01/07/2021 to 30/09/2021	3 Quarters of 2021 cumulatively from 01/01/2021 to 30/09/2021
Net profit/(loss) attributable to:				
Shareholders of the parent	34,754	50,511	29,121	84,772
Minority interest	-	-	-	-
	34,754	50,511	29,121	84,772
Comprehensive income attributable to:				
Shareholders of the parent	35,119	51,609	29,213	85,158
Minority interest	-	-	-	-
	35,119	51,609	29,213	85,158
Net profit/(loss) per share attributable to equity holders of the parent (in PLN) - basic	0.07	0.11	0.07	0.19
Net profit/(loss) per share attributable to equity holders of the parent (in PLN) - diluted	0.07	0.11	0.07	0.19

CONSOLIDATED QUARTERLY REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other capitals		Net profit/(loss)	Total capital attributable to shareholders of the parent	Minority interest	Total equity
		Supplementary capital, reserve funds and retained earnings	Other funds				
As at 01 January 2022	447,558	790,444	8,461	153,946	1,400,409	-	1,400,409
<i>Net profit/(loss) for the period of 9 months ended 30 September 2022</i>	-	-	-	50,511	50,511	-	50,511
<i>Other comprehensive income for the period of 9 months ended 30 September 2022</i>	-	-	1,098	-	1,098	-	1,098
Other comprehensive income for the period of 9 months ended 30 September 2022	-	-	1,098	50,511	51,609	-	51,609
Transfer of profit/loss for the previous period to undistributed profit	-	36,381	-	(36,381)	-	-	-
Incentive scheme	-	-	6,312	-	6,312	-	6,312
Payment of dividend	-	(83,836)	-	(117,565)	(201,401)	-	(201,401)
As at 30 September 2022	447,558	742,989	15,871	50,511	1,256,929	-	1,256,929

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	Other capitals			Net profit/(loss)	Total capital attributable to shareholders of the parent	Minority interest	Total equity
	Share capital	Supplementary capital, reserve funds and retained earnings	Other funds				
As at 01 January 2021	447,558	1,005,329	3,701	(138,800)	1,317,788	-	1,317,788
<i>Net profit/(loss) for 2021</i>	-	-	-	153,946	153,946	-	153,946
<i>Other comprehensive income for 2021</i>	-	-	451	-	451	-	451
Total comprehensive income for 2021	-	-	451	153,946	154,397	-	154,397
Transfer of profit for the previous period to undistributed profit	-	(138,800)	-	138,800	-	-	-
Incentive scheme	-	-	4,309	-	4,309	-	4,309
Payment of dividend	-	(76,085)	-	-	(76,085)	-	(76,085)
As at 31 December 2021	447,558	790,444	8,461	153,946	1,400,409	-	1,400,409

	Other capitals			Net profit/(loss)	Total capital attributable to shareholders of the parent	Minority interest	Total equity
	Share capital	Supplementary capital, reserve funds and retained earnings	Other funds				
As at 01 January 2021	447,558	1,005,329	3,701	(138,800)	1,317,788	-	1,317,788
<i>Net profit/(loss) for the period of 9 months ended 30 September 2021</i>	-	-	-	84,772	84,772	-	84,772
<i>Other comprehensive income for the period of 9 months ended 30 September 2021</i>	-	-	386	-	386	-	386
Other comprehensive income for the period of 9 months ended 30 September 2021	-	-	386	84,772	85,158	-	85,158
Transfer of profit for the previous period to undistributed profit	-	(138,800)	-	138,800	-	-	-
Allocated to the payment of dividend	-	(76,085)	-	-	(76,085)	-	(76,085)
As at 30 September 2021	447,558	790,444	4,087	84,772	1,326,861	-	1,326,861

CONSOLIDATED QUARTERLY REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS

	Period of 9 months ended 30 September 2022	Period of 9 months ended 30 September 2021
A. Cash flows from operating activities		
I. Pre-tax profit/(loss)	50,359	103,916
II. Total adjustments	(1,222)	68,934
1. Amortisation and depreciation	1,489	1,154
2. Foreign exchange gains/(losses)	16,143	655
3. Interest and profit sharing (dividends)	30,238	19,160
4. Share in profits (losses) of entities disclosed using the equity method	615	3
5. Profit (Loss) on investment property	(41,058)	3,734
6. Change in the balance of provisions	(6,392)	(1,112)
7. Change in inventory	(379,197)	(108,131)
8. Change in receivables	73,644	(43,680)
9. Change in current liabilities except for loans and bonds	(54,872)	42,107
10. Change in prepayments and accruals	394,243	160,229
11. Other adjustments	(36,075)	(5,185)
III. Net cash from operating activities (I+II)	49,137	172,850
1. Income tax paid	(21,663)	(65,616)
IV. Net cash flow from operating activities	27,474	107,234
B. Cash flows from investing activities		
I. Cash inflows	468,853	66,178
1. Disposal of investment in property	391,072	-
2. Impact arising from financial assets	77,781	66,173
3. Disposal of shares	-	5
II. Outflows	(81,474)	(111,728)
1. Acquisition of intangible assets and property, plant and equipment	(1,154)	(858)
2. Investment in property	(17,015)	(17,675)
3. Expenditure for acquisition of financial assets	(33,697)	(93,190)
4. Acquisition of shares	(29,608)	(5)
III. Net cash flow from investing activities (I+II)	387,379	(45,550)
C. Cash flow from financing activities		
I. Cash inflows	15,990	165,186
1. Bank and non-bank loans	15,990	15,186
2. Issue of debt securities	-	150,000
II. Outflows	(499,972)	(209,475)
1. Repayment of bank and non-bank loans	(204,095)	(14,843)
2. Redemption of debt securities	(68,496)	(100,000)
3. Payment of liabilities arising from finance lease agreements	(278)	(233)
4. Interest	(25,702)	(18,314)
5. Dividends paid to equity holders of the parent	(201,401)	(76,085)
III. Net cash flows from financing activities (I+II)	(483,982)	(44,289)
D. Total net cash flows, (A.III+B.III+C.III)	(69,129)	17,395
E. Change in cash flows in the Statement of Financial Position	(69,129)	17,395
F. Cash and cash equivalents at the beginning of the period	332,754	377,036
G. Cash and cash equivalents at the end of the period, including: (F+D)	263,625	394,431
- restricted cash	20	20

CONSOLIDATED QUARTERLY REPORT

OTHER INFORMATION AND NOTES

2.1 General information about the Develia S.A. Group

The Develia S.A. Group ("the Group", "the Develia Group") consists of Develia S.A. and its subsidiary undertakings. The composition of the Group is presented in item 2.2.

Develia S.A. (the "Parent Undertaking", the "Company", the "Issuer") 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 Parent Undertaking has been entered into the register of entrepreneurs of the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, the 4th Commercial Division of the National Court Register, under KRS No. 0000253077. The Company has been assigned statistical identification number REGON 020246398.

The Parent Undertaking and the Group's subsidiaries were established for an indefinite period. The Parent Undertaking's primary activity is:

- PKD 64.20Z Activities of financial holding companies
- PKD 68.20.Z Rental and management of own or leased real estate
- PKD 41.10.Z Completion of construction projects related to putting up buildings
- PKD 68.10.Z Buying and selling of own real estate
- PKD 41.20.Z Construction works related to the completion of residential and non-residential buildings

There is no parent undertaking of Develia S.A. as at the date hereof nor was there any such entity throughout the period covered by these financial statements.

Interim Condensed Consolidated Financial Statements of the Develia Group cover the period of 9 months ended 30 September 2022. The detailed description of the component parts of the consolidated financial statements is included in item 2.6.

2.2 Composition of Group

As at 30 September 2022 and 31 December 2021, the Develia S.A. Group comprised the following subsidiaries, to which the full consolidation method was applied, and jointly controlled entities, valued by the equity method:

Company name	Registered office	Effective share of Develia S.A.	
		30 September 2022 Share in Capital	31 December 2021 Share in Capital
Subsidiary undertakings			
Arkady Wrocławskie S.A.	Wrocław	100%	100%
Develia Wrocław S.A.	Wrocław	100%	100%
Develia Warszawa Sp. z o.o.	Wrocław	100%	100%
Kraków Zielony Złocięń Sp. z o.o.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest I Sp. z o.o.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest II Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest III Sp. z o.o.	Wrocław	100% (indirectly)	100%
LC Corp Invest VII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest VIII Sp. z o.o.	Wrocław	100% (indirectly)	100%

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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.	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.	Wrocław	-	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% (directly and indirectly)	100% (directly and indirectly)
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% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XV Sp. z o.o. Investments S.K.A.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
Develia Invest Sp. z o.o.	Wrocław	100%	100%
LC Corp Service S.A.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)

Jointly Controlled Entities

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

As at 30 September 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.

2.3 Changes in Structure of Group

Acquisition and Sale of Subsidiaries Outside Group

Apart from the transactions described below, no other transaction consisting in the acquisition or sale of business units was completed by the companies belonging to the Group in the period of 9 months ended 30 September 2022.

CONSOLIDATED QUARTERLY REPORT**Newly Established Entities and Changes within Group**

In the period of 9 months ended 30 September 2022, the Group's composition did not change.

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. The company's articles of association will be changed upon registration by the registry court.

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.

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.

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.

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.

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.

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.

On 16 September 2022, Develia S.A. disposed of all the shares it had in the companies LC Corp Invest III sp. z o.o. and LC Corp Invest VIII sp. z o.o. to LC Corp Service S.A., which on the said day became a shareholder in these companies.

On 21 September 2022, a competent registry court registered the redemption of shares in LC Corp Invest VIII sp. z o.o., and consequently, a reduction in its share capital from PLN 13,600,000.00 to PLN 50,000.00.

Apart from the aforementioned events, no other significant changes in the composition of the Group took place in the period from 01 January 2022 to 30 September 2022.

2.4 Composition of Management Board of Parent Undertaking

As at 01 January 2022 and 30 September 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

2.5 Approval of Interim Condensed Consolidated Financial Statements

These Interim Condensed Consolidated Financial Statements of the Group concerning the period of 9 months ended 30 September 2022 was approved by the Management Board on 15 November 2022.

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2.6 Rules Adopted for Preparing Quarterly Report

These Interim Condensed Consolidated Financial Statements of the Develia Group are comprised of:

- Consolidated Statement of Financial Position as at 30 September 2022 and comparable financial data as at 31 December 2021;
- Consolidated Statement of Comprehensive Income for the three quarters of 2022, i.e. for the period of 9 months, cumulatively from 01 January 2022 to 30 September 2022, as well as comparable data for a corresponding period of the previous year, i.e. from 01 January 2021 to 30 September 2021;
- Consolidated Statement of Cash Flows for the three quarters of 2022, i.e. for the period of 9 months, cumulatively from 01 January 2022 to 30 September 2022, as well as comparable data for a corresponding period of the previous year, i.e. from 01 January 2021 to 30 September 2021;
- Consolidated Statement of Changes in Equity as at 30 September 2022 and comparable data as at 30 September 2021 and as at 31 December 2021;
- Notes to the Consolidated Financial Statements.

Notes to financial statements and other information defined in Section 66 of the Regulation of the Minister of Finance dated 29 March 2018 on Current and Periodic Information Published by Issuers of Securities and on Conditions for Regarding Information Required by Law of Non-Member State as Equivalent, representing an element of this Consolidated Quarterly Report Q3 2022, are included in section 4.

These Interim Condensed Consolidated Financial Statements of the Develia Group and the separate condensed 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.

As at the date of the approval of these financial statements for publication, on account of the ongoing process of introducing IFRS in the EU and the business activity conducted by the Group, the International Financial Reporting Standards, in terms of accounting principles adopted by the Group, vary from IFRS already approved by the EU.

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

These Interim Condensed Consolidated Financial Statements were prepared using the historical cost method, except for investment property which is measured at fair value.

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

The Interim Condensed Consolidated Financial Statements were prepared on the assumption that the Group companies would continue as a going concern in the foreseeable future. As at the day of the approval of these Financial Statements, no circumstances were identified implying any threats to the continuation of the Group companies' business activity.

The Interim Condensed Consolidated Financial Statements do not contain all information and disclosures required for annual consolidated financial statements and they must be read together with the Group's consolidated financial statements for the year ended 31 December 2021, which were published on 30 March 2022.

Information on the accounting principles adopted by the Group was presented in the annual consolidated financial statements of the Develia Group for the year ended 31 December 2021, published on 30 March 2022.

2.7 Information on Material Estimates and Professional Judgement

The Management Board of the Parent Undertaking used their best knowledge of the applied standards and interpretations, and also the methods and principles of the valuation of particular items of the enclosed condensed consolidated financial statements. Preparing the financial statements in accordance with IFRS required the Company's Management Board to make some estimates and assumptions, which are reflected herein. The actual results may vary

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from these estimates. The financial data for the period of 9 months ended 30 September 2022 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.

Determination of Moment When, Upon Sale of Residential and Retail Premises, Risk Is Transferred to Client

The moment of transferring the control to the client determines when revenues from the sales of residential and retail premises can be recognised.

Upon the sale of residential and retail premises, the control is transferred to the client when each and every of the following conditions are fulfilled:

- (i) obtaining the occupancy permit for the buildings;
- (ii) payment of 100% of the value of the premises, based on the developer agreement or preliminary agreement;
- (iii) acceptance of the premises by the client, evidenced by the delivery and acceptance protocol;
- (iv) signing of the developer agreement or notarial deed transferring the title.

In the case of the financing of part of the price by the state in accordance with the Act of 27 September 2013 on State Aid in the Purchase of the First Flat by Young People (MDM), the conditions set out in item (ii) are also met when a bank financing the client confirms the reservation of funds (the last instalment of the payment) for this purpose and when the developer agreement contains the relevant provision.

Classification of Lease Agreements

The Group classifies lease according to IFRS 16.

Uncertainty of Estimates

The basic assumptions concerning the future have been discussed below as well as other key reasons for doubts occurring as at the balance-sheet date and entailing a significant risk of the considerable adjustment of the carrying value of assets and liabilities in the following financial year.

Deferred Tax Asset

The Group 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 2.18.

Fair Value of Investment Property

At the end of each quarter of an accounting year, the Group independently measures the fair value of its investment properties in EUR based on the model of investment capitalisation or maintains the valuation in EUR carried out by an independent valuer at the end of the preceding year (provided there were no significant indications to revaluation). At the end of each accounting year, the fair value of investment property is established or verified by an independent valuer. As at 30 September 2022, investment property is measured on the basis of valuations of valuers. The land located in Malin (near to Wrocław) is also presented under *Investment Property*. The value of the land in Malin was presented as a value resulting from a real estate valuer's valuation, the assessment of which was based on a comparative approach, for which the comparison in pairs method was employed, taking into account the alternative legal status of the land property and its changed purpose in the Study of land use conditions and directions of spatial development, as proposed. At the end of each accounting year, the fair value of investment property is established or verified by an independent valuer. Investment property is shown in Note 2.14.

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Fair Value of Financial Instruments in the Form of Forward Contracts

The fair value of financial instruments in the form of forward contracts, measured at fair value through profit or loss, is determined on the last day of each quarter in a given accounting year and at the end of each accounting year on the basis of the valuation made by an institution which professionally measures such financial transactions (among others by the Bank) or on the basis of a financial model.

Fair Value of IRS and CAP Financial Instruments

The fair value of IRS and CAP financial instruments, covered by the cash flow hedge accounting, is determined on the last day of each quarter in a given accounting year and at the end of each accounting year on the basis of the valuation made by an institution which professionally measures such financial transactions (such as the bank).

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 September 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. Inventories and write-down of inventories are presented in Note 2.15.

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

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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, provided, however, that such arrangements and agreements are related to the above clause.

The Group 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 tax profit (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 balance sheet figures of the above items as at 30 September 2022 and as at 31 December 2021:

	30 September 2022	31 December 2021
Deferred tax asset	27,510	10,052
Investment property measured at fair value	440,737	411,175
Non-current assets classified as held for sale and measured at fair value	195,130	568,530
Fair Value of Financial Instruments in the Form of Forward Contracts	-	(301)
Fair value of IRS and CAP financial instruments	909	(386)
Deferred tax liability	(45,969)	(47,934)
Write-down of inventories	(53,565)	(53,572)

2.8 Significant Accounting Principles (Policies)

The accounting principles (policies) applied to the preparation of these consolidated financial statements are consistent with those adopted to draw up the Group's consolidated financial statements for the year ended 31 December 2021, save for the following principles. The below changes to IFRS have been applied to these consolidated 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 of the Develia S.A. Group.

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2.9 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:

- **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 IAS 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);
- **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).

The Group 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 Group’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 Group 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 Group’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.

2.10 Seasonal or Cyclical Character of Develia S.A. Group's Operations

The operations of the Develia S.A. Group are not seasonal by nature. They are related to the investment cycles of the implemented property development projects, which is particularly noticeable in the recognition of the proceeds from the sale of residential and retail premises. In accordance with IFRS 15, such proceeds can only be recognised when practically all risks and benefits related to given premises have been transferred to the client and the revenue can be

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measured in a reliable manner. Consequently, the sales results in a given period depend on the value of the premises transferred to the clients in accordance with the above definition.

2.11 Sales Revenue and Operating Expenses

	Period of 9 months ended 30 September 2022	Period of 9 months ended 30 September 2021
Revenue from the rental of office space and the shopping and service centre and related services	42,665	64,052
Revenue from sale of services (IFRS 16)	42,665	64,052
Revenue from the sale of residential and retail premises	277,632	531,962
Other	-	318
Revenue from sales of goods and products (IFRS 15)	277,632	532,280
Total revenue	320,297	596,332

	Period of 9 months ended 30 September 2022	Period of 9 months ended 30 September 2021
Amortisation and depreciation	1,489	1,154
Consumption of materials and energy	5,580	6,607
Contracted services, including:	20,975	24,449
- <i>Operating services in commercial buildings (cleaning, renovations, security, intermediation, etc.)</i>	11,881	17,229
- <i>IT and communications services</i>	1,031	741
- <i>Real property audits and market analysis</i>	1,562	1,441
- <i>Tax and legal advisory services</i>	4,314	1,937
Taxes and charges	4,755	6,660
Remuneration	34,431	26,205
Social security and other benefits	5,106	4,544
Other costs by type	7,588	5,442
Change in products and work in progress	211,451	398,681
Total	291,375	473,742
Cost of goods sold	236,839	432,968
Selling and distribution cost	16,669	13,869
General and administrative expense	37,867	26,905
Total	291,375	473,742

Employee Share-based Incentive Scheme

In 2021, the Company introduced an incentive scheme aimed at members of the Management Board and key personnel of the Company. The scheme is expected to be operated for the years 2021-2024. Under the scheme, the

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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 of 9 months ended 30 September 2022, on account of the incentive scheme being granted, the Group recognised, under the rules laid down in IFRS 2, in the cost of remuneration a sum of PLN 6,312,000. In 2021, the Group recognised in the cost of remuneration a sum of PLN 4,309,000.

2.12 Financial Income and Expenses

	Period of 9 months ended 30 September 2022	Period of 9 months ended 30 September 2021
Revenue from bank interest	5,804	-
Surplus of positive over negative foreign exchange differences	-	-
Valuation of derivatives	362	141
Measurement of and gains on financial instruments	285	423
Other	20	23
Financial Income	6,471	587

	Period of 9 months ended 30 September 2022	Period of 9 months ended 30 September 2021
Interest, commission on bonds and loans (uncapitalised portion)	8,966	11,849
Interest on lease	1,282	908
Measurement of and losses on financial instruments	345	-
Surplus of negative over positive foreign exchange differences	19,272	1,487
Valuation of derivatives	-	-
Tax expense on share capital increases in subsidiaries	3	3
Other	295	155
Financial Expenses	30,163	14,402

2.13 Investments in joint ventures valued by equity method

The value of investments in joint ventures being mutual contractual arrangements valued by the equity method are presented in the below table:

	30 September 2022	31 December 2021
Projekt Lizbońska Sp. z o.o. Sp. k.	44,184	44,623
Projekt Lizbońska Sp. z o.o.	-	-
Projekt Ciszewskiego Sp. z o.o. Sp. k.	37,013	8,078
Projekt Ciszewskiego Sp. z o.o.	-	1
Projekt Myśluborska Sp. z o.o. Sp. k.	4,306	2,419
Projekt Myśluborska Sp. z o.o.	-	1
TOTAL	85,503	55,122

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Profit or loss of investments in joint ventures being mutual contractual arrangements valued by the equity method are presented in the below table:

	Period of 9 months ended 30 September 2022
Projekt Lizbońska Sp. z o.o. Sp. k.	(439)
Projekt Lizbońska Sp. z o.o.	-
Projekt Ciszewskiego Sp. z o.o. Sp. k.	(161)
Projekt Ciszewskiego Sp. z o.o.	(1)
Projekt Myśluborska Sp. z o.o. Sp. k.	(13)
Projekt Myśluborska Sp. z o.o.	(1)
TOTAL	(615)

The Develia S.A. Group 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, 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.

In 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 the Develia S.A. Group and the Atal S.A. Group in connection with the aforesaid transaction.

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2.14 Investment Real Property and Non-Current Assets Classified as Held for Sale

Investment property

As at 30 September 2022, the Group's investment property includes:

- Wola Center office building in Warsaw;
- Project under preparation: Wrocław, ul. Kolejowa
- Investment land located in Malin (near to Wrocław)

30 September 2022	Value EUR	PLN Value	Value adjustment for right of perpetual usufruct to land acc. to IFRS 16	TOTAL
Investment property already constructed				
Wola Retro	73,290	356,908	13,739	370,647
Investment property in preparation				
Wrocław, Kolejowa	n/a	42,280	4,883	47,163
Malin	n/a	70,090	-	70,090
				487,900

31 December 2021	Value EUR	PLN Value	Value adjustment for right of perpetual usufruct to land acc. to IFRS 16	TOTAL
Investment property already constructed				
Wola Retro	71,300	327,937	13,148	341,085
Investment property in preparation				
Wrocław, Kolejowa	n/a	35,600	4,885	40,485
Malin	n/a	70,090	-	70,090
				451,660

As at 30 September 2022, the fair value measurement of Wola Retro in Warsaw was made on the basis of an appraisal made by a professional real estate valuer and included expenditures incurred, increasing thus the property value as at the valuation date, compared to the value as at the balance-sheet date.

The Market value of the real property has been estimated in the income approach, using the investment method and the judgement at the Level Three, as defined in IFRS 13. Input data considered for the valuation included, among other things, investment plans, information relating to planned development including plans, descriptions and budgets, as well as environmental surveys. The income approach and the investment method are based on the assumption that the value of a real property depends on the rental income that can be obtained from the property and the capitalisation rate. Income from the real property is due to rental agreements and in the case of free surface with the use of market rental rates. The rate of return, known as capitalisation rate, is determined on the basis of the analysis of similar transactions on the market in a given financial year. Valuation is expressed in the currency of the invoiced rents, i.e. in EUR and converted into PLN at the average NBP exchange rate at the date of the end of a given accounting period.

As at 30 September 2022, the Group also disclosed the land located in Malin (near to Wrocław) as *Investment Property*. The value of the land in Malin was presented as a value resulting from a real estate valuer's valuation, the assessment of which was based on a comparative approach, for which the comparison in pairs method was employed,

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taking into account the alternative legal status of the land property and its changed purpose in the Study of land use conditions and directions of spatial development, as proposed.

The reconciliation of changes to the balance-sheet values of investment property in the period ended 30 September 2022 and the year 31 December 2021 is presented in the table below:

	Period of 9 months ended 30 September 2022	Year ended 31 December 2021
At the beginning of the reporting period	451,660	1,016,745
Recognition and Settlement of Right of perpetual usufruct according to IFRS 16	589	9,837
Capital expenditure incurred	16,774	17,072
Reclassification of non-current assets classified as held for sale	-	(565,843)
Disposal of real property	-	(8)
Revaluation of property fair value (EUR/PLN conversion)	19,280	(2,983)
Revaluation of property fair value (<i>inter alia</i> : due to changes in the EUR valuation of property, finishing works and selling costs)	(403)	(23,160)
At the end of the reporting period	487,900	451,660

Non-current assets classified as held for sale

As at 30 September 2022, *Non-current Assets Classified as Held for Sale* included the real property: a retail and office centre "Arkady Wrocławskie" in Wrocław.

30 September 2022	Value EUR	PLN Value	Value adjustment for right of perpetual usufruct to land acc. to IFRS 16	Costs of real estate sale	TOTAL
Non-current assets classified as held for sale					
Arkady Wrocławskie		202,805	14,509	-	217,314
					217,314

Given the fact that a letter of intent was signed on 04 February 2022 and negotiations over the disposal of the "Arkady Wrocławskie" real property commenced, the said property was presented as at 30 September 2022 as the sum of:

- Fair value of investment property Arkady Wrocławskie determined on the basis of valuation made by a professional real estate valuer (valuation: EUR 37,600,000, after conversion to PLN: PLN 183,104,000);
- Acquisition price for land located in Wrocław at Komandorska street, the value of which as at 30 September 2022 was PLN 19,701,000.

31 December 2021	Value EUR	PLN Value	Value adjustment for right of perpetual usufruct to land acc. to IFRS 16	Costs of real estate sale	TOTAL
Non-current assets classified as held for sale					
Sky Tower	82,392	378,954	-	(17,209)	361,745
Arkady Wrocławskie		192,503	14,282	0	206,785
					568,530

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As at 31 December 2021, the fair value of the investment property Sky Tower was determined in accordance with a sale and purchase agreement for the disposal of a share in the ownership right to developed land on which the “Sky Tower” building is erected, namely, as a sum of EUR 84,270,000, less the value of incentives for tenants in the amount of EUR 1,878,000 under agreements signed prior to the date of entering into the preliminary sale and purchase agreement, which have not been paid as at the date of valuation. In addition, provisions have been made for estimated costs associated with the disposal of property in the amount of PLN 17,209,000.

Given the fact that a letter of intent was signed on 04 February 2022 and negotiations over the disposal of the “Arkady Wrocławskie” real property commenced, the said property was presented as at 31 December 2021 as the sum of:

- Fair value of investment property Arkady Wrocławskie determined on the basis of valuation made by a professional real estate valuer (valuation: EUR 37,600,000, after conversion to PLN: PLN 172,937,000);
- Acquisition price for land located in Wrocław at Komandorska street, the value of which as at 31 December 2021 was PLN 19,566,000.

Disposal of Real Property Called ‘Sky Tower’ and Situated in Wrocław

On 13 September 2021, an Issuer’s subsidiary, Sky Tower S.A., in which the Issuer holds 100% of shares along with 100% voting rights attaching to such shares, giving the right to vote at the general meeting, and Olimp Investment Sp. z o.o., with its registered office in Warsaw, a company controlled by an alternative investment fund managed by the Adventum Group (the “Purchaser”), entered into a preliminary sales agreement for the disposal of 79.55% of share in the ownership right to developed land on which a multi-purpose building called “Sky Tower” is built, which is located at 95 Powstańców Śląskich street, having the total area of 23,798 sq. m (the “Sky Tower Share”) (the “Preliminary Agreement”). The remainder of the share in the ownership of Sky Tower, i.e. 20.45%, will remain in the possession of the owners of separated premises in the Sky Tower building. The price for the Sky Tower Share was agreed on a debt-free and cash-free basis at EUR 84,420,000, plus Value Added Tax (VAT) and less the value of incentives for tenants under agreements signed prior to the date of entering into the Preliminary Agreement, which have not been paid as at the date the final agreement (the “Final Agreement”) is made, and it will be paid in full on the date of making the Final Agreement (the “Price”).

On 15 March 2022, an Issuer’s subsidiary, Sky Tower S.A. and Olimp Investment Sp. z o.o., a company controlled by an alternative investment fund managed by the Adventum Group, entered into a final sales agreement for the disposal of 79.55% of share in the ownership right to developed land on which a multi-purpose building called “Sky Tower” is built, which is located at 95 Powstańców Śląskich street, having the total area of approx. 23,798 sq. m (the “Sky Tower Share”) (the “Sale and Purchase Agreement”). The remainder of the share in the ownership of Sky Tower, i.e. 20.45%, will remain in the possession of the owners of separated premises in the Sky Tower building. The price for the Sky Tower Share was agreed on a debt-free and cash-free basis at EUR 84,270,000.00, plus Value Added Tax (VAT) and less the value of incentives for tenants under agreements signed prior to the date of entering into the Preliminary Agreement, which had not been paid as at the date the Sale and Purchase Agreement was made, i.e. in the amount of EUR 1,878,436.64, and was paid in full on the date of making the Sale and Purchase Agreement. The Issuer, by entering into the Sale and Purchase Agreement, granted corporate guarantee up to the amount of EUR 2,438,481.95, to be used as security for the Seller’s performance of its obligations arising from the said agreement.

Funds obtained from the sale were used for the complete repayment of a bank loan in the total amount of EUR 41,975,589.96 taken out under an agreement made between Sky Tower S.A. and a syndicate of banks comprised of Alior Bank S.A., based in Warsaw, and Getin Noble Bank S.A., based in Warsaw, of 29 December 2012, as amended. The maximum amount of the said loan was EUR 60,000,000, which was designated for refinancing the costs of construction of “Sky Tower” building.

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Profit /(loss) on investment property

The following table shows Profit /(Loss) on investment property disclosed in the Consolidated Statement of Comprehensive Income:

	Period of 9 months ended 30 September 2022	Period of 9 months ended 30 September 2021
Revenue from sales of real estate	391,072	-
Value of real estate sold	(391,072)	-
Change in real estate valuation in respect of altered EUR to PLN exchange rate within the period	41,566	(3,452)
Change in real estate valuation in respect of expenditures incurred within the period	(513)	3,505
Revaluation of provisions for sale of real property	705	(3,787)
Adjustment for linearisation of revenues from rental	587	(2,361)
Total	42,345	(6,095)

The below table presents details relating to Profit /(Loss) on Investment Property in the period of 9 months ended 30 September 2022:

Period of 9 months ended 30 September 2022	Arkady Wroclawskie	Sky Tower	Wola Retro	Malin	TOTAL
Revenue from sales of real estate	-	391,072	-	-	391,072
Value of real estate sold	-	(391,072)	-	-	(391,072)
Change in real estate valuation in respect of altered EUR to PLN exchange rate within the period *	10,166	12,120	19,280	-	41,566
Change in real estate valuation in respect of expenditures incurred within the period	(50)	(60)	-	(403)	(513)
Revaluation of provisions for sale of real property	-	705	-	-	705
Adjustment for linearisation of revenues from rental	445	424	(282)	-	587
Total	10,561	13,189	18,998	(403)	42,345

* - For Sky Tower, the EUR-PLN exchange rate as at the transaction date, i.e. 4.7465, has been applied

2.15 Information about Write-Downs of Inventory to Net Realisable Value and Reversal of Write-Downs in This Respect

Inventory

	30 September 2022	31 December 2021
Work in progress	1,846,794	1,516,271
Finished products	79,363	32,797
Value adjustment for right of perpetual usufruct to land according to IFRS 16	76,079	74,102
Write-Downs of Inventory	(53,565)	(53,572)
Other inventory	158	34
Total inventories	1,948,829	1,569,632

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As at 30 September 2022, *Borrowing costs* of PLN 71,921,000 (as at 31 December 2021 they amounted to PLN 54,361,000) were capitalised in the value of *Inventory*.

Changes in the write-downs of inventories were as follows:

	Period of 9 months ended 30 September 2022	Year ended 31 December 2021
At the beginning of the reporting period	53,572	115,960
Increase	-	-
Used	(7)	(5,547)
Decrease	-	(56,841)
At the end of the reporting period	53,565	53,572

As at 30 September 2022 and 31 December 2021, no item of inventory was pledged or mortgaged, except for the mortgage mentioned in item 2.30.5.

2.16 Information about Impairment Losses in Respect of Financial Assets, Property, Plant and Equipment, Intangible Assets or Other Assets and Reversal of Such Losses

During the period of 9 months ended 30 September 2022, there were no significant changes in impairment losses on financial assets, property, plant and equipment, intangible assets, land classified as fixed assets and other assets, except for write-downs of trade and other receivables, presented in the table below:

	30 September 2022	31 December 2021
Trade receivables	9,646	10,684
State budget receivables (without income tax)	3,220	57,061
Receivables arising from funds being blocked in security accounts, designated for timely loan servicing	4,909	14,220
Other receivables from third parties	5,716	15,321
Total receivables (net)	23,491	97,286
Adjustment taking account of deferred income (*)	(1,597)	(1,595)
Valuation allowance for receivables	(6,442)	(6,078)
Gross receivables	31,530	104,959

(*) As at 30 September 2022 and 31 December 2021, the Group recognised receivables on account of accrued penalties and damages in the amount of PLN 1,597,000 and PLN 1,595,000 respectively, net of deferred income resulting therefrom.

Trade receivables as at 30 September 2022 and 31 December 2021 with maturity below 1 year have been broken down by maturity dates and are as follows:

	30 June 2022	31 December 2021
up to 1 month	9,646	10,684
between 1 and 3 months	-	-
between 3 and 12 months	-	-
Total current trade and other receivables	9,646	10,684

State budget receivables (without income tax) have maturity up to 3 months.

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Receivables arising from funds blocked in security accounts, designated for timely loan servicing, have maturity up to 3 months.

	Period of 9 months ended 30 September 2022	Year ended 31 December 2021
At the beginning of the period	6,078	12,250
Increase	1,695	702
Used	(544)	(1,740)
Decrease	(787)	(5,134)
At the end of the period	6,442	6,078

2.17 Information about Creating, Increasing, Utilising and Reversing Provisions

The amounts of provisions and the reconciliation presenting the changes in their position during the reporting period are shown in the table below:

	<i>Retirement and disability benefits and bereavement payment</i>	<i>Disputes and litigation</i>	<i>Provision for disposal of investment property</i>	<i>Other</i>	<i>Total</i>
As at 01 January 2022	449	3,028	7,306	1,441	12,224
Created	-	49	-	3,961	4,010
Reclassification	-	(1,248)	17,209	1,248	17,209
Used	-	(95)	(8,930)	(596)	(9,621)
Reversed	-	(74)	(705)	-	(779)
As at 30 September 2022, including:	449	1,660	14,880	6,054	23,043
- non-current	449	81	13,589	-	14,119
- current	-	1,579	1,291	6,054	8,924

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2.18 Information about Deferred Tax Liabilities and Deferred Tax Assets

Deferred income tax arises from the following items:

	Statement of financial position			Deferred income tax expense for the period ended	
	30 September 2022	31 December 2021	01 January 2021	30 September 2022	31 December 2021
Deferred tax liability					
Accrued interest and discounts on borrowings, bonds, notes and deposits	(15,411)	(11,091)	(9,148)	(4,320)	(1,943)
Valuation of investment property	(26,600)	-	-	(26,600)	-
Difference in the value of tangible assets (tax and balance-sheet depreciation)	(6,499)	(55,767)	(48,390)	49,268	(7,377)
Difference in the value of other assets (tax value and book value)	(2,958)	(15,267)	(2,498)	12,309	(12,769)
Other	(397)	(319)	(32)	(78)	(287)
Gross deferred tax liability	(51,865)	(82,444)	(60,068)		
Deferred tax assets					
Valuation of investment property	-	18,513	18,644	(18,513)	(131)
Provisions and prepayments and accrued income	3,112	4,594	4,021	(1,482)	573
Accrued interest and discounts on borrowings, bonds and notes	8,517	7,864	6,472	653	1,392
Foreign exchange differences	2,079	6,295	6,786	(4,216)	(491)
Difference in the value of other assets (tax value and book value)	-	-	-	-	-
Losses potentially deductible from future taxable income	17,764	5,305	8,883	12,459	(3,578)
Debt financing costs that can be settled within 5 years	1,797	1,797	2,306	-	(509)
Other	137	194	267	(57)	(73)
Gross deferred tax assets	33,406	44,562	47,379		
Deferred tax expense				19,423	(25,193)
Net deferred tax asset	27,510	10,052	21,933		
Net deferred tax liability	(45,969)	(47,934)	(34,622)		

Considering the specificity of the conducted activity, which involves the achievement of taxable revenue at a deferred time, the Group activates incurred tax losses until taxable income is achieved, taking into account the tax regulations concerning the possibility of settling such losses. The amount of an asset resulting from tax losses disclosed in deferred tax is presented in the table above.

As at 30 September 2022, the Group carried out an analysis of the recoverability of a created and potential deferred tax asset and did not create a deferred tax asset on account, among other things, of tax losses in companies in the amount

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of PLN 5,696,000 (and accordingly PLN 3,191,000 as at 31 December 2021) and debt financing costs amounting to PLN 5,139,000, which can be used within the maximum period of up to five years from the end of the reporting period in which they arose. In addition, the Group did not create a deferred tax asset in the amount of PLN 28,851,000 with regard to temporary differences between the balance-sheet and tax values of respective assets and liabilities items (and accordingly PLN 49,114,000 as at 31 December 2021).

2.19 Information about Significant Purchase and Sale Transactions Regarding Property, Plant and Equipment

During the period of 9 months ended 30 September 2022, the Group purchased property, plant and equipment totalling PLN 806,000 (in the year ended 31 December 2021, it was PLN 1,506,000).

In the period of 9 months ended 30 September 2022, the Group entered into a lease agreement for 19 passenger cars. The value of recognised right-of-use assets was PLN 314,000.

In the period of 9 months ended 30 September 2022, the Group did not enter into any significant sale transactions regarding property, plant and equipment items.

As at 30 September 2022, there are no significant contractual liabilities arising from the purchase of property, plant or equipment.

2.20 Information about Significant Liabilities on Account of the Purchase of Property, Plant and Equipment

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

2.21 Financial Assets

Short-term securities

	<i>Interest rate</i>	<i>Repayment date</i>	30 September 2022	31 December 2021
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	10,240	-
Commercial bonds (Factoring Santander sp. z o.o.)	WIBOR 1M+0.1%	27-01-2023	15,000	-
Total short-term securities			25,240	27,053

Short-term securities – changes in the period	31 December 2021	Acquisition	Buy-back / Redemption	Profit or loss in the period	30 September 2022
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	-	157	10,240
Commercial bonds (Factoring Santander sp. z o.o.)	-	15,000	-	-	15,000
TOTAL	27,053	32,253	(34,321)	255	25,240

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Other financial assets

	30 September 2022	31 December 2021
Investment fund units	26,010	69,365
Cash in open trust accounts	94,097	49,174
Total other financial assets	120,107	118,539

The below table shows changes in respect of investment fund units in the period:

Investment fund units	31 December 2021	Acquisition	Buy-back / Redemption	Swap	Profit or loss in the period	30 September 2022
Subfundusz QUERCUS Dłużny Krótkoterminowy (QUERCUS short-term debt investment compartment)	9,048	10	(5,000)	-	(51)	4,007
Subfundusz QUERCUS Ochrony Kapitału (QUERCUS capital protection investment compartment)	5,997	12	(6,024)	-	17	2
Allianz Obligacji Inflacyjnych (Allianz inflation-indexed bonds)	2,007	-	(2,065)	-	58	-
Allianz Specjalistyczny FIO (Allianz specialised open-end fund) / Allianz Trezor	2,930	-	-	-	45	2,975
Allianz SFIO Stabilnego Dochodu (Allianz stable income specialised open-end fund) (formerly Aviva)	4,914	-	-	-	42	4,956
Generali Oszczędnościowy (Generali savings fund)	4,940	-	(4,802)	-	(138)	-
GAMMA PARASOL BIZNES SFIO (GAMMA UMBRELLA BUSINESS SPECIALISED OPEN-END FUND)	34,603	-	(25,000)	-	(288)	9,315
Allianz Specjalistyczny FIO (Allianz specialised open-end fund) / Allianz Trezor	4,926	-	-	(4,879)	(47)	-
Allianz Specjalistyczny FIO / Allianz Obligacji Inflacyjnych	-	-	-	4,879	(124)	4,755
TOTAL	69,365	22	(42,891)	-	(486)	26,010

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.

The below table shows changes in respect of trust accounts in the period:

Trust accounts – changes	Period of 9 months ended 30 September 2022	Year ended 31 December 2021
At the beginning of the reporting period	49,174	32,850
Customer payments in the period	712,443	928,035
Funds released in the period	(667,520)	(911,711)
At the end of the reporting period	94,097	49,174

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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.

Cash and other cash assets

	30 September 2022	31 December 2021
Cash on hand and in a bank account	35,176	322,754
Bank deposits	228,449	10,000
Total cash and cash equivalents, including:	263,625	332,754
- restricted cash	20	20

2.22 Information about Significant Settlements on Account of Litigation

As at 30 September 2022, there are no significant proceedings before the court or arbitration or public administration authorities with regard to liabilities or receivables of Develia S.A. or its subsidiaries, the value of which would have an important bearing on the financial standing of the Group companies. The subsidiary undertakings of Develia S.A. are parties to court and public administration proceedings whose value is insignificant for their operations or financial standing. The vast majority of other cases relate to claims lodged by subsidiaries of Develia S.A. against their debtors. Provisions for legal actions are shown in Note 2.17.

2.23 Disclosure of Correction of Errors of Previous Periods

During the period of 9 months ended 30 September 2022 there were no corrections of the errors of previous periods.

2.24 Information about Changes in Economic Situation and Conditions for Running Business Activity Which Have Considerable Impact on Fair Value of Group's Financial Assets and Financial Liabilities, Regardless of Whether Such Assets and Liabilities Are Recognised at Fair Value or at Adjusted Purchase Price (Depreciated Cost)

Considerable fluctuations in the EUR exchange rate translate into significant changes in the EUR valuation of assets/equity and liabilities (i.e. commercial property and the loans financing it), which are converted into PLN at an average exchange rate of NBP effective at the end of each accounting period. The situation on financial markets has also an impact on the valuation of IRS and CAP financial instruments disclosed in the Statement of Comprehensive Income.

The table below shows the sensitivity of a net financial result to possible fluctuations of the Euro exchange rates of fair value measurement of assets and loans valuations in EUR, on the assumption of the invariability of other factors. Due to the high volatility of Euro exchange rate in recent years, +/- PLN 0.20 variations have been taken into consideration for the presentation of the sensitivity of the financial result..

	Increase/decrease in the exchange rate in PLN	Impact on the net financial result in PLN '000	Impact on equity in PLN '000
30 September 2022	+ 0.20	11,134	11,134
	- 0.20	(11,134)	(11,134)

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31 December 2021	+ 0.20	17,835	17,835
	- 0.20	(17,835)	(17,835)
30 September 2021	+ 0.20	18,279	18,279
	- 0.20	(18,279)	(18,279)

2.25 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

No such events occurred in any of the Group's companies.

2.26 Information on Single or Many Transactions Concluded by Issuer or Its Subsidiary Undertaking with Related Entities (If Made on Terms Other Than at Arm's Length)

In the discussed reporting period neither the Issuer nor its subsidiary undertakings concluded with a related entity any transactions, which were effected on the terms other than at arm's length.

Transactions with related entities for the Group are presented in item 2.27.

2.27 Related Party Transactions

30 September 2022

<i>Related undertaking</i>	Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings (trade and financial)	Liabilities to related undertakings (trade and financial)	Financial income (interest)	Financial expenses (interest, discounts)
Jointly Controlled Entities	-	-	-	-	-	-
Projekt Myśluborska Sp. z o.o. Sp. k.	-	-	1,443	-	55	-
Shareholders	-	-	-	-	-	-
Undertakings related through shareholders	-	-	-	-	-	-
Management and Supervisory Board						
Management Board of parent undertaking and subsidiaries	-	7,887 (*) 56 (**)	-	5	-	-
Supervisory Board	-	564 (*)	-	-	-	-

(*) Remuneration paid

(**) Other

31 December 2021

<i>Related undertaking</i>	Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings (trade and financial)	Liabilities to related undertakings (trade and financial)	Financial income (interest)	Financial expenses (interest, discounts)
Shareholders	-	-	-	-	-	-
Undertakings related through shareholders	-	-	-	-	-	-
Management and Supervisory Board						

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Management Board of parent undertaking and subsidiaries	-	8,508 (*) 24 (**)	-	5	-	-
Supervisory Board	-	729 (*)	-	-	-	-

(*) Remuneration paid

(**) Other

30 September 2021

<i>Related undertaking</i>	Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings (trade and financial)	Liabilities to related undertakings (trade and financial)	Financial income (interest)	Financial expenses (interest, discounts)
Shareholders	-	-	-	-	-	-
Undertakings related through shareholders	-	-	-	-	-	-
Management and Supervisory Board						
Management Board of parent undertaking and subsidiaries	-	6,897 (*) 22 (**)	-	-	-	-
Supervisory Board	-	543 (*)	-	-	-	-

(*) Remuneration paid

(**) Other purchases

2.28 Information about Change in the Way (Method) of Determining Fair Value for Financial Instruments Measured at Fair Value

None occurred.

2.29 Information about Change in Classification of Financial Assets Resulting From Change in Purpose or Utilisation of Such Assets

None occurred.

2.30 Financial Liabilities and Other Interest-bearing Bank Loans and Bonds

2.30.1

Non-current	Entity	Interest rate	Repayment date	30 September 2022	31 December 2021
Bank loan in EUR (a)	Arkady Wrocławskie S.A.	Euribor 3M+margin	31-12-2022	-	-
Bank loan in EUR (b)	Sky Tower S.A.	Euribor 3M+margin	15-03-2022	-	-
Bank loan in EUR (c)	LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. (Wola Retro)	Euribor 3M+margin	19-11-2027	132,755	120,030
Bank loan in PLN (d)	Develia S.A.	Wibor 1M+margin	01-12-2022	-	-
Bank loan in PLN (e)	Develia S.A.	Wibor 1M+margin	04-11-2023	-	84
Bank loan in PLN (f)	Develia S.A.	Wibor 3M+margin	28-04-2023	-	-
Bank loan in PLN (g)	Develia S.A.	Wibor 3M+margin	31-12-2022	-	-
Bank loan in PLN (h)	Develia S.A.	Wibor 1M+margin	12-04-2022	-	-
Bond scheme (i)	Develia S.A.	Wibor 6M+margin	05-06-2022	-	-
Bond scheme (j)	Develia S.A.	Wibor 6M+margin	28-02-2022	-	-
Bond scheme (k)	Develia S.A.	Wibor 3M+margin	19-10-2022	-	-

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Bond scheme (l)	Develia S.A.	Wibor 3M+margin	22-05-2023	-	59,810
Bond scheme (m)	Develia S.A.	Wibor 3M+margin	06-10-2023	69,816	69,625
Bond scheme (n)	Develia S.A.	Wibor 3M+margin	10-05-2024	149,376	149,085
Bond scheme (o)	Develia S.A.	Wibor 3M+margin	08-10-2024	99,478	99,216
				451,425	497,850

Current	Entity	Interest rate	Repayment date	30 September 2022	31 December 2021
Bank loan in EUR (a)	Arkady Wrocławskie S.A.	Euribor 3M+margin	31-12-2022	57,605	58,243
Bank loan in EUR (b)	Sky Tower S.A.	Euribor 3M+margin	15-03-2022	-	191,137
	LC Corp Invest XVII Sp. z o.o.				
Bank loan in EUR (c)	Projekt 22 Sp. k. (Wola Retro)	Euribor 3M+margin	30-09-2023	5,447	4,955
Bank loan in PLN (d)	Develia S.A.	Wibor 1M+margin	01-12-2022	-	-
Bank loan in PLN (e)	Develia S.A.	Wibor 1M+margin	30-09-2023	-	-
Bank loan in PLN (f)	Develia S.A.	Wibor 3M+margin	28-04-2023	-	-
Bank loan in PLN (g)	Develia S.A.	Wibor 3M+margin	31-12-2022	13,311	6,189
Bank loan in PLN (h)	Develia S.A.	Wibor 1M+margin	30-09-2023	-	-
Bond scheme (i)	Develia S.A.	Wibor 6M+margin	05-06-2022	-	50,154
Bond scheme (j)	Develia S.A.	Wibor 6M+margin	28-02-2022	-	18,707
Bond scheme (k)	Develia S.A.	Wibor 3M+margin	19-10-2022	20,428	20,134
Bond scheme (l)	Develia S.A.	Wibor 3M+margin	23-11-2022 / 22-05-2023	60,589	328
Bond scheme (m)	Develia S.A.	Wibor 3M+margin	07-10-2022	1,680	-
Bond scheme (n)	Develia S.A.	Wibor 3M+margin	11-11-2022	2,013	912
Bond scheme (o)	Develia S.A.	Wibor 3M+margin	08-10-2022	2,235	-
				163,308	350,759

- (a) Loan at Arkady Wrocławskie taken out in EUR on 28 February 2008 with a syndicate of banks: ING Bank Śląski S.A. and Santander Bank Polska S.A. On 29 December 2017, the Company and Santander Bank Polska S.A. executed an amendment to the consortium loan agreement of 28 February 2008 to extend the period of financing granted under the loan agreement. The amount of loan granted under the said amendment is EUR 25,000,000, and the loan repayment date was fixed for 31 December 2022. Prior to entering into the above amendment, i.e. on 27 December 2017, an amendment to the loan agreement was executed between Arkady Wrocławskie S.A. and ING Bank Śląski S.A. and Santander Bank Polska S.A., forming the previous syndicate of lending banks, under which ING Bank Śląski S.A. assigned to Santander Bank Polska S.A. its receivables against the Company arising from the loan granted within the framework of a syndicate of banks, and Santander Bank Polska S.A. accepted the said assignment becoming thus the sole lender. At this moment, all the entitlements, rights and claims (including the entire collateral), and all the risks and obligations relating to the loan were assigned to Santander Bank Polska S.A.. On 21 March 2019, Arkady Wrocławskie S.A. paid off a portion of a bank loan in an amount of EUR 5,000,000 to Santander Bank Polska S.A., which was granted under the consortium loan agreement of 28/02/2008, with further amendments. On 28 March 2019, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. executed an amendment to the syndicate loan agreement of 28/02/2008 to revise the committed amount and alter the repayment schedule. On 27 April 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of principal instalments originally due for payment on 31 March 2020 and 30 June 2020 was rescheduled on the date of final loan repayment, i.e. on 31 December 2022. Further, under the aforesaid amendment, the Bank decided to refrain from the verification of debt service ratios for the first

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two quarters of 2020. On 29 July 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of principal instalments originally due for payment on 30 September 2020 and 31 December 2020 was rescheduled on 31 July 2020. Further, under the aforesaid amendment, the Bank decided to refrain from the verification of debt service ratios for Q3 and Q4 2020. On 31 July 2020, the principal in the amount of PLN 875,000 was paid off. On 27 August 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of certain principal instalments originally due for payment on 31 March 2021 and 30 June 2021 was rescheduled on or before 31 August 2020. The principal amount of EUR 437,500 was repaid in full on 31 August 2020. On 28 September 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of a portion of a principal instalment originally due for payment on 30 September 2021 was rescheduled on or before 30 September 2020. The principal amount of EUR 218,750 was repaid on 30 September 2020. On 27 October 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of a portion of a principal instalment originally due for payment on 31 December 2021 was rescheduled on or before 30 October 2020. The principal amount of EUR 218,750 was repaid on 30 October 2020. On 30 November 2020, the Company and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of a portion of a principal instalment originally due for payment on 31 March 2021 was rescheduled on or before 30 November 2020. The principal amount of EUR 109,375 was repaid on 30 November 2020. On 28 December 2020, the Company and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of a portion of principal instalments originally due for payment on 30 September 2021, 31 December 2021 and 31 March 2022 were rescheduled on or before 31 December 2020. The principal amount of EUR 328,125 was repaid on 29 December 2020. On 30 June 2021, the Company and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of a portion of a principal instalment originally due for payment on 31 December 2021 was rescheduled on or before 30 June 2021. The principal amount of EUR 109,375 was repaid on 30 June 2021. On 23 November 2021, the Company and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the payment of a portion of principal instalment originally due for payment on 31 March 2022 was rescheduled. On 29 October 2021, the principal in the amount of PLN 328,125 was paid off. On 08 June 2022, the Company and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the Bank decided to refrain from the verification of WALT until the end of Q3 2022. On 30 June 2022, the principal in the amount of PLN 875,000 was paid off. On 28 September 2022, the Company and Santander Bank Polska S.A. executed an amendment to the loan agreement of 28 February 2008, including further modifications thereto, under which the Bank decided to refrain from the verification of WALT until the end of Q4 2022.

- (b) The loan at Sky Tower S.A. taken out in EUR pursuant to the agreement of 29 December 2012 concluded with a syndicate of banks Getin Noble Bank S.A. and Alior Bank S.A., including further amendments thereto. Following the disposal of the Sky Tower building on 15 March 2022, the loan was repaid.
- (c) The loan at LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. taken out pursuant to the agreement of 20 December 2017 with a syndicate of banks: mBank Hipoteczny S.A. and mBank S.A. up to the amount of EUR 34,187,000 for the partial financing of Wola Retro in Warsaw. On 28 October 2020, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. entered into a loan agreement with mBank S.A. covering the amount of up to EUR 34,187,000, designated, among other things, for the repayment of existing debt owed to mBank S.A. and mBank Hipoteczny S.A. and arising from a loan agreement of 20/12/2017, as amended, and for the financing and refinancing of costs relating to the construction of an office building called "Wola Retro". The aforesaid Agreement was concluded as a result of a construction loan being converted to an investment loan and previous lenders being replaced by others (mBank Hipoteczny S.A. and mBank S.A. have been replaced with one lender – mBank S.A.). On 29 March 2021, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. made an amendment to the 28 October 2020 loan agreement, which changed the loan availability period from 28 April 2021 to 30 September 2021. The other provisions of the

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amendment set out new terms and conditions of loan utilisation and the terms and conditions under which transactions hedging against interest rate risk could be entered into. On 31 May 2021, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. made an amendment to the 28 October 2020 loan agreement, under which the parties modified the terms on which transactions hedging against interest rate risk may be entered into, shortening the minimum term of such transactions from five to two years, with obligation to renew an overdue transaction for another two-year or longer period. On 27 September 2021, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. made an amendment to the 28 October 2020 loan agreement, which postponed the loan availability period from 30 September 2021 to 31 March 2022. On 17 March 2022, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. made an amendment to the 28 October 2020 loan agreement, which postponed the loan availability period from 31 March 2022 to 30 June 2022. On 24 June 2022, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. made an amendment to the 28 October 2020 loan agreement, which postponed the loan availability period from 30 June 2022 to 31 December 2022.

- (d) A loan in the amount of PLN 35,000,000 granted by mBank S.A. to Develia S.A. under a revolving loan agreement of 03 December 2020, designated for financing day-to-day company's operations. The final repayment date has been agreed at 1 December 2022. 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.
- (e) A loan of up to PLN 36,270,000 under a loan agreement entered into between Develia S.A. and Santander Bank Polska S.A. on 04 March 2021, designated 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 made with Santander Bank Polska S.A. was closed prior to the contractual date, as the consequence of which all obligations arising from the above agreement were extinguished.
- (f) A loan of PLN 20,000,000 granted to Develia S.A. under an overdraft facility agreement made with Powszechna Kasa Oszczędności Bank Polski S.A. on 29 April 2021, designated for financing current liabilities arising from operations carried on, including the costs of projects being implemented (including purchase of land). The final repayment date has been agreed at 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 03 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. On 09 November 2022, Develia S.A. and PKO BP S.A. made Amendment no. 3 to the 29 April 2021 overdraft facility agreement, pursuant to which provisions concerning financial pledge and registered pledge were updated. As at the date hereof, no loan disbursement was made.
- (g) A loan of up to PLN 33,700,000 under a loan agreement entered into between Develia S.A. and Bank Ochrony Środowiska S.A. on 11 August 2021, designated for the financing or refinancing of costs relating to the construction of a property development project called "Kaskady Różanki" in Wrocław. On 28 October 2022, Develia S.A. and Bank Ochrony Środowiska S.A. made Amendment No. 1 to the 11 August 2021 non-revolving loan agreement, pursuant to which the loan utilisation period and repayment frequency were modified, as well as the terms and conditions relating to the Borrower's obligations were altered.
- (h) A loan of up to PLN 30,000,000 under a loan agreement entered into between Develia S.A. and Santander Bank Polska S.A. on 12 April 2022, designated for the day-to-day financing of property development activity. The final repayment date has been agreed at 12 April 2024. On 11 October 2022, Develia S.A. and Santander Bank Polska S.A. made Amendment no. 1 to the 12 April 2022 loan agreement, pursuant to which the provisions pertaining to certain definitions were clarified and modifications to the loan transaction security were made. As at the date hereof, no loan disbursement was made.
- (i) 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. The value of obligations still outstanding and to be redeemed on 05 June 2022 equals PLN 31,000,000. On 03 June 2022, Develia S.A. redeemed the bonds.

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- (j) 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. bought back 26,504 bonds before the bond maturity date for the purpose of their redemption. On 28 February 2022, Develia S.A. redeemed the bonds.
- (k) Coupon bonds – the issue of 19 October 2018, including 66,000 four-year unsecured coupon bonds, having a par value 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 on 19 October 2022 equals PLN 20,000,000.
- (l) 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.
- (m) 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.
- (n) 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.
- (o) 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.

The allocation of respective loans, bonds to operating segments is presented in item 2.31.

In the period of 9 months ended 30 September 2022 and in 2022, the average weighted interest of bonds was 7.44% and 3.56% respectively.

In the period of 9 months ended 30 September 2022 and in 2021, the average weighted interest of loans was 3.24% and 3.18% respectively.

The below table shows loan and bond liabilities, broken down into maturity dates (the sums presented below do not include valuations made as at the balance-sheet date):

	<1 month	1-3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Bonds (floating interest)	24,379	2,745	60,000	220,000	100,000	-	-	-	407,124
Bank loan in EUR (EURIBOR)	-	57,525	-	-	-	-	-	-	57,525
Bank loan in EUR (EURIBOR)	-	-	-	-	-	-	-	-	-
Bank loan in EUR (EURIBOR)	-	1,349	4,099	5,586	5,727	5,872	6,021	109,454	138,108
Bank loan in PLN (WIBOR)	-	-	-	-	-	-	-	-	-
Bank loan in PLN (WIBOR)	-	-	13,311	-	-	-	-	-	13,311
	24,379	61,619	77,410	225,586	105,727	5,872	6,021	109,454	616,068

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2.30.2 Assets and Liabilities Arising from Financial Instruments

As at 30 September 2022, the fair value measurement of IRS, as well as CAP/FLOOR and forward transactions hedging the risk of an interest rate was as follows:

	Transaction principal for currency [in '000]	Balance-sheet (fair) value of instruments		Transaction period	
		Financial Assets	Financial Liabilities	From	To
CAP option [EUR]	13,311	870	-	07/06/2021	26/06/2023
CAP option [EUR]	578	39	-	27/01/2022	26/06/2023
CAP/FLOOR contract [EUR]	10,937	-	-	29/03/2019	30/12/2022
As at 30 September 2022, TOTAL		909	-		

Changes Concerning FX Forward Transactions Made by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k.

On 27 January 2022, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k., in pursuance of the 28 October 2020 loan agreement in relation to forward rate and derivative transactions, made a transaction (a cap option) hedging against interest rate risk in the amount of EUR 577,600 for the period from 25 January 2022 to 26 June 2023.

On 28 March 2022, the Company entered into, pursuant to a framework agreement of 8 February 2018, a foreign exchange forward transaction which included forward and derivative operations relating to the performance of a loan agreement and extended the settlement period of the unsettled transaction to its maturity, i.e. 30 June 2022. A new settlement date was set for the unsettled amount of PLN 6,572,000, namely, 30 June 2022. The nominal value of the aforesaid transaction at a base rate amounted to EUR 1,470,000.

On 27 June 2022, the Company entered into, pursuant to a framework agreement of 8 February 2018, a foreign exchange forward transaction which included forward and derivative operations relating to the performance of a loan agreement and extended the settlement period of the unsettled transaction to its maturity, i.e. 30 June 2022. A new settlement date was set for the unsettled amount of PLN 1,737,000, namely, 30 December 2022. The transaction was settled in full on 23 August 2022.

On 18 August 2022, the Company entered into, pursuant to a framework agreement of 8 February 2018, a foreign exchange forward transaction which included forward and derivative operations relating to the performance of a loan agreement and set the settlement period of the transaction to its maturity, i.e. 23 August 2022. The nominal value of the aforesaid transaction at a base rate amounted to EUR 534,000. The transaction was settled in full on 23 August 2022.

2.30.3 Issue, Redemption of Equity Securities

In the period of 9 months ended 30 September 2022, no bonds were issued.

On 28 February 2022, Develia S.A. redeemed the bonds of PLN 18,496,000.

On 31 March 2022, Develia S.A. partially redeemed bonds of PLN 19,000,000 before the bond maturity date. The value of obligations still outstanding and to be redeemed on 05 June 2022 equals PLN 31,000,000. On 5 June 2022, Develia S.A. redeemed the bonds of PLN 31,000,000.

CONSOLIDATED QUARTERLY REPORT**2.30.4 Taking out and Repaying of Bank Loans and Borrowings**

1. In the period of 9 months ended 30 September 2022, Arkady Wrocławskie S.A. repaid, according to the schedule, the instalments of the loan in EUR taken out with Santander Bank Polska S.A. in the amount of PLN 3,141,000. As at 30 September 2022, the total outstanding amount after conversion into Polish Zlotys was PLN 57,605,000.
2. In the period of 9 months ended 30 September 2022, Sky Tower repaid the loan taken out in EUR to a syndicate of banks: Getin Noble Bank S.A. and Alior Bank S.A. in the amount of PLN 197,242,000.
3. In the period of 9 months ended 30 September 2022, LC Corp Invest XVII Spółka z ograniczoną odpowiedzialnością Projekt 22 Sp. k., in accordance with a loan agreement with mBank S.A., concerning a loan taken out in EUR and designated for the partial financing of Wola Retro project in Warsaw, drew down funds in the amount of PLN 9,044,000 and repaid loan instalments in the amount of PLN 3,628,000. As at 30 September 2022, the total outstanding amount after conversion into Polish Zlotys was PLN 138,202,000.
4. In the period of 9 months ended 30 September 2022, Develia S.A., as stipulated in a loan agreement made with Santander Bank Polska 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 "Prestovia House" in Warsaw, repaid the loan in the amount of PLN 84,000. As at 30 September 2022, there was no debt in respect of the aforesaid agreement.
5. In the period of 9 months ended 30 September 2022, Develia S.A. drew down funds in the total amount 9,044,000 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 September 2022, the total outstanding amount after conversion into Polish Zlotys was PLN 13,311.

2.30.5 Collateral

As at 30 September 2022, the following main collateral, categorised into below groups, was used as security for the repayment of loans.

Security for Loans Made to Develia S.A.

1. Security for the revolving loan agreement of 3 December 2020 made between Develia S.A. and mBank S.A.;
 - PLG-FGP guarantee granted by Bank Gospodarstwa Krajowego for the amount of PLN 28,000,000, i.e. the guarantee amount comprised of 80% of the Loan for the period from the date on which an entry is made to the BGK register to 01 March 2023;
 - 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;
2. 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 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 voluntary 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;

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- Registered pledges up to the highest sum of security in the amount of PLN 54,405,000 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 placed on bank accounts relating to the project (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
3. 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 on the real properties which Develia S.A. and LC Corp Invest XV Spółka z ograniczoną odpowiedzialnością Investments Spółka komandytowo-akcyjna own or to which they hold the right of perpetual usufruct;
 - A declaration in the form of a notarial deed on voluntary 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;
 - A financial and registered pledge up to the highest sum of security amounting to PLN 75,000,000 on cash deposited in the current account;
4. 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 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;
 - Financial pledge up to the highest sum of security in the amount of PLN 50,550,000 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.
5. Security for the revolving loan agreement of 12 April 2022 made between Develia S.A. and Santander Bank Polska.
- 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;

CONSOLIDATED QUARTERLY REPORT**Security for Loans Granted to Finance Commercial Properties**

1. Security for the bank loan agreement concluded by Arkady Wrocławskie S.A.:
 - Capped mortgage (loan in EUR) – up to the amount of EUR 37,500,000;
 - Pledge on the shares of Arkady Wrocławskie S.A. held by Develia S.A. – up to the amount EUR 37,500,000;
 - Registered pledge on bank accounts (loan in EUR) – up to the amount of EUR 37,500,000;
 - Assignment of rights arising from rental agreements, insurance and guarantees under agreements with contractors;
 - Declaration on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure with regard to 113,700,000 ordinary registered shares held by Develia S.A. of a nominal value of PLN 1.00, each being a part of the share capital of Arkady Wrocławskie S.A., encumbered with registered pledge, under financial and registered pledge agreement, on shares as security for the repayment of secured debt;
 - Deposit of EUR 500,000.
2. Security for transactions hedging against interest rate risk (COLLAR) (hedging agreement), established by Arkady Wrocławskie S.A.:
 - Contractual mortgage of up to PLN 8,250,000;
 - Declarations on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure up to the total amount of PLN 8,250,000;
3. 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.:
 - Contractual mortgage on real property of up to EUR 51,280,500.00;
 - 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;
 - Agreements to assign rights and debts arising from lease and other contracts associated with the project.
 - 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 the amount of EUR 51,280,500 along with a declaration on submission to enforcement pursuant to Article 777(1)(6) of the Code of Civil Procedure;
 - First-ranking registered and financial pledge on all bank accounts of the borrower (with pledges created in relation to the refinanced debt being senior to all other pledges), each up to EUR 51,280,500 along with powers of attorney for the lender;
 - Borrower's declarations on submission to enforcement towards the lender pursuant to Article 777(1) of the Code of Civil Procedure up to EUR 51,280,500.00;
 - Debt service reserve in the amount of three principal and interest instalments,
 - 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 voluntary 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;
4. Security for transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), established by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k. pursuant to the framework agreement as security for the loan agreement in favour of mBank S.A.:
 - FX risk and interest rate risk hedging agreement, secured by a mortgage of up to PLN 32,235,000 (which is junior directly to mortgage used as security for the agreement) on the real property.
 - Registered pledges on the rights to cash in all bank accounts of the Borrower up to the highest sum of security in the amount of PLN 32,235,000 in favour of mBank S.A.;
 - Declarations on submission to enforcement pursuant to Article Article 777 of the Code of Civil Procedure of up to PLN 32,235,000.

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2.30.6 Lease Liabilities

	30 September 2022	31 December 2021
Liabilities arising from the right of perpetual usufruct to land	93,873	92,137
Liabilities on account of car leases	733	631
Total	94,606	92,768

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

	30 September 2022	31 December 2021
up to 1 month	28	21
between 1 and 3 months	54	4,419
between 3 and 12 months	5,735	198
between 1 year and 2 years	6,064	5,379
between 2 and 3 years	5,548	5,534
between 3 and 4 years	5,165	5,125
between 4 and 5 years	4,754	4,754
above 5 years	67,258	67,338
Total	94,606	92,768

2.30.7 Trade and Other Payables

	30 September 2022	31 December 2021
Trade payables	157,018	205,379
Budget liabilities (without income tax)	4,427	4,418
Liabilities on account of security deposits	28,955	35,529
Liabilities on account of dividend	-	-
Other payables	557	503
TOTAL, including:	190,957	245,829
- non-current	-	-
- current	190,957	245,829

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 Group.

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As at 30 September 2022, trade payables broken down by maturity dates and with maturity below 1 year are as follows:

	<1 month	1-3 months	3-12 months	Total below 1 year
Trade payables	93,759	23,259	40,000	157,018

2.30.8 Accruals and deferred income

	30 September 2022	31 December 2021
Accrued expenses on account of salaries and wages	4,987	9,983
Accrued expenses on account of holidays not taken	1,435	1,504
Accrued expenses on account of additional payments for perpetual usufruct	-	-
Accrued expenses on account of the audit of financial statements	14	316
Other	701	3,405
Accrued expenses	7,137	15,208
Accrued rental revenues	1,442	1,441
Accrued revenues from the sale of flats	964,646	561,451
Other deferred income	32	-
Deferred income	966,120	562,892
Accrued expenses and deferred income	973,257	578,100

2.30.9 Liquidity

The Group 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 Group 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 Group's liquidity is very good – cash and current financial assets ensure the servicing of current financial liabilities in a timely fashion. The non-current portion of liabilities includes mainly loans designed to refinance the investment property "Wola Retro". The repayment of commercial loans is secured by proceeds from the operations carried out by the investment properties (on account of lease agreements). Revenue from the sale of residential premises of the projects in Warsaw, Wrocław, Cracow, Gdańsk and Katowice is a source for the repayment of bonds for the financing of the Group's residential segment.

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

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2.31 Financial Instruments

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

	30 September 2022	31 December 2021
Assets measured at amortised cost	405,960	451,782
Non-Current Receivables	2,727	2,576
Trade and other receivables (<i>net of budget receivables</i>)	20,271	40,225
Treasury / commercial bonds	25,240	27,053
Cash in open trust accounts	94,097	49,174
Bank deposits over 3 months	-	-
Cash and other cash assets	263,625	332,754
Assets measured at fair value through profit or loss	26,010	69,365
Fair Value of Financial Instruments in the Form of Forward Contracts	-	-
Open-ended debt fund units	26,010	69,365
Hedging Financial Instruments	909	49
Fair value of IRS and CAP financial instruments	909	49
Financial liabilities measured at amortised cost	895,869	1,182,788
Bank loan liabilities	209,118	380,638
Bond liabilities	405,615	467,971
Lease liabilities	94,606	92,768
Trade and other payables (<i>net of budget liabilities</i>)	186,530	241,411
Liabilities measured at fair value through profit or loss	-	301
Fair Value of Financial Instruments in the Form of Forward Contracts	-	301
Hedging Financial Instruments	-	435
Fair value of IRS and CAP financial instruments	-	435

The below table contains a comparison of balance-sheet values and fair values of individual financial instruments:

	30 September 2022		Fair value hierarchy		
	Balance sheet value	Fair value	Level 1	Level 2	Level 3
Assets measured at amortised cost	385,689	385,689	10,233	375,456	-
Non-Current Receivables	2,727	2,727	-	2,727	-
Treasury / commercial bonds	25,240	25,240	10,233	15,007	-
Cash in open trust accounts	94,097	94,097	-	94,097	-
Bank deposits over 3 months	-	-	-	-	-
Cash and other cash assets	263,625	263,625	-	263,625	-
Assets measured at fair value through profit or loss	26,010	26,010	-	26,010	-
Fair Value of Financial Instruments in the Form of Forward Contracts	-	-	-	-	-
Open-ended debt fund units	26,010	26,010	-	26,010	-
Hedging Financial Instruments	909	909	-	909	-
Fair value of IRS and CAP financial instruments	909	909	-	909	-
Financial liabilities measured at amortised cost	614,733	612,819	223,706	389,113	-

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Bank loan liabilities	209,118	205,810	-	205,810	-
Bond liabilities	405,615	407,009	223,706	183,303	-
Liabilities measured at fair value through profit or loss	-	-	-	-	-
Fair Value of Financial Instruments in the Form of Forward Contracts	-	-	-	-	-
Hedging Financial Instruments	-	-	-	-	-
Fair value of IRS and CAP financial instruments	-	-	-	-	-

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 Group 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.

2.32 Information Concerning Paid Out (or Declared) Dividend, in Total and Per Share, in Breakdown by Ordinary and Preference Shares

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.

2.33 Effects of Announcement of COVID-19 Epidemic on Group's Current Operations

The Issuer monitors, on a day-to-day basis, developments relating to the impact of the SARS-CoV-2 epidemic on the Group'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. Furthermore, the COVID-19 epidemic had a considerable impact on the Group's operations in the commercial segment; it was reflected in revenues and cash flows generated by commercial buildings, especially those having a significant share in commercial floor space – these changes resulted in a lower value of investment real property in the years 2020-2021.

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 9 months ended 30 September 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 Group's operations. The Management Board are of the opinion that it is not possible to assess the effects of the epidemic on the Group in subsequent months.

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2.34 Risk Associated with Warfare in Ukraine

The risk factors that might adversely affect the Group'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 Group 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 Group, 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 Group's revenue.

Due to the war in Ukraine and record high interest rates in the period of 9 months ended 30 September 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 Group companies' business activity. The Management Board monitor, on an ongoing basis, the potential impact of the conflict on the Group's operations, the property development and construction market.

CONSOLIDATED QUARTERLY REPORT**2.35 Events Occurred After 30 September 2022, Not Disclosed in These Statements, Which Could Have Had Material Bearing on Future Financial Results of Develia Group**

After the balance-sheet date, i.e. after 30 September 2022, no significant events which have not been revealed herein and might have a major impact on financial results presented herein were observed. Nevertheless, there were other events:

- 1) On 19 October 2022, Develia S.A. redeemed the bonds of PLN 20,000,000.
- 2) On 24 October 2022, the Issuer, Hillwood Malin Development Logistics, LLC, based in City of Wilmington ("Hillwood") and Bunclodico Investments spółka z ograniczoną odpowiedzialnością, based in Warsaw ("JV"), i.e. companies from the group of companies the part of which is Hillwood Polska Sp. z o.o., based in Warsaw (the "Partners"), made a co-operation agreement to carry out a project together using one or more joint ventures on a real property located in Malin, Wisznia Mała Municipality (the "JV Agreement"). The co-operation under the JV Agreement will entail setting up one or more investment companies with a view to building a logistic park (centre) along with necessary technical and road infrastructure (the "Project"). The Project will derive from the experience of the Issuer and Hillwood, and responsibility for operational management will rest with the Hillwood team. The Issuer's commitment has been set at 25%, whereas Hillwood's at 75%. Under the basic scenario, the total capital commitment of the Issuer is estimated to be approx. EUR 8,700,000 and will be completely financed by selling the real property to the JV company. At the time the JV Agreement was signed, the owner of the real property designated for the Project was an Issuer's subsidiary, from which the real property will be acquired in stages depending on the progress of works for the Project. According to the Issuer's estimates, if the Project is completed as originally envisaged, revenue from the disposal of the whole real property will be approx. EUR 34,700,00, which exceeds the current value of the real property recognised in the subsidiary's books, namely approx. PLN 70,000,000. The commencement of the Project is conditional on changing the purpose of the real property, which is necessary in order for the Project to serve functions relating to the provision of services. Under the JV Agreement, the Partners committed themselves to work together to obtain necessary decisions, as well as to collaborate on the construction and commercialisation of the Project. The JV Agreement was entered into under the following conditions precedent: 1) to obtain the consent of the President of UOKiK (the Polish Office of Competition and Consumer Protection) to concentration that involves the creation of a joint venture by the Issuer and Hillwood Malin Development Logistics, LLC and 2) to amend the JV's articles of association and have that amendment entered in the register of entrepreneurs of the National Court Register. 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.
- 3) On 26 October 2022, the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) approved the base prospectus of the Company's Public Bond Issue Scheme prepared in relation to the public offering and the application for admission to trading on the Catalyst regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) of bearer bonds having the total nominal value not higher than PLN 150,000,000.
- 4) On 02 November 2022, LC Corp Invest XV sp. z o.o. disposed of all the shares it had in LC Corp Invest III sp. z o.o. to LC Corp Service S.A., which on the said day became a shareholder in that company.
- 5) On 7 November 2022, a company called Flatte Sp. z o.o., having its registered office in Warsaw and the share capital of PLN 5,000, was registered in the National Court Register (KRS). The sole shareholder of the company is Develia S.A.
- 6) On 14 November 2022, the Issuer received information that on 10 November 2022 the President of the Polish Office of Competition and Consumer Protection ("UOKiK") granted unconditional consent to concentration as part of which a joint business in the form of a limited liability company (spółka z ograniczoną odpowiedzialnością) would be set up by the Issuer and The Heart S.A. Accordingly, one of the conditions precedent set out in a joint venture co-operation agreement was met, namely to carry out through a special purpose vehicle (SPV) established to this end, a project entailing the development of a real property support system, including a real property and tenant management IT platform and a mobile application for tenants based on an order placed by the SPV.

CONSOLIDATED QUARTERLY REPORT**2.36 Information on Changes in Contingent Liabilities or Contingent Assets After the End of Last Accounting Year**

From the end of the last financial year there were no significant changes in contingent liabilities or contingent assets of the Group companies, except for contingent liabilities arising from property development, relating to contingent fees for the removal of trees, whose total amount increased from PLN 758,000 as at 31 December 2021 to PLN 882,000 as at 30 September 2022.

In pursuance of the Sales and Purchase Agreements covering two real properties: Silesia Star in Katowice and Retro Office House in Wrocław, 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*, vacant floor space), 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 arrangements.

In pursuance of the Sales and Purchase Agreement covering the real property called "Wola Center" in Warsaw, the Company has undertaken to the Purchaser, Gisla Spółka z ograniczoną odpowiedzialnością (currently Wola Center Sp. z o.o.), 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 Final Sales and Purchase Agreement, if the Seller has ceased its operations, has gone into liquidation or has been dissolved, which circumstances were described in the surety arrangements.

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, Develia Wrocław S.A. (formerly 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. Sky Tower S.A.'s, performance of its obligations arising from the said agreement.

On 18 July 2022, Develia S.A. stood surety for Kraków Zielony Złocięń 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.

Apart from contingent liabilities representing security for bank loans, described in detail in Note 2.30.5 and the liabilities described above, as at 30 September 2022, the Group Companies do not have any other significant contingent liabilities.

2.37 Other Information Deemed by Group as Relevant for Assessment of Its Personnel, Assets, Financial and Profit/Loss Standing and Changes Thereof and Information Relevant for Feasibility of Fulfilling Its Obligations

As described in item 4.9 of this report.

CONSOLIDATED QUARTERLY REPORT

2.38 Revenue and Profit-Loss Attributable to Respective Operating Segments

For management purposes, the Group distinguishes three reporting operating segments:

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

The tables presented below show data concerning revenues and profits of the Group's individual segments for the period of 9 months ended 30 September 2022 and 30 September 2021 and concerning assets and liabilities as at 30 September 2022 and 31 December 2021.

Period of 9 months ended 30 September 2022	Rental services	Property development activity	Holding (other) activity	TOTAL
Operating activity				
Sales revenue	42,527	277,632	138	320,297
Revenue from sale of services	42,527	-	138	42,665
Revenue from sales of goods and products	-	277,632	-	277,632
Cost of goods sold	(21,996)	(214,843)	-	(236,839)
Pre-tax profit/(loss) on sales	20,531	62,789	138	83,458
Gain/(loss) on disposal of non-financial fixed assets	-	-	-	-
Profit/(loss) on investment property	42,345	-	-	42,345
Write-Downs of Inventory	-	-	-	-
Selling and distribution cost	(703)	(15,966)	-	(16,669)
General and administrative expense	(7,799)	(29,916)	(152)	(37,867)
Other operating income	1,900	7,000	164	9,064
Other Operating Expenses	(569)	(3,659)	(1,437)	(5,665)
Operating profit/(loss)	55,705	20,248	(1,287)	74,666
Financial Income	888	3,962	1,621	6,471
Financial Expenses	(28,109)	(135)	(1,919)	(30,163)
Share in profits (losses) of entities disclosed using the equity method	-	(615)	-	(615)
Pre-tax profit/(loss)	28,484	23,460	(1,585)	50,359
Income tax (tax expense)	(4,844)	4,682	314	152
Net profit/(loss)	23,640	28,142	(1,271)	50,511
Other comprehensive income subject to reclassification to financial result in subsequent reporting periods				
Cash flow hedges	1,260	-	-	1,260
Income tax relating to other components of comprehensive income	(162)	-	-	(162)
Other comprehensive income (net)	1,098	-	-	1,098
Comprehensive income	24,738	28,142	(1,271)	51,609

Period of 9 months ended
30 September 2021

Rental services

Property
development
activity

Holding (other)
activity

TOTAL

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Operating activity				
Sales revenue	64,008	532,287	37	596,332
Revenue from sale of services	64,007	8	37	64,052
Revenue from sales of goods and products	1	532,279	-	532,280
Cost of goods sold	(31,952)	(401,016)	-	(432,968)
Pre-tax profit/(loss) on sales	32,056	131,271	37	163,364
Gain/(loss) on disposal of non-financial fixed assets	-	-	-	-
Profit /(loss) on investment property	(6,095)	-	-	(6,095)
Write-Downs of Inventory	-	-	-	-
Selling and distribution cost	(748)	(13,121)	-	(13,869)
General and administrative expense	(7,352)	(19,427)	(126)	(26,905)
Other operating income	2,321	2,103	49	4,473
Other Operating Expenses	(1,297)	(1,390)	(547)	(3,234)
Operating profit/(loss)	18,885	99,436	(587)	117,734
Financial Income	141	18	428	587
Financial Expenses	(12,983)	(113)	(1,306)	(14,402)
Share in profits (losses) of entities disclosed using the equity method	-	-	(3)	(3)
Pre-tax profit/(loss)	6,043	99,341	(1,468)	103,916
Income tax (tax expense)	(224)	(19,219)	299	(19,144)
Net profit/(loss)	5,819	80,122	(1,169)	84,772
Other comprehensive income subject to reclassification to financial result in subsequent reporting periods				
Cash flow hedges	477	-	-	477
Income tax relating to other components of comprehensive income	(91)	-	-	(91)
Other comprehensive income (net)	386	-	-	386
Comprehensive income	6,205	80,122	(1,169)	85,158

As at 30 September 2022	Rental services	Property development activity	Holding (other) activity	TOTAL
Assets and liabilities				
Total assets, including:	770,873	2,305,751	142,137	3,218,761
<i>Non-Current Receivables</i>	1,678	-	1,049	2,727
<i>Investments in joint ventures valued by equity method</i>	-	85,503	-	85,503
<i>Investment property</i>	487,900	-	-	487,900
<i>Inventory</i>	985	1,947,844	-	1,948,829
<i>Derivatives assets</i>	909	-	-	909
<i>Short-term securities</i>	-	-	25,240	25,240
<i>Other financial assets</i>	-	94,097	26,010	120,107
<i>Cash and cash equivalents</i>	61,667	140,156	61,802	263,625
<i>Non-current assets classified as held for sale</i>	195,130	22,184	-	217,314
Total liabilities, including:	347,253	1,592,991	21,588	1,961,832

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<i>Liabilities on account of loans and bonds</i>	243,864	369,692	1,177	614,733
<i>Liabilities Arising from Derivatives</i>	-	-	-	-
<i>Accrued expenses and deferred income</i>	1,481	964,653	7,123	973,257
As at 31 December 2021	Rental services	Property development activity	Holding (other) activity	TOTAL
Assets and liabilities				
Total assets, including:	1,056,886	1,926,998	265,956	3,249,840
<i>Non-Current Receivables</i>	2,576	-	-	2,576
<i>Investments in joint ventures valued by equity method</i>	-	55,122	-	55,122
<i>Investment property</i>	451,660	-	-	451,660
<i>Inventory</i>	988	1,568,644	-	1,569,632
<i>Derivatives assets</i>	49	-	-	49
<i>Short-term securities</i>	-	-	27,053	27,053
<i>Other financial assets</i>	-	49,174	69,365	118,539
<i>Cash and cash equivalents</i>	25,362	220,836	86,556	332,754
<i>Non-current assets classified as held for sale</i>	546,507	22,023	-	568,530
Total liabilities, including:	531,110	1,233,181	85,140	1,849,431
<i>Liabilities on account of loans, bonds and financial instruments</i>	432,616	355,629	60,364	848,609
<i>Liabilities Arising from Derivatives</i>	736	-	-	736
<i>Accrued expenses and deferred income</i>	1,576	561,542	14,982	578,100

CONSOLIDATED QUARTERLY REPORT

3. INTERIM CONDENSED FINANCIAL STATEMENTS OF DEVELIA S.A.

If not stated otherwise, the below figures are presented in PLN '000.

STATEMENT OF FINANCIAL POSITION

	Note	30 September 2022	31 December 2021
Assets			
A. Fixed assets		970,916	988,321
1. Intangible assets		430	315
2. Property, plant and equipment		6,394	6,006
3. Non-current loans and receivables	3.11	78,495	95,839
4. Non-current investments	3.12	873,508	879,233
5. Non-current prepayments		418	465
6. Deferred tax assets	3.17	11,671	6,463
B. Current assets		1,613,402	1,384,957
1. Inventory	3.13	1,435,180	1,116,530
2. Trade and other receivables	3.14	8,217	75,072
3. Income tax receivables		725	-
4. Short-term securities	3.15	25,240	27,053
5. Other financial assets	3.15	88,399	89,960
6. Cash and other cash assets	3.16	52,607	73,792
7. Current prepayments		3,034	2,550
C. Non-current assets classified as held for sale		-	-
Total assets		2,584,318	2,373,278
Equity and liabilities			
A. Equity		1,096,484	1,129,605
1. Share capital		447,558	447,558
2. Called-up share capital not paid		-	-
3. Supplementary capital		457,973	417,696
4. Other reserve funds		16,369	100,205
5. Other capitals		12,616	6,303
6. Retained profit/(Loss carried forward)		161,968	157,843
B. Long-term liabilities		586,438	603,175
1. Non-current financial liabilities	3.27	583,677	599,954
2. Non-current lease liabilities	3.27.6	2,316	2,776
3. Provisions	3.28	445	445
4. Deferred tax liability	3.17	-	-
C. Short-term liabilities		901,396	640,498
1. Current financial liabilities	3.27	156,991	151,359
2. Current lease liabilities	3.27.6	42,262	40,642
3. Current trade and other payables	3.27.7	116,985	177,342
4. Income tax payables		-	671
5. Provisions	3.28	243	107
6. Accruals and deferred income		584,915	270,377
Total equity and liabilities		2,584,318	2,373,278

CONSOLIDATED QUARTERLY REPORT

STATEMENT OF COMPREHENSIVE INCOME

	Note	Q3 2022 period from 01/07/2022 to 30/09/2022	3 Quarters of 2022 cumulatively from 01/01/2022 to 30/09/2022	Q3 2021 period from 01/07/2021 to 30/09/2021	3 Quarters of 2021 cumulatively from 01/01/2021 to 30/09/2021
Operating income					
Revenue from sale of services, products and goods	3.34.1	26,937	113,519	171,730	337,239
Revenue from interest and discounts		947	1,315	931	4,489
Revenue from dividend		5,893	209,734	-	90,869
Other financial income		136	310	5,310	824
Other operating income		542	1,617	168	745
Total operating income		34,455	326,495	178,139	434,166
Operating expenses					
Operating expenses, cost of sold products and goods	3.34.2	(34,031)	(140,961)	(151,729)	(299,705)
Costs of interest and discounts		(2,870)	(8,326)	(1,804)	(5,372)
Other financial expenses		5,336	(19,018)	(703)	(1,325)
Other operating expenses		(995)	(1,430)	(340)	(456)
Total operating expenses		(32,560)	(169,735)	(154,576)	(306,858)
Pre-tax profit/(loss)		1,895	156,760	23,563	127,308
Income tax (tax expense)		1,386	5,208	(3,709)	(7,167)
Net profit/(loss)		3,281	161,968	19,854	120,141
Other comprehensive income subject to reclassification to profit(loss) in subsequent reporting periods					
Other components of comprehensive income		-	-	-	-
Income tax relating to other components of comprehensive income		-	-	-	-
Other comprehensive income (net)		-	-	-	-
Comprehensive income		3,281	161,968	19,854	120,141

CONSOLIDATED QUARTERLY REPORT

	Q3 2022 period from 01/07/2022 to 30/09/2022	3 Quarters of 2022 cumulatively from 01/01/2022 to 30/09/2022	Q3 2021 period from 01/07/2021 to 30/09/2021	3 Quarters of 2021 cumulatively from 01/01/2021 to 30/09/2021
Net profit/(loss) (PLN'000)	3,281	161,968	19,854	120,141
Average weighted number of ordinary shares (pcs)	447,558,311	447,558,311	447,558,311	447,558,311
Net profit/(loss) per share (in PLN) - basic	0.01	0.36	0.05	0.27
Net profit/(loss) per share (in PLN) - diluted	0.01	0.36	0.05	0.27

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STATEMENT OF CHANGES IN EQUITY

	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
<i>Net profit/(loss) for the period of 9 months ended 30 September 2022</i>	-	-	-	-	-	161,968	161,968
<i>Other comprehensive income for the period of 9 months ended 30 September 2022</i>	-	-	-	-	-	-	-
Other comprehensive income for the period of 9 months ended 30 September 2022	-	-	-	-	-	161,968	161,968
<i>Transfer to reserve funds / supplementary capital</i>	-	-	40,277	-	-	(40,277)	-
<i>Payment of dividend</i>	-	-	-	(83,836)	-	(117,565)	(201,401)
<i>Valuation of incentive scheme</i>	-	-	-	-	6,313	-	6,313
As at 30 September 2022	447,558	-	457,973	16,369	12,616	161,968	1,096,484

	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	-	353,524	100,205	1,994	140,257	1,043,538
<i>Net profit/(loss) for the period of 9 months ended 30 September 2021</i>	-	-	-	-	-	120,141	120,141
<i>Other comprehensive income for the period of 9 months ended 30 September 2021</i>	-	-	-	-	-	-	-
Other comprehensive income for the period of 9 months ended 30 September 2021	-	-	-	-	-	120,141	120,141
<i>Transfer to reserve funds / supplementary capital</i>	-	-	64,172	-	-	(64,172)	-
<i>Payment of dividend</i>	-	-	-	-	-	(76,085)	(76,085)
As at 30 September 2021	447,558	-	417,696	100,205	1,994	120,141	1,087,594

CONSOLIDATED QUARTERLY REPORT

	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	-	353,524	100,205	1,994	140,257	1,043,538
Net profit for 2021		-	-	-	-	-	157,843	157,843
Other comprehensive income for 2021		-	-	-	-	-	-	-
Total comprehensive income for 2021		-	-	-	-	-	157,843	157,843
Profit allocated to supplementary capital and reserve funds		-	-	64,172	-	-	(64,172)	-
Payment of dividend		-	-	-	-	-	(76,085)	(76,085)
Valuation of incentive scheme		-	-	-	-	4,309	-	4,309
As at 31 December 2021		447,558	-	417,696	100,205	6,303	157,843	1,129,605

CONSOLIDATED QUARTERLY REPORT

STATEMENT OF CASH FLOWS

	Period of 9 months ended 30 September 2022	Period of 9 months ended 30 September 2021
A. Cash flows from operating activities		
I. Pre-tax profit/(loss)	156,760	127,308
II. Total adjustments	80,333	(89,651)
1. Change in tangible assets and intangible assets	(502)	833
2. Change in the balance of provisions	136	250
3. Change in inventory	(318,650)	(84,387)
4. Change in receivables	66,855	(39,797)
5. Change in liabilities, except for loans and borrowings	(60,356)	32,209
6. Change in prepayments and accruals	314,099	(31,817)
7. Change in financial liabilities	44,246	16,852
8. Change in financial assets	62,342	4,902
9. Change in financial assets resulting from shares	5,724	7,709
10. Income tax	(1,396)	133
11. Other adjustments	(32,165)	3,462
III. Net cash flow from operating activities (I+II)	237,093	37,657
B. Cash flow from financing activities		
I. Cash inflows	75,145	195,384
1. Issue of debt securities	-	150,000
2. Bank and non-bank loans	75,145	45,384
II. Outflows	(333,423)	(193,232)
1. Redemption of debt securities	(68,496)	(100,000)
2. Repayment of bank and non-bank loans	(41,230)	(5,384)
3. Payment of liabilities arising from finance lease	(1,792)	(1,796)
4. Interest	(20,505)	(9,967)
5. Dividends and payments to shareholders	(201,401)	(76,085)
III. Net cash flows from financing activities (I+II)	(258,278)	2,152
C. Total net cash flow (A.III+ B.III)	(21,185)	39,809
D. Balance-sheet change in cash, including:	(21,185)	39,809
E. Cash at the beginning of period	73,792	71,808
F. Cash at the end of period (F+D)	52,607	111,617
- restricted cash	20	20

CONSOLIDATED QUARTERLY REPORT**OTHER INFORMATION AND NOTES****3.1 General Information about Issuer**

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 September 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 74.15.Z Activities of financial holding companies
- PKD 41.10.Z Completion of construction projects related to putting up buildings
- PKD 68.10.Z Buying and selling of own real estate
- PKD 41.20.Z Construction works related to the completion of residential and non-residential buildings

As at the date hereof, there is no parent undertaking of Develia S.A.

Interim Condensed Financial Statements of Develia S.A. cover the period of 9 months ended 30 September 2022. The detailed description of the component parts of the financial statements is included in item 3.2.

3.2 Rules Adopted for Preparing Quarterly Report

These interim condensed financial statements of Develia S.A. comprise:

- Statement of Financial Position as at 30 September 2022 and comparable financial data as at 31 December 2021;
- Statement of Comprehensive Income for the three quarters of 2022, i.e. for the period of 9 months, cumulatively from 01 January 2022 to 30 September 2022, as well as comparable data for a corresponding period of the previous year, i.e. from 01 January 2021 to 30 September 2021;
- Statement of Cash Flows for the three quarters of 2022, i.e. for the period of 9 months, cumulatively from 01 January 2022 to 30 September 2022, as well as comparable data for a corresponding period of the previous year, i.e. from 01 January 2021 to 30 September 2021;
- Statement of Changes in Equity as at 30 September 2022 and comparable data as at 30 September 2021 and as at 31 December 2021;
- Notes to the financial statements.

Notes to financial statements and other information defined in Section 66 of the Regulation of the Minister of Finance dated 29 March 2018 on Current and Periodic Information Published by Issuers of Securities and on Conditions for Regarding Information Required by Law of Non-Member State as Equivalent, representing an element of this Consolidated Quarterly Report for Q3 2022, are included in section 4.

The enclosed condensed financial statements of the Develia S.A. were prepared in accordance with the International Financial Reporting Standards ("IFRS"), in particular with IAS 34 (concerning the preparation of interim financial statements) and IFRS adopted by the EU.

As at the date of the approval of these financial statements for publication, on account of the ongoing process of introducing IFRS in the EU and the business activity conducted by the Group, the International Financial Reporting Standards, in terms of accounting principles adopted by the Group, vary from IFRS already approved by the EU.

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

The interim condensed financial statements of Develia S.A. do not contain all information and disclosures required in the annual separate financial statements and they must be read together with the annual financial statements of Develia S.A. for the year ended 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 interim condensed financial statements of Develia S.A. were prepared on the going concern assumption, i.e. the continuation of the Company's business activity in the foreseeable future. As at the day of the approval of these statements, there were no circumstances identified implying any threats to the continuation of the Company's activity.

The information on the accounting principles adopted by the Issuer was presented in the annual financial statements of Develia S.A. for the year ended 31 December 2021, published on 30 March 2022.

Information about new standards and interpretations is included in item 3.5.

3.3 Approval of Interim Condensed Financial Statements

These interim condensed financial statements of Develia S.A. were approved by the Management Board for publication on 15 November 2022.

3.4 Information on Material Estimates and Professional Judgement

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 three quarters of 2022 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.

Classification of Lease Agreements

The Company classifies lease according to IFRS 16.

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 3.17.

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.

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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 September 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 3.8.

Write-Downs of Borrowings Granted to Subsidiary Undertakings

The Management Board conducts an analysis at the end of every reporting period aimed at checking whether borrowings granted fit the asset maintenance model with a view to achieving contractual cash flows. Depending on the result of SPPI test, borrowings are classified either as financial assets measured at amortised cost or financial assets measured at fair value through profit or loss.

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

	30 September 2022	31 December 2021
Deferred tax asset	11,671	6,463
Deferred tax liability	-	-
Write-downs of shares and stocks	150,859	137,365

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

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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.

3.5 Significant Accounting Principles (Policies)

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.

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

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);

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- **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.

3.6 Seasonal or Cyclical Character of Issuer's Operations

The Company’s operations are not seasonal by nature. They are related to the investment cycles of the implemented property development projects, which is particularly noticeable in the recognition of the proceeds from the sale of residential and retail premises. In accordance with IFRS 15, such proceeds can only be recognised when practically all risks and benefits related to given premises have been transferred to the client and the revenue can be measured in a reliable manner. Consequently, the sales results in a given period depend on the value of the premises transferred to the clients in accordance with the above definition.

CONSOLIDATED QUARTERLY REPORT**3.7 Information about Write-Downs of Inventory to Net Realisable Value and Reversal of Write-Downs in This Respect**

During the period of 9 months ended 30 September 2022 there were no write-downs of inventory to the net realisable value.

3.8 Information about Write-Downs Resulting from Impairment Loss of Financial Assets, Property, Plant and Equipment, Intangible Assets or Other Assets and Reversal of Such Write-Downs

As regards write-downs on financial assets, property, plant and equipment, intangible assets, amounts receivable and other assets in the period of 9 months ended 30 September 2022, there were no significant changes compared with the previous year, except for revaluation write-downs of shares which changed as presented in the below table:

	Period of 9 months ended 30 September 2022	Year ended 31 December 2021
At the beginning of the reporting period	(137,365)	(141,350)
Increase	(35,822)	(14,522)
Used	3,322	-
Decrease	19,006	18,507
At the end of the reporting period	(150,859)	(137,365)

3.9 Information about Significant Purchase and Sale Transactions Regarding Property, Plant and Equipment

During the period of 9 months ended 30 September 2022, the Company purchased property, plant and equipment totalling PLN 752,000 (in the year ended 31 December 2021, it was: PLN 806,000).

In the period of 9 months ended 30 September 2022, the Company entered into a lease agreement for 19 passenger cars. The value of recognised right-of-use assets was PLN 314,000.

In the period of 9 months ended 30 September 2022 and in the period of 9 months ended 30 September 2021, the Company did not make any significant sale regarding property, plant and equipment items.

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

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

3.10 Information about Significant Liabilities on Account of the Purchase of Property, Plant and Equipment

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

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3.11 Non-current loans and receivables

	30 September 2022	31 December 2021
Non-current borrowings (with interest accrued)	77,958	95,302
Long-term security deposits	537	537
Total	78,495	95,839

Within the period of 9 months ended 30 September 2022, the Company granted borrowings to its subsidiary undertakings and jointly controlled entities for investment financing.

3.12 Non-current investments

Shares

As at 30 September 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%
Kraków Zielony Złocię 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% (indirectly)	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	-	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 ^{o)}	Warsaw	37,327	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)

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Projekt Myśluborska sp. z o.o. sp.k	Warsaw	2,962	80% (indirectly and directly)	2,450	80% (indirectly and directly)
Projekt Myśluborska sp. z o.o.	Warsaw	5	80% (directly)	5	80% (directly)
		1,024,367		1,016 598	
Write-down of shares		(150,859)		(137,365)	
Total		873,508		879,233	

Changes in shares held by the Company, which took place in the period ended 30 September 2022, are described in item 2.3.

As at 30 September 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 September 2022 was PLN 150,859,000 (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:

Company	Year ended 31 December 2021	Used	Reversed	Created/Increased	Period ended 30 September 2022
LC Corp Invest II Sp. z o.o.	(23,451)	-	-	(688)	(24,139)
LC Corp Invest III Sp. z o.o.	-	15	-	(15)	-
LC Corp Invest VIII Sp. z o.o.	(3,125)	3,307	-	(182)	-
LC Corp Invest XI Sp. z o.o.	-	-	-	(8,461)	(8,461)
LC Corp Invest XII Sp. z o.o.	-	-	-	(9,576)	(9,576)
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)	-	9,637	-	(14,553)
Develia Wrocław S.A.	(76,593)	-	-	(16,740)	(93,333)
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)	3,322	19,006	(35,822)	(150,859)

The change in the write-downs of shares made in subsidiaries and jointly controlled entities in the reporting period ended 30 September 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 September 2022 relied on a discount rate standing at 11.06% (in 2021: 6.9%).

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3.13 Inventory

	30 September 2022	31 December 2021
Goods and work in progress	1,405,252	1,088,702
Finished products	19,104	15,593
Write-Downs of Inventory	-	-
Payments made for land acquisition	10,824	12,235
Total inventories	1,435,180	1,116,530

Compared to 31 December 2021, the change in Inventory during the reporting period ended 30 September 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 Niepołomicka street in Gdańsk.

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

As at 30 September 2022, the borrowing costs amounting to PLN 71,887,000 (as at 31 December 2021 these were PLN 37,727,000) were capitalised in the inventory.

3.14 Trade and other receivables

	30 September 2022	31 December 2021
Trade receivables	2,804	6,948
State budget receivables (without income tax)	667	52,871
Receivables in respect of sums blocked, including sums designated for the acquisition of real property	723	15,139
Other receivables from third parties	4,023	114
Total receivables (net)	8,217	75,072
Valuation allowance for receivables	(291)	(21)
Gross receivables	8,508	75,093

Changes in the write-down of receivables:

	30 September 2022	31 December 2021
At the beginning of the period	21	57
Increase	270	19
Used	-	(55)
Reversed	-	-
At the end of the period	291	21

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

	<1 month	1-3 months	3-12 months	Total 1
Trade receivables	2,804	-	-	2,804
	2,804	-	-	2,804

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

3.15 Current financial assets**Short-term securities**

	Interest rate	Repayment date	30 September 2022	31 December 2021
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	10,240	-
Commercial bonds (Factoring Santander sp. z o.o.)	WIBOR 1M+0.1%	27-01-2023	15,000	--
			25,240	27,053

The below table shows changes in the value of commercial and treasure bonds purchased in the period ended 30 September 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	-	157	10,240
Commercial bonds (Factoring Santander sp. z o.o.)		15,000		-	15,000
	27,053	32,253	(34,321)	255	25,240

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Other financial assets

	30 September 2022	31 December 2021
Current receivables in respect of borrowings	-	-
Debt open-end investment fund units:	21,253	64,439
• Subfundusz QUERCUS Dłużny Krótkoterminowy (QUERCUS short-term debt investment compartment)	4,006	9,048
• Subfundusz QUERCUS Ochrony Kapitału (QUERCUS capital protection investment compartment)	1	5,997
• Allianz Obligacji Inflacyjnych (Allianz inflation-indexed bonds)	-	2,007
• Allianz Specjalistyczny FIO (Allianz specialised open-end fund) / Allianz Trezor	2,975	2,930
• Allianz SFIO Stabilnego Dochodu (Allianz stable income specialised open-end fund) (formerly Aviva)	4,956	4,914
• Generali Oszczędnościowy (Generali savings fund)	-	4,940
• GAMMA PARASOL BIZNES SFIO (GAMMA UMBRELLA BUSINESS SPECIALISED OPEN-END FUND)	9,315	34,603
Cash in trust accounts	67,146	25,521
	88,399	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 September 2022:

Debt open-end investment fund units:	31 December 2021	Acquisition	Buy-back / Redemption	Profit or loss in the period	30 September 2022
• Subfundusz QUERCUS Dłużny Krótkoterminowy (QUERCUS short-term debt investment compartment)	9,048	10	(5,000)	(52)	4,006
• Subfundusz QUERCUS Ochrony Kapitału (QUERCUS capital protection investment compartment)	5,997	12	(6,024)	16	1
• Allianz Specjalistyczny FIO / Allianz Obligacji Inflacyjnych	2,007	-	(2,065)	58	-
• Allianz Specjalistyczny FIO (Allianz specialised open-end fund) / Allianz Trezor	2,930	-	0	45	2,975
• Allianz SFIO Stabilnego Dochodu (Allianz stable income	4,914	-	0	42	4,956

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specialised open-end fund) (formerly Aviva)					
• Generali Investments TFI S.A.	4,940	-	(802)	(138)	-
• GAMMA PARASOL BIZNES SFIO (GAMMA UMBRELLA BUSINESS SPECIALISED OPEN-END FUND)	34,603	-	(5,000)	(288)	9,315
	64,439	22	(42,891)	(317)	21,253

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

	31 December 2021 (audited)	Customer payments	Funds released	30 June 2022 (unaudited)
Cash in trust accounts	25,521	403,987	(362,362)	67,146
	25,521	403,987	(362,362)	67,146

3.16 Cash and cash equivalents

	30 September 2022	31 December 2021
Cash on hand and in a bank account	16,796	68,792
Short-term deposits *)	35,811	5,000
	52,607	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.

3.17 Information about Deferred Tax Liabilities and Deferred Tax Assets

Deferred income tax arises from the following items:

	Statement of financial position			Deferred income tax expense for the period ended	
	30 September 2022	31 December 2021	01 January 2021	30 September 2022	31 December 2021
Deferred tax liability					
Interest charged and discounts	(1,710)	(1,752)	(1,567)	42	(185)
Difference in the value of tangible assets (tax and balance-sheet depreciation)	(89)	(95)	(79)	6	(16)
Shares in limited partnerships	-	-	-	-	-
Temporary differences relating to sales of finished products	(4,814)	(18,212)	(168)	13,398	(18,044)

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Other	(797)	(576)	(616)	(222)	40
Gross deferred tax liability	(7,410)	(20,635)	(2,430)		
Deferred tax assets					
Provisions and prepayments and accrued income	3,114	3,314	1,937	(200)	1,377
Interest charged and discounts	5,653	4,680	4,157	973	523
Temporary differences relating to cost of sale of finished products	3,546	14,147	132	(10,600)	14,015
Losses potentially deductible from future taxable income	6,768	4,957	9,810	1,811	(4,853)
Gross deferred tax assets	19,081	27,098	16,036		
Deferred tax expense				5,208	(7,143)
Net deferred tax asset	11,671	6,463	13,606		
Net deferred tax liability	-	-	-		

3.18 Information about Significant Settlements on Account of Litigation

As at 30 September 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.

3.19 Disclosure of Correction of Errors of Previous Periods

During the period of 9 months ended 30 September 2022 there were no corrections of errors of the previous periods.

3.20 Information about Changes in Economic Situation and Conditions for Running Business Activity Which Have Considerable Impact on Fair Value of Issuer's Financial Assets and Financial Liabilities, Regardless of Whether Such Assets and Liabilities Are Recognised at Fair Value or at Adjusted Purchase Price (Depreciated Cost)

The description can be found in item 2.24.

3.21 Disclosure of Correction of Errors of Previous Periods

During the period of 9 months ended 30 September 2022 there were no corrections of errors of the previous periods.

3.22 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

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None occurred.

3.23 Information on Single or Many Transactions Concluded by Issuer or Its Subsidiary Undertaking with Related Entities (If Made on Terms Other Than at Arm's Length)

During the period of 9 months ended 30 September 2022 the Issuer did not conclude any transactions with related entities, which were effected on the terms other than at arm's length.

Transactions with related entities for Develia S.A. are presented in item 3.26.

3.24 Transactions of Develia S.A. with Related Entities

Related undertaking	01/01/2022 – 30/09/2022				30/09/2022			
	Sale	Purchases	Financial income (interest, dividends)	Financial expenses (interest, discounts)	Trade and other receivables	Trade and other payables	Borrowings and non- current receivables and current financial assets	Financial Liabilities
Shareholders	-	-	-	-	-	-	-	-
Subsidiary Undertakings and Jointly Controlled Entities								
Arkady Wrocławskie S.A.	1,450	2,128	471	221	404	22	25,648	6,867
Sky Tower S.A.	36,642	26	57,616	-	218	-	-	-
Warszawa Przyokopowa Sp. z o.o.	128	-	4,430	5,270	23	-	-	164,202
Kraków Zielony Złocię Sp. z o.o.	1,231	-	87,852	-	134	-	-	-
LC Corp Invest I Sp. z o.o.	42	-	14	-	5	-	-	-
LC Corp Invest II Sp.z o.o.	139	-	145	-	17	-	2,899	-
LC Corp Invest III Sp. z o.o.	66	-	1,743	1,912	16	-	-	1,086
LC Corp Invest VII Sp.z o.o.	691	-	4,595	-	96	-	-	-
LC Corp Invest VIII Sp.z o.o.	286	-	17,134	21,090	36	-	-	-
LC Corp Invest IX Sp.z o.o.	685	-	4,169	171	77	-	18,980	-
LC Corp Invest X Sp.z o.o	656	-	16,020	42	55	-	-	20,191
LC Corp Invest XI Sp.z o.o.	19	-	15,076	623	3	-	-	11,134
LC Corp Invest XII Sp. z o.o.	350	63	15,491	79	17	9	-	28,072
LC Corp Invest XV Sp. z o.o.	33	-	1,219	-	4	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 2 Sp.k	550	49	-	1529	16	-	-	22,349
LC Corp Invest XV Sp. z o.o.Projekt 4 Sp.k	137	82	-	-	10	11	-	-
LC Corp Invest XV Sp. z o.o.Projekt 6 Sp.k	97	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 7 Sp.k	1,015	56	-	-	91	8	-	-
LC Corp Invest XV Sp. z o.o.Projekt 8 Sp.k	232	-	-	-	14	-	-	-
LC Corp Invest XV Sp. z o.o.Investments S.K.A.	4,328	-	-	-	164	-	-	-
LC Corp Invest XVI Sp. z o.o.	19	-	-	-	2	-	-	-
LC Corp Invest XVII Sp. z o.o.	24	-	-	-	2	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 20 Sp.k	122	-	4,689	4,728	13	-	-	94,427
LC Corp Invest XVII Sp. z o.o.Projekt 21 Sp.k	42	-	-	-	5	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 22 Sp.k	666	740	-	-	348	3	-	-
LC Corp Invest Service S.A.	232	-	-	-	24	-	-	-
Develia Invest Sp. z o.o.	274	-	1498	-	24	-	28,989	-
Projekt Mysliborska Sp. z o.o. Sp.k.	-	-	55	-	-	-	1,439	-

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Undertakings related through shareholders	-	-	-	-	-	-	-	-	-
Management and Supervisory Board									
Management Board	-	7,887 (*)	-	-	-	-	5	-	-
Supervisory Board	-	56 (**)	-	-	-	-	-	-	-

(*) Remuneration paid

(**) Other purchases

Related undertaking	01/01/2021 – 31/12/2021				31/12/2021			
	Sale	Purchases	Financial income (interest, dividends)	Financial expenses (interest, discounts)	Trade and other receivables	Trade and other payables	Borrowings and non- current receivables and current financial assets	Financial Liabilities
Shareholders	-	-	-	-	-	-	-	-
Subsidiary undertakings								
Arkady Wrocławskie S.A.	2,480	2,428	621	298	1,135	22	25,811	6,646
Sky Tower S.A.	3,940	1	839	-	1,412	1	22,260	-
Warszawa Przyokopowa Sp. z o.o.	125	-	1,299	4,476	750	200	-	132,303
Kraków Zielony Złocień Sp. z o.o.	2,103	274	42,590	-	184	20	-	-
LC Corp Invest I Sp. z o.o.	63	-	154	-	10	9	-	-
LC Corp Invest II Sp.z o.o.	264	-	55	-	81	-	2,250	-
LC Corp Invest III Sp. z o.o.	99	-	9,318	8,475	15	17	-	-
LC Corp Invest VII Sp. z o.o.	937	2	4,373	-	97	22	-	-
LC Corp Invest VIII Sp.z o.o.	711	53	16,466	-	68	146	-	-
LC Corp Invest IX Sp.z o.o.	820	-	641	-	136	-	18,762	-
LC Corp Invest X Sp.z o.o	994	48	30,922	-	89	39	-	-
LC Corp Invest XI Sp.z o.o.	30	-	11,554	279	6	-	-	10,376
LC Corp Invest XII Sp. z o.o.	677	60	15,500	-	80	34	-	-
LC Corp Invest XV Sp. z o.o.	38	-	1,092	-	4	5	-	-
LC Corp Invest XV Sp. z o.o.Projekt 2 Sp.k	1,337	74	-	314	161	88	-	40,384
LC Corp Invest XV Sp. z o.o.Projekt 4 Sp.k	649	74	-	-	85	39	-	-
LC Corp Invest XV Sp. z o.o.Projekt 6 Sp.k	217	-	-	-	34	1	-	-
LC Corp Invest XV Sp. z o.o.Projekt 7 Sp.k	746	71	-	-	80	8	-	-
LC Corp Invest XV Sp. z o.o.Projekt 8 Sp.k	1,055	-	-	-	101	18	-	-
LC Corp Invest XV Sp. z o.o.Projekt 10 Sp.k	160	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 11 Sp.k	122	3	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o.Investments S.K.A.	781	-	-	-	194	-	-	-
LC Corp Invest XVI Sp. z o.o.	37	-	-	-	13	-	-	-
LC Corp Invest XVII Sp. z o.o.	37	-	-	-	8	-	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 20 Sp.k	135	-	825	3,368	622	300	-	87,360
LC Corp Invest XVII Sp. z o.o.Projekt 21 Sp.k	60	-	808	-	422	32	-	-
LC Corp Invest XVII Sp. z o.o.Projekt 22 Sp.k	1,993	953	148	-	653	4	-	-
LC Corp Service S.A.	432	-	-	-	136	-	-	-
Develia Invest Sp. z o.o.	300	-	987	-	98	-	26,219	-
Atal Service Sp. z .o.o.	-	-	2	-	-	-	-	-

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Undertakings related through shareholders	-	-	-	-	-	-	-	-	-
Management and Supervisory Board									
Management Board	-	8,116 (*)	-	-	-	-	-	-	-
Supervisory Board	-	638 (*)	-	-	-	-	-	-	-

(*) Remuneration paid

Related undertaking	01/01/2021 – 30/09/2021				30/09/2021				
	Sale	Purchases	Financial income (interest, dividends)	Financial expenses (interest, discounts)	Trade and other receivables	Trade and other payables	Borrowings and non- current receivables and current financial assets	Financial Liabilities	
Shareholders	-	-	-	-	-	-	-	-	
Subsidiary Undertakings and Jointly Controlled Entities									
Arkady Wrocławskie S.A.	1,378	1,779	416	254	448	14	25,278	6,761	
Sky Tower S.A.	2,262	1	451	-	367	-	18,851	-	
Warszawa Przyokopowa Sp. z o.o.	231	-	-	3,113	-	-	-	133,191	
Kraków Zielony Złocień Sp. z o.o.	1,617	25	42,590	-	187	-	-	-	
LC Corp Invest I Sp. z o.o.	49	-	154	-	6	-	-	-	
LC Corp Invest II Sp.z o.o.	144	-	36	-	16	-	1,881	-	
LC Corp Invest III Sp. z o.o.	78	-	9,318	8,475	8,529	-	2	-	
LC Corp Invest VII Sp. z o.o.	735	-	4,373	-	113	-	78	-	
LC Corp Invest VIII Sp.z o.o.	655	53	16,466	-	88	17	-	-	
LC Corp Invest IX Sp.z o.o.	556	-	455	-	83	-	18,294	-	
LC Corp Invest X Sp.z o.o	731	48	19,422	-	154	13	-	-	
LC Corp Invest XI Sp.z o.o.	17	-	6,754	166	2	-	-	10,163	
LC Corp Invest XII Sp. z o.o.	560	41	-	-	59	6	-	-	
LC Corp Invest XV Sp. z o.o.	31	-	1,092	-	4	-	-	-	
LC Corp Invest XV Sp. z o.o.Projekt 2 Sp.k	1,008	61	-	-	159	1	-	-	
LC Corp Invest XV Sp. z o.o.Projekt 4 Sp.k	511	46	-	-	69	8	-	-	
LC Corp Invest XV Sp. z o.o.Projekt 6 Sp.k	154	-	-	-	13	-	-	-	
LC Corp Invest XV Sp. z o.o.Projekt 7 Sp.k	549	51	-	-	116	7	-	-	
LC Corp Invest XV Sp. z o.o.Projekt 8 Sp.k	817	-	-	-	99	-	-	-	
LC Corp Invest XV Sp. z o.o.Projekt 10 Sp.k	146	-	-	-	9	-	-	-	
LC Corp Invest XV Sp. z o.o.Projekt 11 Sp.k	120	3	-	-	14	-	-	-	
LC Corp Invest XV Sp. z o.o.Investments S.K.A.	459	-	-	-	49	-	-	-	
LC Corp Invest XVI Sp. z o.o.	17	-	-	-	2	-	-	-	
LC Corp Invest XVII Sp. z o.o.	22	-	-	-	2	-	-	-	
LC Corp Invest XVII Sp. z o.o.Projekt 20 Sp.k	322	-	-	2,158	44	-	-	88,638	
LC Corp Invest XVII Sp. z o.o.Projekt 21 Sp.k	67	-	-	-	9	-	-	-	
LC Corp Invest XVII Sp. z o.o.Projekt 22 Sp.k	1,444	713	-	-	413	2	-	-	
LC Corp Invest Service S.A.	236	-	-	-	34	-	-	-	
Develia Invest Sp. z o.o.	148	-	724	-	28	-	25,563	-	
Atal Service Sp. z o.o.	-	-	2	-	-	-	-	-	
Atal S.A.	-	-	5	-	-	-	-	-	

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Undertakings related through shareholders	-	-	-	-	-	-	-	-	-
Management and Supervisory Board									
Management Board	-	6,897 (*)	-	-	-	-	-	-	-
Supervisory Board	-	22 (**)	-	-	-	-	-	-	-
	-	543 (*)	-	-	-	-	-	-	-

(*) Remuneration paid

(**) Other purchases

3.25 Information about Change in the Way (Method) of Determining Fair Value for Financial Instruments Measured at Fair Value

None occurred.

3.26 Information about Change in Classification of Financial Assets Resulting From Change in Purpose or Utilisation of Such Assets

None occurred.

3.27 Financial Liabilities

3.27.1 Interest-bearing Loans, Borrowings, Bonds and Investment Notes

Non-current	Repayment date	Interest rate	30 September 2022	31 December 2021
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	69,816	69,625
Bond scheme (j)	10-05-2024	Wibor 3M+margin	149,376	149,085
Bond scheme (k)	08-10-2024	Wibor 3M+margin	99,478	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	26,586	24,432
Borrowing (o)	indefinite	Wibor 6M+margin	94,427	87,361
Borrowing (p)	indefinite	Wibor 6M+margin	27,721	25,611
Borrowing (q)	indefinite	EURIBOR 1M+margin	-	2,804
Borrowing (r)	indefinite	Wibor 6M+margin	33,441	31,166
Borrowing (s)	indefinite	Wibor 6M+margin	11,135	10,376
Borrowing (t)	indefinite	Wibor 6M+margin	22,349	40,384

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Borrowing (u)	indefinite	Wibor 6M+margin	1,086	-
Borrowing (v)	indefinite	Wibor 6M+margin	-	-
Borrowing (w)	indefinite	Wibor 6M+margin	10,009	-
Borrowing (x)	indefinite	Wibor 6M+margin	10,181	-
Borrowing (y)	indefinite	Wibor 6M+margin	28,072	-
Bank loan (z)	01-12-22	Wibor 1M+margin	-	-
Bank loan (aa)	04-11-23	Wibor 1M+margin	-	84
Bank loan (bb)	28-04-23	Wibor 3M+margin	-	-
Bank loan (cc)	31-12-22	Wibor 3M+margin	-	-
Bank loan (dd)	12-04-24	Wibor 1M+margin	-	-
			583,677	599,954

Current	Repayment date	Interest rate	30 September 2022	31 December 2021
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	20,428	20,134
Bond scheme (h)	23-05-23	Wibor 3M+margin	60,589	327
Bond scheme (i)	07-10-22	Wibor 3M+margin	1,680	-
Bond scheme (j)	11-11-22	Wibor 3M+margin	2,013	912
Bond scheme (k)	08-10-22	Wibor 3M+margin	2,235	-
Investment notes (l)	31-12-22	IRS 2Y of 08/03/2012+margin	6,867	6,646
Investment notes (m)	09-12-22	Wibor 1M of 07/12/2010+margin	49,869	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	-	-
Borrowing (w)	indefinite	Wibor 6M+margin	-	-
Borrowing (x)	indefinite	Wibor 6M+margin	-	-
Borrowing (y)	indefinite	Wibor 6M+margin	-	-
Bank loan (z)	01-12-22	Wibor 1M+margin	-	-
Bank loan (aa)	04-11-23	Wibor 1M+margin	-	-
Bank loan (bb)	28-04-23	Wibor 3M+margin	-	-
Bank loan (cc)	31-12-22	Wibor 3M+margin	13,311	6,189
Bank loan (dd)	12-04-24	Wibor 1M+margin	-	-
			156,991	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

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- a) 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.
- b) 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.
- c) 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.
- d) 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.

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- 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 to 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 III Sp. z o.o. under which a sum of PLN 2,700,000 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 VIII Sp. z o.o. under which a sum of PLN 17,500,000 was borrowed for an indefinite period of time.
- w) Borrowing – 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 PLN 10,000,000 was borrowed for an indefinite period of time.
- x) Borrowing – on 20 September 2022, Develia S.A. entered into a borrowing agreement with LC Corp Invest X Sp. z o.o. under which a sum of PLN 10,000,000 was borrowed for an indefinite period of time.
- y) Borrowing – on 20 September 2022, Develia S.A. entered into a borrowing agreement with LC Corp Invest XII Sp. z o.o. under which a sum of PLN 30,000,000 was borrowed for an indefinite period of time.
- z) 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.

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- aa) 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.
- bb) 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.
- cc) “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. On 28 October 2022, Develia S.A. and Bank Ochrony Środowiska S.A. made Amendment No. 1 to the 11 August 2021 non-revolving loan agreement, pursuant to which the loan utilisation period and repayment frequency were modified, as well as the terms and conditions relating to the Borrower’s obligations were altered.
- dd) 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 2022, designated for the day-to-day financing of property development activity. The final repayment date has been agreed at 12 April 2024. On 11 October 2022, Develia S.A. and Santander Bank Polska S.A. made Amendment no. 1 to the 12 April 2022 loan agreement, pursuant to which the provisions pertaining to certain definitions were clarified and modifications to the loan transaction security were made. As at the date hereof, no loan disbursement was made.

In the period of 9 months ended 30 September 2022 and in 2021, the average weighted interest was as follows – for loans: 5.43%, for bonds: 7.44%, for investment notes: 5.77% and for borrowings: 7.75% (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								265,007	265,007
Notes	-	56,736	-	-	-	-	-	-	56,736
Bonds (floating interest)	24,379	2,745	60,000	220,000	100,000	-	-	-	407,124
Bank loan (WIBOR)	-	13,311	-	-	-	-	-	-	13,311
	24,379	72,792	60,000	220,000	100,000	-	-	265,007	742,178

3.27.2 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 September 2022, no such event occurred.

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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.

3.27.4 Information about Issue, Redemption and Repayment of Debt and 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 9 months ended 30 September 2022, no notes were issued nor redeemed.

3.27.5 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 9 months ended 30 September 2022, Develia S.A. drew down funds in the total amount 9,044,000 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 September 2022, the total outstanding amount after conversion into Polish Zlotys was PLN 13,311.
- 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 9 months ended 30 September 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 9 months ended 30 September 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.
- 8) In the period of 9 months ended 30 September 2022, Develia S.A. paid off a borrowing to LC Corp Invest III Sp. z o.o. in the amount of EUR 1,650,000, including interest.

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- 9) In the period of 9 months ended 30 September 2022, Develia S.A. paid off a borrowing to LC Corp Invest VIII Sp. z o.o. in the amount of EUR 17,500,000, including interest.
- 10) In the period of 9 months ended 30 September 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 EUR 290,000, including interest.
- 11) 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 PLN 10,000,000 was borrowed for an indefinite period of time.
- 12) On 20 September 2022, Develia S.A. entered into a borrowing agreement with LC Corp Invest X Sp. z o.o. under which a sum of PLN 10,000,000 was borrowed for an indefinite period of time.
- 13) On 20 September 2022, Develia S.A. entered into a borrowing agreement with LC Corp Invest XII Sp. z o.o. under which a sum of PLN 30,000,000 was borrowed for an indefinite period of time.

3.27.6 Lease liabilities

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

	30 September 2022	31 December 2021
up to 1 month	207	208
between 1 and 3 months	413	1,881
between 3 and 12 months	3,873	1,084
between 1 year and 2 years	3,730	3,272
between 2 and 3 years	2,819	3,054
between 3 and 4 years	2,265	2,598
between 4 and 5 years	1,904	1,904
above 5 years	29,367	29,417
Total	44,578	43,418

3.27.7 Trade and other payables

	30 September 2022	31 December 2021
Trade payables	107,502	172,150
Budget liabilities (without income tax)	1,207	1,050
Liabilities on account of security deposits (including sums paid in for the reservation of premises)	7,808	3,872
Other payables	468	270
	116,985	177,342

As at 30 September 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 below 1 year
Trade payables	55,657	11,845	40,000	107,502
	55,657	11,845	40,000	107,502

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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 below 1 year
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 ZFŚS (company social contribution fund) payments.

3.28 Information about Creating, Increasing, Utilising and Reversing Provisions

The amounts of provisions and the reconciliation presenting the changes in their position during the year/period 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 September 2022	445	25	1	217	688
Current provisions as at 30 September 2022	0	25	1	217	243
Non-current provisions as at 30 September 2022	445	0	0	0	445

3.29 Collateral

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

- 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;
- 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

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- 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;
- 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;

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- 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;

3.30 Information Concerning Paid Out (or Declared) Dividend, in Total and Per Share, in Breakdown by Ordinary and Preference Shares

On 17 May 2022, the Ordinary General Meeting of Develia S.A. adopted a resolution on the payment of dividend. The dividend was paid out on 31 May 2021 – see item 2.32 for details.

3.31 Events Subsequent to 30 September 2022, Not Disclosed in These Statements, Which Could Have Material Bearing on Future Financial Results of Issuer

Relevant events that occurred after 30 September 2022 are presented in item 2.35.

3.32 Information on Changes in Contingent Liabilities or Contingent Assets After the End of Last Accounting Year

In addition to the contingent liabilities serving as security for the bank loans described in detail in Note 3.29 the Company has contingent liabilities arising from a contingent fee of PLN 116,000 for the removal of trees.

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 item 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.

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In pursuance of the Sales and Purchase Agreement covering the real property called "Wola Center" in Warsaw 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.

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.

Apart from the aforesaid contingent liabilities representing security for bank loans and the liabilities mentioned above, as at 30 September 2020, the Company did not have any other significant contingent liabilities.

3.33 Other Information Deemed by Issuer as Relevant for Assessment of Its Personnel, Assets, Financial and Profit/Loss Standing and Changes Thereof and Information Relevant for Feasibility of Fulfilling Its Obligations

As described in item 4.9 of this report.

3.34 Revenue and Profit-Loss Attributable to Respective Operating Segments

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 9 months ended 30 September 2022 and 30 September 2021.

Period of 9 months ended 30 September 2022	Property development activity	Holding (other) activity	TOTAL
Operating income			
Revenue from sale of services, products and goods	102,279	11,240	113,519
Revenue from interest and discounts		1,315	1,315
Revenue from dividend		209,734	209,734
Other financial income		310	310
Other operating income		1,617	1,617
Total operating income	102,279	224,216	326,495
Operating expenses			

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Operating expenses, cost of sold products and goods	(125,749)	(15,212)	(140,961)
Costs of interest and discounts		(8,326)	(8,326)
Other financial expenses		(19,018)	(19,018)
Other operating expenses		(1,430)	(1,430)
Total operating expenses	(125,749)	(43,986)	(169,735)
Pre-tax profit/(loss)	(23,470)	180,230	156,760
Income tax (tax expense)	0	5,208	5,208
Net profit/(loss) on continued operations	(23,470)	185,438	161,968
Discontinued operations			
Profit (loss) on discontinued operations in the financial year	-	-	-
Net profit/(loss)	(23,470)	185,438	161,968
Other comprehensive income			
Other components of comprehensive income	-	-	-
Income tax relating to other components of comprehensive income	-	-	-
Other comprehensive income (net)	-	-	-
Comprehensive income	(23,470)	185,438	161,968

Period of 9 months ended 30 September 2021	Property development activity	Holding (other) activity	TOTAL
Operating income			
Revenue from sale of services, products and goods	322,807	14,432	337,239
Revenue from interest and discounts	-	4,489	4,489
Revenue from dividend	-	90,869	90,869
Other financial income	-	824	824
Other operating income	-	745	745
Total operating income	322,807	111,359	434,166
Operating expenses			
Operating expenses, cost of sold products and goods	(276,998)	(22,707)	(299,705)
Costs of interest and discounts	-	(5,372)	(5,372)
Other financial expenses	-	(1,325)	(1,325)
Other operating expenses	-	(456)	(456)
Total operating expenses	(276,998)	(29,860)	(306,858)
Pre-tax profit/(loss)	45,809	81,499	127,308
Income tax (tax expense)	(8,839)	1,672	(7,167)
Net profit/(loss) on continued operations	36,970	83,171	120,141
Discontinued operations			
Profit (loss) on discontinued operations in the financial year	-	-	-
Net profit/(loss)	36,970	83,171	120,141
Other comprehensive income			
Other components of comprehensive income	-	-	-
Income tax relating to other components of comprehensive income	-	-	-
Other comprehensive income (net)	-	-	-
Comprehensive income	36,970	83,171	120,141

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3.34.1 Sales Revenue

	Period ended 30 September 2022	Period ended 30 September 2021
Revenue from sale of services	11,241	14,432
Revenue from sale of finished products	64,099	322,807
Revenue from sale of goods	38,179	-
Total sales revenue (IFRS 15)	113,519	337,239

3.34.2 Operating expenses

	Period ended 30 September 2022	Period ended 30 September 2021
Amortisation and depreciation	2,425	2,143
Consumption of materials and energy	799	531
Contracted services, including:	9,487	5,728
• <i>IT and communications services</i>	973	657
• <i>Rental and lease services</i>	1,005	365
• <i>Tax and legal advisory services</i>	2,542	1,077
• <i>Real property audits, market analysis and advisory services</i>	3,105	1,635
Taxes and charges	827	1,018
Remuneration	34,149	25,899
Social security and other benefits	5,050	4,482
Other costs by type	5,059	2,684
Change in products	(3,393)	(2,335)
Value of products sold, work in progress and goods	86,558	259,555
Total	140,961	299,705

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 September 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 6,312,000 (in the period ended 31 December 2021 – a sum of PLN 4,309,000).

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3.35 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 September 2022	31 December 2021
Assets measured at fair value through profit or loss:		
Non-bank loans granted	77,958	95,302
Open-ended debt fund units	21,253	64,439
	99,211	159,741
Assets measured at amortised cost:		
Commercial and treasury company bonds	25,240	27,053
Cash in open trust accounts	67,146	25,521
Cash and other cash assets	52,607	73,792
Trade and other receivables (<i>net of budget receivables</i>)	7,550	75,072
	152,543	201,438
Financial liabilities measured at amortised cost:		
Trade and other payables (<i>net of budget liabilities</i>)	115,778	176,292
Loans, bonds and borrowings at a floating interest rate	683,933	696,377
Loans, bonds, borrowings, notes at a fixed interest rate	56,736	54,936
	856,447	927,605

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

	30 September 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	77,958	77,958	-	77,958	-
Open-ended debt fund units	21,254	21,254	-	21,254	-
	99,212	99,212	-	99,212	-
Assets measured at amortised cost:					
Treasury bonds	25,240	25,240	25,240	-	-
Cash in open trust accounts	67,146	67,146	-	67,146	-
Cash and other cash assets	52,607	52,607	-	52,607	-

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	144,993	144,993	25,240	119,753	-
<i>Financial liabilities measured at amortised cost:</i>					
Borrowings at a floating interest rate	265,007	256,681	-	256,681	-
Loans at a floating interest rate	13,311	13,397	-	13,396	-
Bonds at a floating interest rate	405,615	407,009	223,706	183,303	-
Notes at a fixed interest rate	56,736	56,290	-	56,290	-
	740,669	733,377	223,706	509,670	-

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.

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4. MANAGEMENT BOARD'S COMMENTS ON ACTIVITY OF ISSUER AND ITS GROUP

4.1 Main Achievements and Failures of Develia S.A. Group

The Group's operations are centred around Poland, and specifically the key locations of Poland's biggest cities: Warsaw, Wrocław, Cracow, Gdańsk and Katowice.

Revenue earned within the period of 9 months ended 30 September 2022 came from the property development activities performed by the Group companies on the domestic market in respective cities.

In total, 1,225 residential and business units were sold in the period of 9 months ended 30 September 2022 (preliminary sales agreements/development agreements; withdrawals from agreements taken into account), which was 18% fewer than in the corresponding period of the previous year, whereas 626 flats and business units were delivered (the sale reported in the income statement), which was 51% less than in the period of 9 months ended 30 September 2021.

The below table presents in detail sales in individual cities for Q3 2022 and for the period of 9 months ended 30 September 2022, (including comparatives for the preceding year (figures shown in the tables refer to the number of residential and business premises).

pre-sales

City	Q3 2021	Q3 2022	01/01-30/09/2021	01/01-30/09/2022	01/01-31/10/2021	01/01-31/10/2022
Warsaw	35	44	219	224	245	259
Wrocław	34	42	199	80	235	92
Cracow	144	90	538	398	597	446
Gdańsk	135	63	349	400	396	411
Łódź	0	0	0	0	0	0
Katowice	90	22	195	121	208	129
TOTAL DEV	438	261	1,500	1,223	1,681	1,337
TOTAL JV	0	0	0	2	0	2
		-40%		-18%		-20%

delivery

City	Q3 2021	Q3 2022	01/01-30/09/2021	01/01-30/09/2022	01/01-31/10/2021	01/01-31/10/2022
Warsaw	16	2	292	75	414	105
Wrocław	430	190	634	193	641	196
Cracow	13	75	166	183	276	282
Gdańsk	60	1	162	22	179	52
Łódź	0	0	0	0	0	0
Katowice	2	152	25	153	25	155
TOTAL DEV	521	420	1,279	626	1,535	790
TOTAL JV	0	0	0	0	0	0
		-19%		-51%		-49%

<i>offer</i>	completed 14787		construction works commenced 4455		construction works not commenced 1380		land bank 7932
City	sold	in offer	sold	in offer	sold	in offer	to be included in offer
Warsaw	5,785	4	409	513	2	477	2,557
Wrocław	3,631	13	150	203	2	284	1,072
Cracow	3,259	6	1,046	478	2	235	2,429
Gdańsk	1,761	4	881	381	3	375	1,037
Łódź	60	0	0	0	0	0	275
Katowice	252	12	247	147	0	0	562
TOTAL DEV	14,748	39	2,733	1,722	9	1,371	7,932
TOTAL JV					2	394	

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The below item describes the Group's projects – implemented, under construction and at the preparatory stage as at 30 September 2021.

4.1.1 Property Development Projects – Implemented**Commercial Projects**

Name of Project	City	District	Segment	Construction Completion Date	Area (sq m)
Wola Retro	Warsaw	Wola	Office and services	Q3 2019	25,601
Arkady Wrocławskie	Wrocław	Krzyki	Office, retail and services	Q2 2007	38,442
Sky Tower *	Wrocław	Krzyki	Office, retail and services	Q1 2013	53,654
Wola Center *	Warsaw	Wola	Office and services	Q3 2013	33,283
Retro Office House *	Wrocław	Stare Miasto	Office and services	Q1 2018	21,914
Silesia Star * (Building A)	Katowice	Bogucice Zawodzie	Office and services	Q4 2014	14,969
Silesia Star * (Building B)	Katowice	Bogucice Zawodzie	Office and services	Q3 2016	14,210

* real property on which the “Retro Office House” building (in Wrocław) and the “Silesia Star” Buildings A & B (in Katowice) had been erected, were disposed of by Group companies in 2019, the “Wola Center” building (in Warsaw) in 2020 and the “Sky Tower” building (in Wrocław) in 2022.

The following table does not include NOI* for commercial real property of the Company in Q3 2022 and Q3 2021 and WALT** as at 30 September 2021:

NOI for commercial real property (EUR million)	3Q 2021	3Q 2022	WALT
Arkady Wrocławskie	2.36	1.37	Office area – 1.6 Retail area – 1.4
Wola Retro	1.84	2.74	Office area – 4.0 Retail area – 8.2

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Sky Tower 3.33 1.08 (***)

* "NOI" – Net Operating Income, means gross income within the period less operating expenditure, but excluding income tax, credit costs and revaluation of investment property.

** "WALT" – means a weighted average lease term for lease contracts made

*** NOI for Sky Tower for 3 quarters of 2022 was computed as at the time of the disposal of the real property, i.e. March 2022

The following table shows the valuations of commercial buildings made by valuers or the Management Board of the Company as at 30 September 2022:

Real property	30/09/2022	
	Yield	Valuation in EUR
Arkady Wrocławskie	8.75	37,600,000
Wola Retro	6.00	73,290,000

Housing Projects

Name of Project	City	District	Segment	Construction Completion Date	Number of Flats and Commercial Premises
Przy Promenadzie (stage 1-3)	Warsaw	Praga-Południe	Flats, services	Q4 2010	730
Przy Promenadzie (stage 4)	Warsaw	Praga-Południe	Flats, services	Q3 2016	202
Rezydencja Kaliska	Warsaw	Śródmieście-Ochota	Flats, services	Q1 2011	101
				Q4 2012	114
				Q3 2014	229
Powstańców 33 (stage 1-5)	Ząbki near Warsaw		Flats, services	Q3 2016	230
				Q3 2018	165
				Q2 2019	123
				Q4 2014	192
				Q4 2015	112
				Q1 2018	157
				Q4 2018	150
Na Woli (stage 1-9)	Warsaw	Wola	Flats, services	Q1 2019	147
				Q2 2019	147
				Q4 2019	301
				Q3 2020	177
				Q3 2021	305
Poborzańska	Warsaw	Targówek	Flats, services	Q2 2016	91
Mała Praga (stages 1-6)	Warsaw	Praga Południe	Flats, services	Q2 2016	140
				Q3 2017	217

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				Q1 2018	158
				Q1 2019	235
				Q1 2022	48
				Q4 2017	170
Korona Pragi (stage 1-3)	Warsaw	Praga Południe	Flats, services	Q3 2018	171
				Q4 2018	173
				Q2 2017	159
Krzemowe (stage 1-3)	Warsaw	Mokotów	Flats	Q4 2017	244
				Q4 2018	130
				Q1 2021	105
Mały Grochów (stage 1-2)	Warsaw	Grochów	Flats, services	Q1 2021	137
				Q1 2021	29
Rokokowa Residence	Warsaw	Bielany	Flats, houses	Q1 2021	29
				Q3 2012	176
Maestro (stage 1-3)	Wrocław	Krzyki-Jagodno	Flats	Q3 2013	160
				Q3 2017	125
				Q2 2013	72
Potokowa (stage 1-3)	Wrocław	Maślice	Flats and houses	Q3 2013	42
				Q2 2014	73
				Q3 2013	173
				Q3 2014	179
				Q4 2015	187
Graniczna (stage 1-6)	Wrocław	Fabryczna	Flats	Q2 2016	125
				Q4 2016	168
				Q3 2017	168
				Q1 2014	44
Nowalia	Wrocław	Klecina	Terraced houses	Q1 2014	44
				Q4 2014	167
				Q3 2014	73
Brzeska 5	Wrocław	Krzyki	Flats, services	Q4 2014	167
				Q1 2015	60
				Q2 2016	176
Dolina Piastów	Wrocław	Fabryczna	Flats	Q2 2016	176
				Q1 2018	212
Nowa Tęczowa	Wrocław	Stare Miasto	Flats, services	Q1 2018	212
				Q1 2018	165
Sołtysowicka	Wrocław	Sołtysowice	Flats	Q1 2018	165
				Q1 2019	164
Między Parkami (stage 1-2)	Wrocław	Klecina	Flats	Q3 2022	202
				Q2 2020	63
Małe Wojszyce	Wrocław	Wojszyce	Flats	Q2 2020	63
				Q2 2021	231
Nowa Raclawicka	Wrocław	Krzyki	Flats	Q2 2021	231

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Kamienna (stage 1-2)	Wrocław	Huby	Flats, services	Q3 2021	253
				Q3 2021	186
				Q4 2011	120
				Q4 2012	164
				Q3 2014	42
				Q4 2015	120
				Q2 2017	108
Słoneczne Miasteczko (stage 1-12)	Cracow	Bieżanów- Prokocim	Flats	Q4 2018	108
				Q1 2019	108
				Q3 2020	108
				Q1 2021	102
				Q3 2021	123
				Q1 2022	102
				Q3 2022	108
Okulickiego 59	Cracow	Mistrzejowice	Flats, services	Q4 2012	146
				Q2 2015	164
Grzegórzecka (stage 1-4)	Cracow	Śródmieście	Flats, services	Q4 2015	149
				Q1 2016	85
				Q1 2017	242
				Q2 2017	150
Centralna Park (stage 1-5)	Cracow	Czyżyny	Flats	Q1 2018	130
				Q4 2018	264
				Q4 2019	151
				Q1 2020	103
5 Dzielnica (stage 1-2)	Cracow	Krowdrza	Flats, services	Q1 2017	190
				Q3 2017	113
Przy Mogilskiej (stage 1)	Cracow	Prądnik Czerwony	Flats	Q2 2021	65
				Q4 2012	72
Przy Srebrnej (stage 1-4)	Gdańsk	Łostowice	Flats, services	Q3 2014	28
				Q4 2014	46
				Q3 2016	32
				Q1 2018	65
				Q4 2018	65
				Q2 2019	65
Świętokrzyska Park (stage 1-7)	Gdańsk	Łostowice	Flats	Q4 2019	65
				Q3 2020	108
				Q4 2020	54
				Q3 2021	54
				Q4 2021	54
Przy Alejach (stage 1-2)	Gdańsk	Zaspa	Flats	Q2 2016	110
				Q2 2017	97

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Bastion Wałowa (stage 1-4)	Gdańsk	Śródmieście	Flats	Q4 2017	230
				Q4 2018	230
				Q4 2020	140
				Q4 2020	115
Osiedle Latarników (stage 1)	Gdańsk	Letnica	Flats, services	Q4 2021	135
Dębowa Ostoja (stage 1)	Łódź	Bałuty	Terraced houses	Q3 2011	22
Pustynna 43 (stage 1)	Łódź	Górna	Flats	Q4 2012	38
Ceglana Park (stage 1-2)	Katowice	Brynów	Flats, services	Q4 2020	86
				Q3 2022	178
Total (30/09/2022)					14,787

As at 30 September 2022, the Group did not deliver 99 premises located in the aforesaid completed projects.

4.1.2 Development projects under Construction

Housing Projects

Name of Project	City	District	Segment	Planned Construction Completion Date	Number of Flats and Commercial Premises
Prestovia House	Warsaw	Praga Północ	Flats	Q4 2022	162
Aleje Praskie (stage 1-2, 6)	Warsaw	Praga Południe	Flats, services	Q2 2023	143
				Q4 2023	182
				Q1 2024	239
Toruńska Vita	Warsaw	Targówek	Flats	Q3 2023	196
Kaskady Różanki	Wrocław	Różanka	Flats, services	Q1 2023	132
Reja	Wrocław	Ołbin	Flats, services	Q1 2023	61
Mist House	Wrocław	Krzyki	Flats	Q1 2023	46
Cynamonowa Vita	Wrocław	Lipa Piotrowska	Flats	Q1 2024	114
Słoneczne Miasteczko (stage 13-14)	Cracow	Bieżanów-Prokocim	Flats	Q4 2022	108
				Q4 2023	136
Przy Mogiłskiej (stage 2-3)	Cracow	Prądnik Czerwony	Flats	Q4 2023	137
				Q4 2023	136
Centralna Park (stage 6-9)	Cracow	Czyżyny	Flats, services	Q4 2022	270
				Q4 2022	224

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				Q4 2023	139
				Q1 2024	154
Grzegórzecka 77 (stage 5-6)	Cracow	Grzegórzki	Flats, services	Q3 2022	94 (*)
				Q4 2023	126
Via Flora (stage 1-2)	Gdańsk	Chełm	Flats	Q3 2023	68
				Q4 2023	88
Osiedle Latarników (stage 2-3)	Gdańsk	Letnica	Flats, services	Q4 2022	218
				Q4 2023	159
Baltea Apartments	Gdańsk	Przymorze	Flats, services	Q4 2022	239
Szmaragdowy Park (stage 1)	Gdańsk	Orunia Górna - Gdańsk Południe	Flats	Q4 2022	175
Przy Alejach (stage 3)	Gdańsk	Zaspa	Flats	Q4 2022	48
Marinus	Gdańsk	Brzeźno	Flats, services	Q2 2023	83
Ujeścisko Vita	Gdańsk	Południe	Flats	Q1 2024	184
Ceglana Park (stage 3-5)	Katowice	Brynów	Flats, services	Q4 2022	196
				Q2 2024	170
				Q2 2024	28
Total (30/09/2022)					4,455

As at 30 September 2022, the Group had sold 2,733 premises which were under construction at that time.

(*) on 26/09/2022, the Company obtained a Certificate of No Objection to Occupation Commencement; In October 2022, the Company started the delivery of premises

4.1.3 Property Development Projects in Preparation (Currently Land Banked)

Commercial Projects

Name of Project	City	District	Segment	Planned Construction Commencement Date
Kolejowa	Wrocław	Stare Miasto	Office - hotel / temporary stay	under preparation

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Housing Projects

Name of Project	City	Number of Flats and Commercial Premises
Trzcಿನowa	Warsaw	161
Aleje Praskie	Warsaw	1,020
Aroniowa	Warsaw	1,448
Strzelecka	Warsaw	48
Drwęcka	Warsaw	37
Krakowska Vita	Warsaw	322
Reszelska	Wrocław	83
Orawska	Wrocław	644
Vratislavia Residence (Malin)	Wrocław	-
Krzemieniecka	Wrocław	37
Ogrody Wojszyce	Wrocław	114
Legnicka	Wrocław	271
Ślężna Vita	Wrocław	209
Słoneczne Miasteczko	Cracow	188
Grzegórzecka	Cracow	174
Centralna Park	Cracow	2,304
Szmaragdowy Park	Gdańsk	44
Południe Vita	Gdańsk	792
Przemyska Vita	Gdańsk	382
Zamojska Vita	Gdańsk	89

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Niepołomicka	Gdańsk	108
Ceglana Park	Katowice	562
Pustynna 43	Łódź	114
Dębowa Ostoja	Łódź	161
Total (30/09/2022)		9,312

Premises added to the offer (construction not started yet)

Aleje Praskie (stage 6)	Warsaw	-157
Krakowska Vita	Warsaw	-322
Ogrody Wojszyce	Wrocław	-77
Ślężna Vita	Wrocław	-209
Centralna Park (stage 10)	Cracow	-145
Grzegórzecka 77 (stage 7)	Cracow	-92
Południe Vita (stage 1-2)	Gdańsk	-111 -121
Przemyska Vita (stage 1)	Gdańsk	-146
Total (30/09/2022)		7,932

(*) The Malin Project was not taken into consideration for the calculation of land bank as at 30/09/2022

4.2 Description of Factors and Events, Particularly Non-typical Ones, Which Have Significant Impact on Achieved Financial Results

No special or uncommon events occurred, which could affect the produced financial results.

4.3 Management Board's Opinion Regarding Feasibility of Meeting Earlier Published Financial Forecasts for Given Year, in View of Results Presented in This Quarterly Report as Compared to Forecast Results

The Issuer did not publish any financial forecasts for the year 2022.

CONSOLIDATED QUARTERLY REPORT

4.4 Ownership Structure of Issuer's Qualifying Holding

As at 30 September 2022 the share capital of Develia S.A. amounted to PLN 447,558,311 and was divided into 447,558,311 ordinary bearer shares carrying one vote at the General Meeting, with a par value of PLN 1.00 each.

Ownership structure of qualifying holding as at the date of submitting semi-annual consolidated financial statements according to 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 Otwarty Fundusz Emerytalny	83,470,921	83,470,921	18.65 %	18.65%
AVIVA Otwarty Fundusz Emerytalny AVIVA Santander	65,543,000	65,543,000	14.64%	14.64%
MetLife Otwarty Fundusz Emerytalny1)	36,290,859	36,290,859	8.11%	8.11%
PKO BP BANKOWY Otwarty Fundusz Emerytalny	24,712,198	24,712,198	5.52%	5.52%

Ownership structure of qualifying holding as at date of submitting financial statements for Q3 2022, according to information obtained by 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 Otwarty Fundusz Emerytalny	83,470,921	83,470,921	18.65 %	18.65%
AVIVA Otwarty Fundusz Emerytalny AVIVA Santander	65,543,000	65,543,000	14.64%	14.64%
MetLife Otwarty Fundusz Emerytalny1)	36,290,859	36,290,859	8.11%	8.11%
PKO BP BANKOWY Otwarty Fundusz Emerytalny	24,712,198	24,712,198	5.52%	5.52%

Except for the foregoing changes, within the period from the submission of the H1 2022 report to the date of the preparation hereof, nothing else changed significantly in the ownership structure of the Issuer's qualifying holding.

CONSOLIDATED QUARTERLY REPORT**4.5 Issuer's Shares or Rights (Options) Thereto Held by Persons Responsible for Management and Supervision of Issuer as at Date of Release of Q3 2022 Report, Including Changes in Number of Shares or Rights Thereto Owned by Such Persons in Period Following Submission of Previous Quarterly Report**

Full name	Function in the body	Holding of the Issuer's shares as at 13/09/2022	Decrease	Increase	Holding of the Issuer's shares as at 15/11/2022
Supervisory staff					
Jacek Osowski	Chairman of Supervisory Board	-	-	-	-
Piotr Kaczmarek	Member of Supervisory Board	-	-	-	-
Robert Pietryszyn	Member of Supervisory Board	-	-	-	-
Piotr Pinior	Member of Supervisory Board	-	-	-	-
Piotr Borowiec	Member of Supervisory Board	-	-	-	-
Michał Hulbój	Member of Supervisory Board	-	-	-	-
Filip Gorczyca	Member of Supervisory Board	-	-	-	-
Management staff					
Andrzej Oślizło	President of Management Board	-	-	-	-
Paweł Ruszczak	Vice President Management Board	46,800	-	-	46,800
Mariusz Poławski	Vice President of Management Board	-	-	-	-

4.6 Information about Proceedings Before Courts, Relevant Arbitration Authority or Public Administration Authority

In the period of 9 months ended 30 September 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. or its subsidiaries, the value of which would have an important bearing on the financial standing of the Group companies. The subsidiary undertakings of Develia S.A. are parties to court and public administration proceedings whose value is insignificant for their operations or financial standing. The vast majority of other cases relate to claims lodged by subsidiaries of Develia S.A. against their debtors. Provisions for legal actions are shown in Note 2.17 and 3.28 of this report.

4.7 Information on Single or Many Transactions Concluded by Issuer or Its Subsidiary Undertaking with Related Entities (If Made on Terms Other Than at Arm's Length)

In the discussed reporting period neither the Issuer nor its subsidiary undertakings concluded with a related entity any transactions, which were effected on the terms other than at arm's length.

CONSOLIDATED QUARTERLY REPORT**4.8 Information about Loan or Borrowing Surety or Guarantee Granted by ISSUER or Its Subsidiary Undertaking**

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.

In the reporting period ended 30 September 2022, neither the Issuer nor any of its subsidiaries gave any significant surety or guarantee to the benefit of other entities, except for those mentioned above.

4.9 Other Information Deemed by Group as Relevant for Assessment of Its Personnel, Assets, Financial and Profit/Loss Standing and Changes Thereof and Information Relevant for Feasibility of Fulfilling Its Obligations

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.

The Issuer and an Issuer's subsidiary, Arkady Wrocławskie S.A., due to the current situation on the property development market resulting in the extension of ongoing negotiations, failed to enter, before 30 September 2022 – as stipulated in the letter of intent, into the final agreement relating to the potential disposal of the right of perpetual usufruct and ownership right to parcels of land located in Wrocław at Powstańców Śl. Street, Komandorska Street and Nasypowa Street, on which, apart from other structures, a multifunctional building "Arkady Wrocławskie" has been erected. The Company is still continuing the negotiations and will attempt to cause the final agreement to be signed until 31 December 2022, which will be communicated by the Issuer in a separate current report.

Apart from the events referred to herein, in the reporting period ended 30 September 2022 there were no other events concerning the Group, which would have any impact on the assessment of personnel, assets and financial standing and on the evaluation of the Issuer's feasibility of discharging its obligations.

4.10 Factors Which in Issuer's Opinion May Affect Its Performance at Least in Perspective of Following Quarter

The results achieved by the Develia S.A. Group will be highly affected by a macroeconomic situation, in particular when considering the availability of mortgage loans for potential clients and the development of economic situation amidst the epidemic. These factors are strong determinants of the demand for new flats and the structure and price thereof. Another factor which is likely to affect the demand for flats may be a rise in building material prices, prices of flats, the availability of land suitable for development and uncertainty over the situation related to the global economy, which can also translate into customers deciding to refrain from purchasing flats.

According to the definition provided in IFRS 15, the Develia S.A. Group recognise revenue from sales of residential and retail units on the transfer of control to the customer. As a consequence, in the next quarter the results of sale will depend on the value of premises transferred to the client in line with the above description.

The operating profit or loss of the Group will be also influenced by the level of revenue generated from the rental of commercial space in the following developments: Arkady Wrocławskie and Wola Retro, which is linked to the EUR exchange rate. The EUR exchange rate will also affect the valuation of foreign currency loans and investment property Arkady Wrocławskie and Wola Retro.

In the long term, in the opinion of the Management Board, the following will also influence the Group's performance:

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- implementation of the strategy of acquiring land for residential buildings and carrying out investments on the land to ensure the appropriate offering scale of the Group, adequate to the demand on the market,
- A shift in an attitude towards commercial property in the Develia's Group portfolio, manifested through an opportunity for the sale of selected assets;
- Increasing construction costs of new development projects, which may have a direct bearing on margins achieved in the future;
- Increasing costs of funding raised through the issue of bonds and limited access to this market, associated with the current situation on the capital market and a possibility that more stringent regulations may be brought in;
- Further uncertainty over the epidemic situation in Poland and all around the world, well as the consequences of the war in Ukraine.

The document has been signed by a qualified electronic signature

Andrzej Oślizło
President of the Management Board

Paweł Ruszczak
Vice President of the Management Board

Mariusz Poławski
Vice President of the Management Board

Wrocław, 15 November 2022