Develia S.A.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

WITH THE STATUTORY AUDITOR'S REPORT

STATEMENT OF FINANCIAL POSITION
as at 31 December 2022 *(PLN'000)*

	Note	31 December 2022 (audited)	31 December 2021 (audited)
Assets			
A. Fixed assets		**989,221**	**988,321**
1. Intangible assets	14	420	315
2. Property, plant and equipment	15	7,179	6,006
2.1. Fixed assets		6,050	5,803
2.2. Fixed assets under construction		1,129	203
3. Non-current loans and receivables	17	87,350	95,839
4. Non-current investments	16	892,998	879,233
5. Non-current prepayments	22	1,274	465
6. Deferred tax assets	12.3	-	6,463
B. Current assets		**1,496,766**	**1,384,957**
1. Inventory	20	1,290,299	1,116,530
2. Trade and other receivables	21	11,104	75,072
3. Income tax receivable		614	-
4. Short-term securities	18.1	35,049	27,053
5. Other financial assets	18.2	44,448	89,960
6. Cash and cash equivalents	23	112,786	73,792
7. Current prepayments	22	2,466	2,550
C. Non-current assets classified as held for sale		**-**	**-**
Total assets		**2,485,987**	**2,373 278**
Liabilities			
A. Equity		**1,228,017**	**1,129,605**
1. Share capital	24.1	447,558	447,558
2. Called-up share capital not paid		-	-
3. Supplementary capital	24.2	457,973	417,696
4. Other reserve funds	24.3	16,369	100,205
5. Other capitals	24.4	9,419	6,303
6. Retained profit/(Loss carried forward)		296,698	157,843
B. Non-current liabilities		**499,841**	**603,175**
1. Non-current financial liabilities	25.1	482,775	599,954
2. Non-current lease liabilities		1,690	2,776
3. Provisions	26	420	445
4. Deferred tax liability	12.3	14,956	-
C. Current liabilities		**758,129**	**640,498**
1. Current financial liabilities	25.1	242,862	151,359
2. Current lease liabilities		42,669	40,642
3. Trade and other payables	27.1	120,568	177,342
4. Income tax payables		-	671
5. Provisions	26	436	107
6. Accruals and deferred income	28	351,594	270,377
Total liabilities		**2,485,987**	**2,373,278**

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022 *(PLN '000)*

	Note	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Revenue			
Revenue from sale of services, products and goods	11.1	557,339	447,947
Revenue from interest and discounts	11.2	2,603	6,102
Revenue from dividend	11.3	209,734	122,669
Other financial income	11.4	3,482	7,364
Other operating income	11.5	1,956	1,161
Total operating income		**775,114**	**585,243**
Expenses			
Operating expenses, value of products, goods sold	11.6	(441,766)	(405,107)
Costs of interest and discounts	11.8	(10,454)	(8,347)
Other financial expenses	11.9	(3,039)	(1,921)
Other operating expenses	11.10	(1,738)	(2,514)
Total operating expenses		**(456,997)**	**(417,889)**
Pre-tax profit (loss)		**318,117**	**167,354**
Income Tax	12.1	(21,419)	(9,511)
Net profit (loss) on continuing operations		**296,698**	**157,843**
Discontinued operations			
Profit (loss) on discontinued operations in the financial year		-	-
Net profit/(loss)		**296,698**	**157,843**
Other comprehensive income			
Other components of comprehensive income		-	-
Income tax relating to other components of comprehensive income		-	-
Other comprehensive income (net)		**-**	**-**
Total comprehensive income		**296,698**	**157,843**

Profit/(loss) per share			
- basic EPS from the profit/(loss) for the period (PLN)	13	0.66	0.35
- diluted EPS from the profit/(loss) for the period (PLN)		0.66	0.35

STATEMENT OF CASH FLOWS
for the year ended 31 December 2022 *(PLN '000)*

	Note	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
A. Cash flows from operating activities			
I. Gross profit (loss) on continued operations		**318,117**	**167,354**
II. Total adjustments		**9,142**	**(236,227)**
1. Change in fixed assets and intangible assets		(1,278)	1,137
2. Change in provisions		302	107
3. Change in inventory		(173,769)	(326,467)
4. Change in receivables		59,994	(60,596)
5. Change in current liabilities (net of loans and borrowings)		(56,774)	159,898
6. Change in prepayments and accruals		80,492	(6,898)
7. Change in financial liabilities		58,507	24,877
8. Change in financial assets resulting from borrowings and notes		46,949	5,578
9. Change in financial assets resulting from shares		(13,765)	(51,698)
10. Income tax (paid)		(1,286)	(1,243)
11. Other adjustments		9,770	19,078
III. Net cash flow from operating activities (I±II)		**327,259**	**(68,873)**
B. Cash flows from financing activities			
I. Cash inflows		**90,587**	**345,696**
1. Issue of debt securities		15,442	250,000
2. Bank and non-bank loans		75,145	95,696
II. Outflows		**(378,852)**	**(274,839)**
1. Dividends and other expenses for the benefit of shareholders		(201,401)	(76,085)
2. Repayment of bank and non-bank loans		(55,638)	(9,199)
3. Redemption of debt securities		(88,496)	(166,504)
4. Payment of liabilities arising from finance lease agreements		(2,415)	(2,430)
5. Interest		(30,902)	(20,621)
III. Net cash flows from financing activities (I–II)		**(288,265)**	**70,857**
C. Total net cash flow (A.III±B.III)		**38,994**	**1,984**
D. Balance-sheet change in cash, including:		**38,994**	**1,984**
– change in the position of cash on account of foreign exchange differences		-	-
E. Cash at the beginning of the period		**73,792**	**71,808**
F. Cash at end of period (F±D)	23	**112,786**	**73,792**
- restricted cash		20	20

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022 *(PLN '000)*

	Note	***Share capital***	***Called-up share capital not paid***	***Supplementary capital***	***Other reserve funds***	***Other capitals***	***Retained profit/ (Loss carried forward)***	***Total***
As at 01 January 2022		**447,558**	**0**	**417,696**	**100,205**	**6,303**	**157,843**	**1,129,605**
Net profit for 2022		0	0	0	0	0	296,698	296,698
Other comprehensive income for 2022		0	0	0	0	0	0	0
Total comprehensive income for 2022		**0**	**0**	**0**	**0**	**0**	**296,698**	**296,698**
Profit allocated to supplementary capital and reserve funds	24.2	0	0	40,277	0	0	(40,277)	0
Payment of dividend					(83,836)	0	(117,565)	(201,401)
Valuation of incentive scheme	24.4	0	0	0	0	3,116	0	3,116
As at 31 December 2022		**447,558**	**0**	**457,973**	**16,369**	**9,419**	**296,698**	**1,228,017**

	Note	***Share capital***	***Called-up share capital not paid***	***Supplementary capital***	***Other reserve funds***	***Other capitals***	***Retained profit/ (Loss carried forward)***	***Total***
As at 01 January 2021		**447,558**	**0**	**353,524**	**100,205**	**1,994**	**140,257**	**1,043,538**
Net profit for 2021		0	0	0	0	0	157,843	157,843
Other comprehensive income for 2021		0	0	0	0	0	0	0
Total comprehensive income for 2021		**0**	**0**	**0**	**0**	**0**	**157,843**	**157,843**
Profit allocated to supplementary capital and reserve funds	*24.2*	0	0	64,172	0	0	(64,172)	0
Payment of dividend		0	0	0	0	0	(76,085)	(76,085)
Valuation of incentive scheme	24.4	0	0	0	0	4,309	0	4,309
As at 31 December 2021		**447,558**	**0**	**417,696**	**100,205**	**6,303**	**157,843**	**1,129,605**

(PLN '000)

ACCOUNTING PRINCIPLES (POLICIES) AND ADDITIONAL EXPLANATORY NOTES

1. General Information

Develia S.A. (the "Issuer", the "Company") 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 31 December 2022, the shares of Develia S.A. are in public trading.

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

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

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

There was no parent undertaking of Develia S.A. as at 31 December 2022 and the date of signing these financial statements.

2. Identification of Consolidated Financial Statements

The Company also prepared consolidated financial statements for the year ended 31 December 2022, which was approved by the Management Board for publication on 30 March 2023.

3. Management Board Composition

As at 01 January 2022 and 31 December 2022, the Management Board of Develia S.A. 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

4. Approval of Financial Statements

These financial statements were approved by the Management Board on 30 March 2023.

5. Company's Investments

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

Company name	Registered office	31 December 2022 Share in capital	31 December 2021 Share in capital
Subsidiary undertakings			
Arkady Wrocławskie S.A.	Wrocław	100%	100%
Develia Wrocław S.A. 1)	Wrocław	100%	100%
Develia Warszawa Sp. z o.o.2)	Wrocław	100%	100%
Kraków Zielony Złocień Sp. z o.o.	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)

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LC Corp Invest I Sp. z o.o.	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)
LC Corp Invest II Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest III Sp. z o.o. 3) 4) 9)	Wrocław	-	100%
LC Corp Invest VII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest VIII Sp. z o.o. 4) 5) 9)	Wrocław	-	100%
LC Corp Invest IX Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest X Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XI Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XV Sp. z o.o.	Wrocław	100%	100%
4resident Sp. z o.o. 6)	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.4)	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% (indirectly and directly)	100% (indirectly and directly)
LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k.	Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k.	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)
LC Corp Invest XV Sp. z o.o. Investments S.K.A.	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)
LC Corp Service S.A. 7) 9)	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)
Develia Invest Sp. z o.o.	Wrocław	100%	100%
Jointly Controlled Entities			
Atal Services Sp. z o.o.11)	Cieszyn	-	-
Projekt Ciszewskiego Sp. z o.o.10)	Warsaw	80% (directly)	80% (directly)
Projekt Myśliborska Sp. z o.o. 10)	Warsaw	80% (directly)	80% (directly)
Projekt Lizbońska Sp. z o.o. 10)	Warsaw	80% (directly)	80% (directly)
Projekt Ciszewskiego Sp. z o.o. Sp. k. 10)	Warsaw	80% (directly and indirectly)	80% (directly and indirectly)
Projekt Myśliborska Sp. z o.o. Sp. 10)	Warsaw	80% (directly and indirectly)	80% (directly and indirectly)
Projekt Lizbońska Sp. z o.o. Sp. k. 10)	Warsaw	80% (directly and indirectly)	80% (directly and indirectly)
Flatte Sp. z o.o. 8)	Warsaw	76.47%	-

1) On 01 August 2022, a competent registry court registered a new company name of Sky Tower S.A., which was changed to Develia Wrocław S.A.

2) On 22 June 2022, a competent registry court registered a new company name of Warszawa Przyokopowa Sp. z o.o., which was changed to Develia Warszawa Sp. z o.o.

3) On 19 August 2022, a registry court made an entry relating to the redemption of shares in LC Corp Invest III sp. z o.o., and consequently, a reduction in its share capital from PLN 1,700,000.00 to PLN 100,000.00, i.e. by a sum of PLN 1,600,000.00.

4) On 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.

5) 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. 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.

6) 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.

7) On 01 June 2022, an increase in the share capital of LC Corp Service S.A. was registered by the District Court for Wrocław-Fabryczna in Wrocław, 6th National Court Register Division, from PLN 633,165.00 to PLN 1,133,165.00, by the issue of 500,000 new D series registered shares.

8) 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). As at the registration date, the sole shareholder of the company is Develia S.A. On 23 November 2022, an amendment was made to the company's Articles of Association, under which its share capital was increased up to PLN 10,000 and 40 shares with the total nominal value of PLN 2,000 were taken up by Develia S.A., 50 shares with the total nominal value of PLN 2,500 by The Heart S.A. and 10 shares with the total nominal value of PLN 500 by a natural person. The company's amended Articles of Association were registered in the National Court Register (KRS) on 10 February 2023 Under the amendment to the company's Articles of Association of 21 December 2022, its share capital was increased up to PLN 12,500 and all the new shares (50 shares having the total nominal value of PLN 2,500) were taken up by Develia S.A The company's amended Articles of Association were registered in the National Court Register (KRS) on 13 February 2023.

9) On 12 December 2022, the District Court for Wrocław – Fabryczna in Wrocław, the 6th Commercial Division of the National Court Register (KRS), registered a merger between LC Corp Invest III sp. z o.o., LC Corp Invest VIII sp. z o.o. and LC Corp Service S.A. The aforesaid companies merged pursuant to Article 492(1)(1) of the Polish Commercial Partnerships and Companies Code in conjunction with Article 516(6) of the said Code through the transfer of the entire assets of LC Corp Invest III sp. z o.o. and LC Corp Invest VIII sp. z o.o. (the acquired companies) to LC Corp Service S.A. (the acquiring company). On the merger, LC Corp Service S.A. acquired all rights and assumed all obligations (liabilities) of LC Corp Invest III sp. z o.o. and LC Corp Invest VIII sp. z o.o., which will cease to exist as legal entities and will be removed from the National Court Register (KRS).

10) The Company carried out an in-depth analysis of the JV agreement made with Grupo Lar Holding Polonia Sp. z o.o. Based on that analysis, specifically, the provisions concerning the requirement for unanimity of both parties to the agreement when taking all significant decisions by companies covered by the agreement, in spite of holding 80% capital commitment in individual companies covered by the JV agreement, they are recognised by the Company as jointly controlled entities.

These investments have been classified in the consolidated financial statements of the Develia S.A. Group as a joint contractual arrangement (joint ventures) and are valued by the equity method.

11) In the period ended 31 December 2021, on account of planned collaboration with the Atal Group in relation to a property development project to be carried out on a JV basis, Develia S.A. acquired 50% of shares in Atal Services Sp. z o.o. on 09 June 2021 (a joint venture valued by the equity method). Eventually, the property development project was not implemented. As the collaboration for the said project failed, the Issuer's Management Board disposed of 50% of company's shares back on 07 September 2021, and consequently, ended co-operation with the Atal Group. There are no equity relationships between Develia S.A. and the Atal S.A. Group in connection with the aforesaid transaction.

As at 31 December 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.

6. Significant Values Based on Professional Judgement and Estimates

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

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 12.3.

Write-Downs of Shares Held in Subsidiary Undertakings and Jointly Controlled Entities

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

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 31 December 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 16.

Amortisation and depreciation rates

Amortisation and depreciation rates are set on the basis of an expected economic life of intangible assets and property, plant and equipment respectively. The Company verifies applied economic lives once a year on the basis of current estimates.

Classification of Lease Agreements

The Company classifies lease according to IFRS 16.

Amount 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. As at 31 December 2022, borrowings granted by the Company were measured at fair value.

Uncertainty Associated with Tax Settlements

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

Tax settlements and other areas of activity (for example customs and foreign currency issues) may be subject to inspection by bodies authorised to impose high penalties and fines, and any additional tax liabilities arising from the inspection must be paid together with high interest. Having considered these conditions, the tax risk in Poland is greater than in countries with a more mature tax system.
Consequently, amounts presented and disclosed in financial statements may change in the future as a result of a final decision of a tax audit authority.
On 15 July 2016, changes were made to the Tax Ordinance Act in order to take account of the provisions of the General Anti-Avoidance Rule (GAAR). GAAR is to prevent the creation and use of artificial legal structures created in order to avoid the payment of tax in Poland. GAAR defines the avoidance of taxation as an action made above all in order to achieve a tax advantage, contrary – under given circumstances – to the object and purpose of the provisions of the tax act. In accordance with GAAR, such an action does not result in the tax advantage, if the operation was artificial. Any occurrence of (i) unjustified separation of operations, (ii) involvement of intermediary entities despite the lack of economic justification, (iii) elements that null or compensate each other and (iv) other actions having a similar effect to the previously mentioned, may be treated as a premise of artificial operations subject to GAAR. New regulations will require a much greater degree of professional judgement in assessing the tax consequences of individual transactions.

The GAAR clause should be applied to transactions made after its entry into force and transactions that had been carried out before the entry into force of the GAAR clause, but for which benefits were or are still being gained after the date of entry of this clause into force. The implementation of these provisions will enable Polish tax audit authorities to question the legal arrangements and agreements carried out by taxable persons, such as the restructuring and reorganisation of a group.

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

7. Basis for Preparation of Financial Statements

The financial statements encompass the year ended 31 December 2022. The Company has presented figures covering a 12-month period ended 31 December 2021 and figures as at 31 December 2021, which have been used as comparative data.

The financial statements are presented in thousand zlotys ("PLN"), and all values in tables and notes, if not indicated otherwise, are given in thousand zlotys ("PLN").

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

The financial statements were prepared on the assumption that the Company 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 that could be regarded as a threat to the continuation of the Company's activity.

7.1. Declaration of Compliance

These financial statements of Develia S.A. were drawn up in accordance with the International Financial Reporting Standards ("IFRS") in the form approved by the EU ("EU IFRS").

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

7.2. Currency of Measurement and Currency of Financial Statements

Polish Zloty is both a currency used for the measurement of the Company and a currency applied to these financial statements.

7.3. Accounting Principles Applied to Preparation of Financial Statements

The accounting principles (policies) applied to the preparation of these financial statements are consistent with those adopted to draw up the financial statements for the year ended 31 December 2022, save for the following principles.

- **Amendments to IAS 16 "Property, Plant and Equipment"**– Proceeds Before Intended Use approved in 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 in 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 in 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.

8. 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 in June 2020 and December 2021 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);
- **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);

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 1 "Presentation of Financial Statements"**– Non-current Liabilities with Covenants (applicable to annual periods beginning on or after 01 January 2024);
- **Amendments to IFRS 16 "Lease"**– Lease Liability in a Sale and Leaseback (applicable to annual periods beginning on or after 01 January 2024),
- **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 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..

9. Significant Accounting Principles

9.1. Fixed assets

Fixed assets are disclosed according to the acquisition/production cost less depreciation and impairment charges. The initial value of fixed assets includes their acquisition price increased by all costs directly related to their acquisition and adaptation to a proper operating condition. The cost also includes the cost of replacing the components of machinery and equipment at the time it is incurred, if the criteria of recognition are fulfilled.

Costs incurred after the date of handing over a fixed asset for use, such as costs of maintenance and repair, are charged to the result of the reporting period at the time they are incurred.

At the moment of their acquisition, fixed assets are divided into components of significant value, to which a separate period of useful economic life can be assigned.

On liquidation or sale of fixed assets, the initial value thereof and depreciation to date are derecognised, and the result of liquidation or sale is included in the financial result (profit or loss for the reporting period).

Depreciation is calculated with the straight-line method for an assessed period of useful economic life of a given asset.

Type	Period in years
Machinery and technical equipment	5 years
Office equipment	2 years
Other means of transport	5 years
Investments in third-party fixed assets	10 years (or the term of contract, if shorter)
Computers	3 years

If during the preparation of the financial statements the circumstances occurred indicating the possible impairment of any fixed assets, such assets are reviewed for possible impairment. If there is any objective evidence of impairment and the balance-sheet value exceeds the assessed recoverable value, the value of these assets or cash-generating units to which they belong is decreased to the level of the recoverable value. The recoverable value corresponds to the higher of: fair value less selling costs of the asset or its value in use, respectively. While assessing the value in use, the projected cash flows are discounted to their current value by applying a gross discount rate, which reflects the current market assessment of the time value of money and the risk typical for a given asset. In the case of an asset which does not generate cash independently, the recoverable value is established for the cash-generating centre which owns the asset. Impairment charges are recognised in the financial result, i.e. a profit or loss for the period.

A given item of property, plant and equipment can be removed from the statement of financial position after its disposal or in the case when no economic advantages resulting from the further use of such item are expected. All profits or losses resulting from the removal of a given asset from the statement of financial position (calculated as the difference between potential net proceeds from sales and the balance-sheet value of a given item) are disclosed in profit or loss for the period during which such removal was effected.

The final value, period of usage and method of depreciation of assets are verified and, if necessary, adjusted, at the end of each accounting year.

9.2. Fixed assets under construction

Fixed assets under construction concern fixed assets being built or assembled and are disclosed according to the acquisition or production cost. Fixed assets under construction are not subject to depreciation by the time they are built and handed over for use.

9.3. Intangible Assets

Intangible assets are the acquired assets having a useful economic life on the day of receipt for use such as:

- property rights, proprietary copyrights, licences, concessions, rights to: designs, inventions, patents, trademarks, decorative patterns and utility models,
- know-how

of an expected useful life longer than one year, used for the needs of the conducted business activity or rented out, leased or given to use on the basis of a similar contract.

Intangible assets acquired in a separate transaction are initially stated at acquisition or production cost. Intangible assets acquired in a business combination are initially recognised at fair value determined at the business combination date. After initial recognition, intangible assets are measured at acquisition or production cost less amortisation and impairment charges. Expenditures on intangible assets produced in-house, except for activated expenditures incurred on development work, are not activated and are disclosed in the costs of the period when they were incurred.

The Company determines if the useful life of intangible assets is definite or indefinite. Intangible assets with a definite useful life are amortised over their economic useful life and tested for impairment each time where there are indications thereof. The period and method of amortisation of intangible assets with a definite useful life are verified at least at the end of each financial year. Changes in the expected useful life or expected method of consuming economic benefits derived from a given asset are disclosed by a change of the period or amortisation method, respectively, and treated as changes of estimates. Amortisation charges of intangible assets with a definite useful life are disclosed in the financial result (profit or loss) for the period in the category which corresponds to the function of a given intangible asset.

Intangible assets with indefinite useful lives and intangible assets which are not yet in use are tested for impairment once a year in relation to individual assets or at the level of the cash-generating unit. Other intangible assets are checked annually for any indications of impairment. Periods of use are also annually verified and, if necessary, adjusted with effect from the beginning of the financial year.

The summary of the principles applied in relation to the Company's intangible assets, except for goodwill, is presented below:

	Patents and licences	**Computer software and other**
Period of use	Indefinite. For patents and licences used on the basis of an agreement concluded for a definite period, this period is adopted, taking into account an additional period for which the useful life may be extended.	2 years
Applied method of amortisation	Values of an indefinite period of useful life are not amortised or subject to revaluation. For patents and licences concluded for a definite period the straight-line method is applied.	Straight-line method
Produced in-house or acquired	Acquired	Acquired
Tested for impairment / verification of recoverable value	An indefinite period of useful life – annually or if there are indications of impairment. For others – annual assessment if there are indications of impairment.	Annual assessment if there are indications of impairment.

Profits or losses resulting from the removal of intangible assets from the statement of financial position are measured on the basis of the difference between net proceeds from sale and the balance-sheet value of a given asset and are disclosed in the statement of comprehensive income at the time of its derecognition.

As at 31 December 2022 and as at 31 December 2021 there were no intangible assets of an indefinite period of use.

9.4. Recoverable Value of Non-financial Fixed Assets

At the end of each reporting period, the Company assesses whether there is any objective evidence that the assets are impaired. If any such evidence exists, the Company assesses the recoverable value of these assets i.e. determines whether the current book value of a given asset is higher than the value that can be obtained from its further use or sale. If the balance-sheet value of a given asset or a cash-generating unit exceeds its recoverable value, its impairment is recognised and an impairment charge is made to arrive at the established recoverable value. This impairment charge is recognised in the financial result at *Other* *revenue* or *Financial expenses*. The recoverable value corresponds to the higher of: fair value less selling costs or the value in use of a given asset or cash generating unit.

The recoverable value is determined for individual assets, unless a given asset does not generate separate cash inflows, largely independent of those generated by other assets or asset groups. If the balance-sheet value of an asset is higher than its recoverable value, the value of the asset is impaired and impairment charges are recognised up to the established recoverable value. While assessing the value in use, the projected cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset. Impairment charges related to the assets used in the continued operations are disclosed under the cost categories corresponding to the function of the asset with respect to which impairment has been identified.

At the end of each reporting period, the Company assesses whether there is any objective evidence that the impairment charge which was disclosed in previous periods in relation to a given asset is unnecessary or if it should be diminished. If any such evidence exists, the Company assesses the recoverable value of this asset. The previously disclosed impairment charge is reversed only if since the recognition of the last impairment charge there was a change of estimates used to establish the recoverable value of a given asset. In this case, the balance-sheet value of the asset is increased to its recoverable value. The increased amount cannot exceed the balance-sheet value of the asset which would be established (after deducting amortisation) if the impairment charge was not disclosed at all in relation to this asset in the previous years. The reversal of the impairment charge of an asset is disclosed immediately as income. In the following periods, after the reversal of the impairment charge, the depreciation charge concerning a given asset is adjusted in a way that makes it possible, during the rest of the period of use of this asset, to write off systematically its verified balance-sheet value less the end value.

9.5. Inventory

Inventories discloses expenditures incurred, concerning unsold residential and non-residential units intended for sale. Such expenditures include the right of perpetual usufruct to land or land, construction costs relating to works performed by subcontractors in connection with the building of flats, capitalised costs including the costs of external financing, costs of planning and design, mark-ups of administrative expenses directly connected with the construction project and other costs relating to such projects.

Initially, inventories are disclosed at their production cost. After the initial disclosure, inventories are measured at the lower of: acquisition/production cost and net realisable value.

9.6. Financial Assets

Financial assets are classified by the Company under one of the following categories:

- Financial assets measured at amortised cost,
- Financial assets measured at fair value through profit or loss,
- Financial assets measured at fair value through comprehensive income,
- Hedging Financial Instruments

Financial assets are classified on the basis of:

- A business model concerning the management of financial assets;
- Cash flows arising from a contract, which are typical of a financial asset.

Assets are classified as at the time of the initial recognition thereof. The classification of financial debt assets depends on a business model used for the management of financial assets and on the characteristics of contractual cash flows (SPPI test) for a given financial asset.

The Group decided that the following are classified under the category of Assets measured at amortised cost: *Trade receivables, Granted borrowings* that satisfied the SPPI test criterion, *Other receivables, Deposits* and *Cash and cash equivalents.*

Financial assets measured at amortised cost are measured at an amount of amortised cost using the effective interest rate method, while taking into consideration impairment write-downs. Trade receivables with a maturity of below 12 months from the date on which they are created (i.e. which do not include a financing component), which have not been transferred to a factoring company, are not discounted and will be measured at a nominal amount.

The category of *Assets measured at fair value through other comprehensive income* includes:

a financial asset if the following conditions have been met:

- The asset is held within a business model whose objective is both to hold and sale financial assets in order to collect contractual cash flows and; and

- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. an asset has satisfied SPPI test).

The consequences of changes in fair value are included in other comprehensive income until an asset is derecognised from the Statement of financial position, when cumulative profit/ loss is recognised in the Profit and loss statement.

Irrespective of the aforesaid classification criteria, it is possible to irrevocably designate a financial asset being an investment in an equity instrument for the measurement option at fair value through the other comprehensive income.

There is no possibility of choosing fair value through other comprehensive income for instruments held for trading.

Profits and losses on both the measurement and realisation which are made in relation to such assets are recognised under other comprehensive income, except for revenues from dividends received which are stated in the Profit and loss statement. The category of *Assets measured at fair value through profit or loss* includes all financial instruments that have not been classified as measured at amortised cost or as measured at fair value through other comprehensive income, as well as those instruments which the Group has decided to classify under the category in question in order to eliminate an accounting mismatch.

Also borrowings granted which failed the contractual cash flows test and derivative instruments in the form of assets, provided that they have not been designated as hedging instruments, are classified by the Company at the aforesaid category.

Profits and losses on a financial asset classified as measured at fair value through profit or loss are included in a profit or loss for the period over which such profits were generated and such losses were incurred.

The category of *Financial hedging instruments* includes financial assets and liabilities being designated financial instruments which satisfy the hedge accounting requirements, measured at fair value taking account of all market risk and credit risk components.

The purchase and sale of financial assets are initially recognised as at the date of the transaction. At its initial recognition a financial asset is measured at fair value, increased, in the case of the financial asset not classified as measured at fair value through profit or loss, by transaction costs that can be allocated directly to its acquisition.

A financial asset is derecognised from the statement of financial position when the rights to contractual cash flows have expired or when an asset has been transferred, i.e. substantially all risks and benefits associated with an asset held have been already transferred.

Borrowings Granted

Borrowings granted and receivables are included in current assets if their maturity does not exceed 12 months from the end of the reporting period. Borrowings granted and receivables with maturity exceeding 12 months from the end of the reporting period are presented in fixed assets.

Trade and other receivables

Trade and other receivables are recognised and disclosed at amounts initially invoiced, taking account of revaluation write-off on receivables in line with the model of expected credit losses.

If the effect of the time value of money is significant, the value of receivables is determined by discounting the projected future cash flows to their present value using a gross discount rate reflecting the current market assessments of the time value of money. If the discount method is applied, an increase in receivables over time is recognised as financial income.

Cash and cash equivalents

Cash and short-term deposits shown in the statement of financial position comprise cash on hand and in a bank account, and short-term deposits with the initial maturity of up to three months.

The balance of cash and cash equivalents disclosed in the statement of cash flows consists of the above-defined cash and its equivalents.

Cash in foreign currencies is valued as at the reporting day at the mid-exchange rate quoted by the National Bank of Poland. Foreign exchange differences relating to cash and cash equivalents in foreign currencies

and foreign currency operations are included in the statement of comprehensive income.

9.7. Non-Current Investments (Shares)

Shares in subsidiary undertakings and jointly controlled entities are measured in accordance with IAS 27 at a purchase price less cumulative impairment charges.

Recoverable Value of Non-Current Assets

As at each balance-sheet date, the Company assesses whether there is any objective evidence that the assets are impaired. Should any such evidence exist, the Company makes an estimate of recoverable value. If the balance-sheet value of a given asset or a cash-generating unit exceeds its recoverable value, its impairment is recognised and an impairment charge is made to arrive at the established recoverable value. The recoverable value corresponds to the higher of: fair value less selling costs or the value in use of a given asset or cash generating unit.

9.8. Impairment of Financial Assets

As at every balance-sheet date, the Company makes an estimate of a financial asset impairment write-down based on an expected credit losses impairment model.

To determine a future expected impairment, the Company takes into consideration any reasonable and proved information, including such which refers to the future.

In addition, the Company performs an analysis individually for trade receivables and makes write-downs equal to an amount that can be estimated in a reliable way where the uncollectibility of such receivables is highly probable.

As at the time of applying IFRS 9, due to the nature of receivables, the Company analysed the history of write-downs disclosed and arrived at a conclusion that adopting the expected credit losses model did not have any impact on the amount of write-downs made for that purpose.

9.9. Operating Lease

Lease agreements under which the lessor retains substantially all the risks and benefits related to the ownership of the leased asset are classified as operating leases. Lease fees under operating lease and later lease payments are recognised as operating expenses in profit or loss on a straight line basis over the period of the lease. Contingent lease payments are recognised as cost in the period in which they become due and payable.

9.10. Hedge Accounting

Neither in the year ended 31 December 2022 nor 31 December 2021, the Company applied hedge accounting.

9.11. Financial Liabilities

Financial liabilities are classified by the Company under one of the following categories:

- Financial liabilities measured at amortised cost,
- Financial liabilities measured at fair value through profit or loss,
- Hedging financial instruments.

Liabilities on account of bank loans, borrowings and debt securities

All bank loans, borrowings and debt securities are initially recognised at fair value, net of acquisition costs associated with obtaining the same.

After their initial recognition, bank loans, borrowings and debt securities are subsequently measured at amortised cost, using the effective interest rate method, except for financial liabilities designated as hedged items, which are subject to the principles of hedge accounting, or liabilities qualified at initial recognition as financial instruments measured at fair value through profit or loss.

Costs related to the acquisition of a loan or borrowing, discounts and premiums received at the moment of liability settlement are taken into account when calculating the amortised cost.

Gains and losses are recognised in the statement of comprehensive income at the moment of liability removal from the statement of financial position as well as during the relevant periods of the instrument's life cycle, using the effective interest rate method.

Trade and Other Payables

Trade and other payables are measured in an amount to be paid.

9.12. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, such that an outflow of resources embodying economic benefits is certain or highly probable to be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions for onerous contracts and liabilities are measured at a justified, reliably assessed value.

Provisions are charged to operating expenses, other operating expenses or financial expenses, depending on circumstances from which a loss results.

Costs relating to a specific provision are disclosed in the financial result (profit or loss) for the reporting period, net of any reimbursements. In the event that the time value of money is a material factor, the provision is measured using the present value of future cash flows at the gross discount rate which reflects the current market estimates of the time value of money and the risk related to the specific liability. If the discount method is applied, the increase in the provision over time will be recognised as financial expenses.

The provision is decreased by the occurrence of a loss or liability for which it was created, and unused provisions (because the risk of losses, for which the provisions were created, ceased or diminished) are reversed and credited to the accounts against which they were previously charged.

9.13. Retirement Benefits

Under the Company's remuneration plans, its employees are entitled to retirement benefits. The retirement benefits are paid once at retirement. The amount of retirement benefits depends on the number of years of service and an employee's average remuneration. The Company creates a provision for future liabilities on account of retirement benefits in order to allocate costs to relevant periods. In accordance with IAS 19, retirement benefits are classified as post-employment benefit plans. The accumulated liabilities equal discounted future payments, considering employee rotation, and relate to the period up to the end of the reporting period. Demographic data and information on employee rotation are based on historical records. Actuarial gains and losses are recognised in the result of the reporting period. The re-measurement of liabilities on account of employee benefits relating to defined benefit plans, including actuarial gains and losses, is recognised in other comprehensive income and is not further reclassified to profit or loss.

9.14. Equity

Equity consists of:

- share capital
- reserve funds
- other capital reserves
- Retained profit/Loss carried forward

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- Other capital

Equity is measured at its par value compliant with the articles of association. Supplementary capital is measured as the excess of the issue price over the par value of the shares, reduced by the costs associated with the share issue and increased/decreased by approved profits/losses in the previous years. Other capital is measured at fair value of granted management options in accordance with IFRS 2.

9.15. Valuation of Assets and Liabilities Expressed in Foreign Currencies

As at the balance-sheet date, monetary assets and liabilities expressed in currencies other than PLN are converted to PLN at a closing rate. In practice, unless this leads to significant differences, the Company uses a simplification and considers a closing rate to be an average rate of exchange of the National Bank of Poland applicable to a given currency and effective at the end of a reporting period.

During the financial year:

1) operations of sale and purchase of foreign currencies and operations of payment of receivables or payables are measured at the buy or sale rate of the bank providing services to the undertaking,
2) other operations are valued at the mid-exchange rate quoted for the given currency by the National Bank of Poland, effective on the day preceding the operation, unless a different rate was established in the customs declaration or another document binding on a given undertaking.

The foreign exchange gains and losses resulting from translation are recognised in financial income (expenses), respectively, or, in cases determined by the accounting principles (policy), capitalised in the value of assets.

	31 December 2022	31 December 2021
EUR	4.6899	4.5994

9.16. Rules of Valuation of Contingent Liabilities

A contingent liability is a probable liability which arises due to past events and whose existence will be confirmed only in the future on the occurrence of uncertain events (over which the undertaking does not have full control). A contingent liability can also be a current liability of the undertaking, which arises due to past events and cannot be valued credibly enough, or it is not probable that the fulfilment of this liability will cause any outflow of resources containing economic benefits. Therefore, such a liability is not recognised in the statement of financial position, but it is described in additional information and explanatory notes to the financial statements.

9.17. Revenue

Revenue is recognised to the extent to which it is probable that the Company will obtain economic benefits related to a given transaction and when the amount of revenue can be reliably measured. Revenue is recognised net of VAT and rebates. When recognising revenues the below presented criteria also apply.

9.17.1 Sale of Goods and Products

Revenue is recognised when significant risks and benefits related to the ownership of goods and products have passed to the buyer and the amount of revenue can be assessed in a reliable way. Revenue from the realisation of instruments hedging cash flows adjusts the value of revenue from sales of goods and products.

Revenue from Sales of Flats

Revenue from the sale of residential and retail premises is disclosed only when basically all risks and benefits connected with the given premises are transferred to the customer and revenue can be reasonably valued.

The moment of transferring the risk 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 risk is transferred to the client when 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.

Costs associated with premises which have already been sold, and which will be incurred in the periods following the recognition of sale (including costs of repairing faults and costs of finishing the common spaces), are assessed and disclosed in the statement of comprehensive income in the period when the sale of the given premises took place.

9.17.2 Sale of Services

Revenue from Rental

Revenue from rental is disclosed using the straight-line method for the period of rental in relation to contracts executed (linearisation).

9.17.3 Interest

Interest revenues are recognised consecutively as they accrue, using the effective interest rate method which discounts expected cash flows to the gross carrying amount of an asset or the amortised cost of financial liability.

9.17.4 Dividends

Dividends are recognised at the moment of establishing dividend rights for the shareholders.

9.18. Current Tax

Current tax payables and receivables for the current period and previous periods are measured at the amounts of forecasted payments to tax authorities (amounts recoverable from tax authorities), applying tax rates and tax regulations which were legally or actually effective as at the end of the reporting period.

9.19. Deferred Tax

For the needs of financial reporting, a deferred tax liability is created with the use of the balance-sheet liability method in relation to all temporary differences existing as at the end of the reporting period between the tax value of assets and liabilities and their balance-sheet value as disclosed in the financial statements.

Deferred tax liabilities are recognised with regard to all positive temporary differences:

- except for the cases where a deferred tax liability arises on account of the initial recognition of goodwill or the initial recognition of an asset or liability in the transaction that does not represent a business combination and does not have any impact on pre-tax profit or loss, taxable income or tax loss at the time of effecting it, and
- in the case of positive temporary differences resulting from investment in subsidiaries, associates and shares in joint ventures – except where the timing of the reversal of temporary differences can be controlled by the investor and where it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all negative temporary differences as well as unused tax relief and unused tax losses carried forward and for share in profits generated by the limited partnership, to the extent to which it is probable that taxable income will be available, against which the above differences, relief and losses can be utilised:

- except for the cases where deferred tax assets related to negative temporary differences arise on account of the initial recognition of an asset or liability in the transaction that does not represent a business combination and does not have any impact on pre-tax profit or loss, taxable income or tax loss at the time of effecting it, and
- in the case of negative temporary differences resulting from investment in subsidiaries, associates and shares in joint ventures, a deferred tax asset is recognised in the statement of financial position only to the extent to which it is probable that the above temporary differences will reverse in the foreseeable

future and a taxable income will be available from which negative temporary differences can be deducted.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced by the amount for which it is no longer probable that a taxable income will be available, sufficient for a partial or complete utilisation of a deferred tax asset.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period when the asset is realised or the liability is reversed, based on the tax rates (and tax laws) effective at the end of the reporting period or the ones whose enforcement in the future is certain as at the end of the reporting period.

Income tax relating to items included directly in equity is recognised in equity.

The Company offsets deferred tax assets with deferred tax liabilities if, and only if it possesses an enforceable legal right to set off current tax receivables against payables and when deferred income tax relates to the same taxpayer and the same tax authority.

If in the opinion of the Company, it is likely that the approach of the Company to the tax issue or a group of tax issues is accepted by the tax authority, the Company determines the taxable profit (tax loss), tax base, unused tax losses and unused tax credits and tax rates taking into account the approach to taxation the planned or used in its tax return.

If the Company determines that it is unlikely that the tax authority accepts the approach of the Company to the tax issue or a group of tax issues, then the Company reflects the impact of uncertainty in determining the taxable profit (tax loss), unused tax losses and unused tax credits or tax rates. The Company reflects this effect by determining the most likely scenario.

9.20. Value Added Tax

Revenue, expenses, assets and liabilities are recognised net of value added tax, except:

- in the case when the value added tax paid at the acquisition of assets or services is not recoverable from the tax authorities; it is then disclosed accordingly as a part of the acquisition price of an asset or a part of a cost item, and
- receivables and liabilities which are disclosed including the amount of value added tax.

The net amount of value added tax recoverable from or payable to the tax authorities is disclosed in the statement of financial position as part of receivables or liabilities.

9.21. Borrowing Costs

Borrowing costs allocated to the financing of the construction or production of fixed assets or investment properties and the construction of flats presented as inventories – work in progress are subject to capitalisation. These costs comprise interest due up to the moment of handing an asset over to use, loss on foreign exchange differences up to the amount corresponding to the adjustment of the cost of interest to the interest level appropriate for the local currency, and gains on foreign exchange differences up to the amount of earlier losses capitalised on account thereof.

9.22. Prepayments

During the reporting period prepayments include, among others:

- costs of rent and lease paid in advance,
- costs of energy paid in advance,
- costs of property insurance,
- costs of charges for the right of perpetual usufruct,
- property tax,
- other financial expenses charged in advance,
- commissions for effecting agreements on sales of flats,
- other costs relating to the following reporting periods (subscriptions, advance payments for fair events, costs of the provision of utility junctions, etc.).

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Costs subject to activation in the prepayments and accrued income account are settled proportionally to the passage of time in the following financial periods to which they relate.

Costs of effecting the sale of flats are settled upon obtaining revenue from the sale of flats.

9.23. Accrued Expenses

Accrued expenses are created in the amount of probable liabilities due in the current reporting period, particularly resulting from:

1) the value of services provided by contractors, whose amount can be assessed in a reliable way,

2) the obligation to provide future services resulting from the current activity, whose amount can be assessed, although the date of their provision is not known yet, and which can include, among others:

- costs of remuneration and mark-ups connected with the results of the period, but paid in the following reporting periods,
- costs of auditing these financial statements and other costs relating to the reporting period.

9.24. Net Profit/(Loss) per Share

Net profit/(loss) per share relating to every period is calculated by dividing the net profit/(loss) for a given period by a weighted average number of shares in a given reporting period.

Diluted profit/(loss) per share is calculated by dividing net profit/(loss) for the period attributable to ordinary shareholders (after deducting interest on depreciable preferred shares convertible to ordinary shares) by the average weighted number of issued ordinary shares occurring during a period, adjusted by the impact of diluting options and diluting depreciable preferred shares convertible to ordinary shares.

9.25. Business Combinations of Undertakings Under Common Control

A business combination involving undertakings or businesses under common control is a business combination in which all of the combining undertakings or businesses are, directly or indirectly, controlled by the same entity or a group of entities both before and after the business combination, and such common control is not transitory.

IFRS 3 "Business Combinations" does not apply to a business combination of undertakings or businesses under common control. In such a situation, according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, in the absence of a standard or interpretation that specifically applies to a transaction, the management may, using its professional judgement, develop accounting principles (policies), taking account of, for example, the most current regulations and application guidelines, drawn up by other entities making standards based on the assumptions of conceptual frameworks similar to IFRS.

10. Information on Segments of Activity

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

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

The tables presented below show data concerning revenues and expenses of the Company's individual segments for the period ended 31 December 2022 and for the period ended 31 December 2021.

Period ended 31 December 2022 (audited)	Property development activity	Holding (other) activity	Total
Operating income			
Revenue from sale of services, products and goods	537,126	20,213	557,339
Revenue from interest and discounts		2,603	2,603
Revenue from dividend		209,734	209,734
Other financial income		3,482	3,482
Other operating income		1,956	1,956
Total operating income	**537,126**	**237,988**	**775,114**

(PLN '000)

Operating expenses			
Operating expenses, cost of sold products and goods	(425,400)	(16,366)	(441,766)
Costs of interest and discounts		(10,454)	(10,454)
Other financial expenses		(3,039)	(3,039)
Other operating expenses		(1,738)	(1,738)
Total operating expenses	**(425,400)**	**(31,597)**	**(456,997)**
Pre-tax profit/(loss)	**111,726**	**206,391**	**318,117**
Income tax (tax expense)	(21,228)	(191)	(21,419)
Net profit/(loss) on continued operations	**90,498**	**206,200**	**296,698**
Discontinued operations			
Profit (loss) on discontinued operations in the financial year	-	-	-
Net profit/(loss)	**90,498**	**206,200**	**296,698**
Other comprehensive income			
Other components of comprehensive income	-	-	-
Income tax relating to other components of comprehensive income	-	-	-
Other comprehensive income (net)	**-**	**-**	**-**
Comprehensive income	**90,498**	**206,200**	**296,698**

Period ended 31 December 2021 (audited)	**Property development activity**	**Holding (other) activity**	**Total**
Operating income			
Revenue from sale of services, products and goods	427,699	20,248	447,947
Revenue from interest and discounts		6,102	6,102
Revenue from dividend		122,669	122,669
Other financial income		7,364	7,364
Other operating income		1,161	1,161
Total operating income	**427,699**	**157,544**	**585,243**
Operating expenses			
Operating expenses, cost of sold products and goods	(384,773)	(20,334)	(405,107)
Costs of interest and discounts		(8,347)	(8,347)
Other financial expenses		(1,921)	(1,921)
Other operating expenses		(2,514)	(2,514)
Total operating expenses	**(384,773)**	**(33,116)**	**(417,889)**
Pre-tax profit/(loss)	**42,926**	**124,428**	**167,354**
Income tax (tax expense)	(8,156)	(1,355)	(9,511)
Net profit/(loss) on continued operations	**34,770**	**123,073**	**157,843**
Discontinued operations			
Profit (loss) on discontinued operations in the financial year	-	-	-
Net profit/(loss)	**34,770**	**123,073**	**157,843**
Other comprehensive income			
Other components of comprehensive income	-	-	-
Income tax relating to other components of comprehensive income	-	-	-

Other comprehensive income (net)	**-**	**-**	**-**
Comprehensive income	**34,770**	**123,073**	**157,843**

The company's activity is limited to the territory of Poland.

11. Revenues and Expenses

11.1. Sales revenue

	Year ended 31 December 2022	Year ended 31 December 2021
Revenue from sale of services	20,213	20,248
Revenue from sale of finished products	498,947	427,699
Revenue from sale of goods	38,179	-
Total	**557,339**	**447,947**

Revenue from sale of finished products arising from the sale of residential and non-residential units and parking spaces built as part of projects completed:

in 2022:

- *Prestovia House* at Jagiellońska Street in Warsaw;
- *Kaskady Różanki* at Chorwacka Street in Wrocław;
- *Osiedle Latarników Stage 2* at Letnicka Street in Gdańsk;
- *Przy Alejach* at Majewskich Street in Gdańsk;
- *Słoneczne Miasteczko (next stages)* at Henryka i Karola Czeczów Street in Cracow;
- *Centralna Park* at Galicyjska Street in Cracow;

in 2021:

- *Mały Grochów* at Siennicka Street in Warsaw;
- *Kamienna 145* at Kamienna Street in Wrocław;
- *Osiedle Latarników Stage 1* at Letnicka Street in Gdańsk;
- *Rokokowa Residence* at Rokokowa Street in Warsaw;
- *Słoneczne Miasteczko (next stages) at Henryka i Karola Czeczów Street in Cracow.*

Revenue from sale of goods result from the disposal of the real properties located at Legnicka Street in Wrocław and Niepołomicka Street in Gdańsk.

11.2. Revenue from interest and discounts

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Revenue from interest on borrowings and from borrowings	1,500	5,959
Revenue from short-term securities	1,090	143
Revenue from other interest	13	-
Total	**2,603**	**6,102**

(PLN '000)

11.3. Revenue from dividend

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Revenue from dividend	209,734	122,669
Total	**209,734**	**122,669**

Dividends received in 2022:

- Under the Resolution of the Ordinary General Meeting of Kraków Zielony Złocień Sp. z o.o. carried on 31 March 2022, a portion of dividend for 2021 in the amount of PLN 16,409,000 was paid to Develia S.A. on 11 April 2022.
- Under the Resolution of the Ordinary General Meeting of Kraków Zielony Złocień Sp. z o.o. carried on 31 March 2022, a portion of dividend for 2021 in the amount of PLN 20,050,000 was paid to Develia S.A. on 19 April 2022.
- Under the Resolution of the Ordinary General Meeting of Kraków Zielony Złocień Sp. z o.o. carried on 31 March 2022, a portion of dividend for 2021 in the amount of PLN 108,500,000 was paid to Develia S.A. on 20 April 2022.
- Under the Resolution of the Ordinary General Meeting of Kraków Zielony Złocień Sp. z o.o. carried on 31 March 2022, the remainder of dividend for 2021 in the amount of PLN 35,000,000 was paid to Develia S.A. on 22 April 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest I Sp. z o.o. carried on 21 April 2022, dividend for 2021 in the amount of 14,000 was paid to Develia S.A. on 28 April 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest VII Sp. z o.o. carried on 18 May 2022, previous years' profit in the amount of 4,595,000 was paid to Develia S.A. on 27 May 2022.
- Under the Resolution of the Ordinary General Meeting of Develia Warszawa Sp. z o.o. carried on 18 May 2022, a portion of dividend for 2021 in the amount of PLN 2,200,000 was paid to Develia S.A. on 27 May 2022. The remainder of PLN 2,227,000 was paid to Develia S.A. on 20 July 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest XV Sp. z o.o. carried on 18 May 2022, dividend for 2021 in the amount of 1,219,000 was paid to Develia S.A. on 27 May 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest IX Sp. z o.o. carried on 18 May 2022, dividend for 2021 in the amount of PLN 3,203,000 was paid to Develia S.A. on 30 May 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest XI Sp. z o.o. carried on 18 May 2022, dividend for 2021 in the amount of 6,576,000 was paid to Develia S.A. on 30 May 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest XI Sp. z o.o. carried on 18 May 2022, an advance on dividend in the amount of 8,500,000 was paid to Develia S.A. on 30 May 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest XII Sp. z o.o. carried on 18 May 2022, dividend for 2021 in the amount of PLN 15,381,000 was paid to Develia S.A. on 30 May 2022.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest X Sp. z o.o. carried on 18 May 2022, dividend for 2021 in the amount of PLN 16,020,000 was paid to Develia S.A. on 30 May 2022.

- Under the Resolution of the Ordinary General Meeting of Develia Wrocław Sp. z o.o. carried on 23 May 2022, dividend for 2021 in the amount of PLN 57,258,000 was paid to Develia S.A. on 30 May 2022.
- Under the Resolution of the Ordinary General Meeting of company LC Corp Invest XV Sp. z o.o. Projekt 20 Sp. k. carried on 18 May 2022, a portion of a share in the profit for 2021 in the amount of PLN 3,000,000 was paid to Develia S.A. on 24 June 2022.
- Under the Resolution of the Ordinary General Meeting of company LC Corp Invest XV Sp. z o.o. Projekt 20 Sp. k. carried on 18 May 2022, the remainder of a share in the profit for 2021 in the amount of PLN 1,689,000 was paid to Develia S.A. on 30 June 2022.
- Under the Resolution of the Ordinary General Meeting Kraków Zielony Złocień Sp. z o.o. carried on 19 August 2022, an advance on dividend in the amount of PLN 5,893,000 was paid to Develia S.A. on 19 August 2022.

Dividends received in 2021:

- Under the Resolution of the Ordinary General Meeting of Kraków Zielony Złocień Sp. z o.o. carried on 14 January 2021, an advance on 2020 profit in the amount of PLN 10,624,000 was paid to Develia S.A. on 18 January 2021.
- Under the Resolution of the Ordinary General Meeting of Kraków Zielony Złocień Sp. z o.o. carried on 25 January 2021, an advance on 2020 profit in the amount of PLN 15,355,000 was paid to Develia S.A. on 26 January 2021.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest X Sp. z o.o. carried on 16 April 2021, dividend for 2020 in the amount of PLN 8,978,000 was paid to Develia S.A. on 26 April 2021.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest X Sp. z o.o. carried on 16 April 2021, profit accumulated in the supplementary capital was used for the payment of dividend for preceding years in the amount of PLN 10,186,000 to Develia S.A. on 26 April 2021.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest VIII Sp. z o.o. carried on 16 April 2021, dividend for 2020 in the amount of 16,466,000 was paid to Develia S.A. on 26 April 2021.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest XV Sp. z o.o. carried on 16 April 2021, dividend for 2020 in the amount of 1,093,000 was paid to Develia S.A. on 26 April 2021.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest XI Sp. z o.o. carried on 16 April 2021, dividend for 2020 in the amount of 6,754,000 was paid to Develia S.A. on 29 April 2021.
- Under the Resolution of the Ordinary General Meeting of Kraków Zielony Złocień Sp. z o.o. carried on 05 May 2021, dividend for 2020 in the amount of PLN 16,600,000 was paid to Develia S.A. on 06 May 2021.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest VII Sp. z o.o. carried on 26 April 2021, dividend for 2020 in the amount of 4,000,000 was paid to Develia S.A. on 10 May 2021.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest I Sp. z o.o. carried on 26 April 2021, dividend for 2020 in the amount of 14,000 was paid to Develia S.A. on 10 May 2021.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest III Sp. z o.o. carried on 30 April 2021, dividend for 2020 in the amount of PLN 799,000 was paid to Develia S.A. on 25 May 2021.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest XI Sp. z o.o. carried on 29 October 2021, an advance on dividend in the amount of 4,800,000 was paid to Develia S.A. on 15 November 2021.
- Under the Resolution of the Ordinary General Meeting of LC Corp Invest XII Sp. z o.o. carried on 29 November 2021, an advance on dividend in the amount of 15,500,000 was paid to Develia S.A. on 29 November 2021.

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- Under the Resolution of the Ordinary General Meeting of LC Corp Invest X Sp. z o.o. carried on 29 November 2021, dividend for 2021 in the amount of PLN 11,500,000 was paid to Develia S.A. on 29 November 2021.

11.4. Other financial income

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Disposal of non-current investment	310	-
Write-downs of shares (*)	1,167	3,985
Other financial revenue	2,005	3,379
Total	**3,482**	**7,364**

(*) Write-downs of shares described in Note 16

11.5. Other Operating Revenue

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Revenue from sale of marketing services	497	-
Revenue from sale of rental services	321	-
Other sales	710	1,051
Damages received	106	56
Release of provisions for receivables	-	36
Release of unused provisions	24	1
Other operating revenue	298	17
Total	**1,956**	**1,161**

11.6. Operating expenses

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Depreciation and amortisation	3,288	2,893
Consumption of materials and energy	1,393	759
Contracted services, including:	14,051	9,423
• *IT and communications services*	*1,710*	*49*
• *Rental and lease services*	*1,192*	*350*
• *Tax and legal advisory services*	*3,529*	*1,483*
• *Real property audits, market analysis and advisory services*	*3,887*	*650*
Taxes and charges	1,547	1,553
Remuneration	43,283	43,372
Social security and other benefits	6,773	6,101
Other costs by type	6,904	3,997
Change in products	(4,253)	(3,304)
Value of products sold, work in progress and goods	368,780	340,313
Total	**441,766**	**405,107**

(PLN '000)

11.7. Costs of Employee Benefits

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Remuneration	40,167	39,063
Costs of social security	5,141	5,022
Valuation of incentive scheme	3,116	4,309
Other benefits	1,632	1,079
Total	**50,056**	**49,473**

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 31 December 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 3,116,000 (in the period ended 31 December 2021 – a sum of PLN 4,309,000).

11.8. Costs of interest and discount

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Interest on bonds, loans and borrowings	10,184	7,290
Other interest	270	1,057
Total	**10,454**	**8,347**

11.9. Other financial expenses

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Write-downs of shares	-	-
Other (including commissions on loans and bonds)	3,039	1,921
Total	**3,039**	**1,921**

11.10. Other operating expenses

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Liquidation/disposal of non-financial fixed assets	110	-
Revaluation write-down on receivables made	67	-
Damages paid	928	503
Provision created for operating risk	192	30
Valuation of non-financial assets	131	-
Other operating expenses	310	1,981

(PLN '000)

Total	**1,738**	**2,514**

12. Income Tax

12.1. Tax Expense

The main components of tax expense for the year ended 31 December 2022 and 31 December 2021 include the following:

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Statement of Comprehensive Income		
Current income tax		
Current income tax expense	-	2,368
Adjustments of current income tax from previous years	-	-
Deferred Income Tax		
Timing differences and their reversal	21,419	7,143
Tax expense reported in the statement of comprehensive income	**21,419**	**9,511**

12.2. Reconciliation of Effective Tax Rate

The reconciliation of income tax to the gross financial result before taxation at the statutory tax rate, with income tax calculated at the Company's effective tax rate for the year ended 31 December 2022 and 31 December 2021 is as follows:

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Profit /(loss) before tax on continued operations	318,117	167,354
Profit /(loss) before tax on discontinued operations	-	-
Pre-tax profit /(loss)	**318,117**	**167,354**
Tax at the statutory tax rate applicable in Poland, standing at 19%	**60,442**	**31,797**
Non-tax-deductible costs	1,236	1,538
Non-taxable revenue	353	(2)
Unrecognised deferred tax asset (liabilities) relating to write-down on shares: increase/(decrease)	(853)	(757)
Revenue from dividend (non-taxed)	(39,849)	(23,307)
Other	90	242
Tax at the effective tax rate of 6.7 % (2021: 5.7%)	**21,419**	**9,511**
Income tax (expense) disclosed in the financial result (profit or loss) for the reporting period	**(21,419)**	**(9,511)**
Income tax attributed to discontinued operations	-	-
	(21,419)	**(9,511)**

(PLN '000)

12.3. Deferred Income Tax

Deferred income tax arises from the following items:

	Statement of Financial Position		Changes recognised in the result for the reporting period ended	
	31 December 2022 (audited)	31 December 2021 (audited)	31 December 2022 (audited)	31 December 2021 (audited)
Deferred tax liability				
Accrued interest on borrowings and deposits	(1,669)	(1,752)	83	(185)
Difference in the value of fixed assets (tax and balance-sheet depreciation)	(92)	(95)	3	(16)
Temporary gain, including from sale of finished products	(87,339)	(18,212)	(69,126)	(18,044)
Other	(944)	(575)	(369)	41
Gross deferred tax liability	**(90,044)**	**(20,634)**		
Deferred tax assets				
Provisions and prepayments and accrued income	4,620	3,314	1,306	1,377
Accrued interest on borrowings and bonds, discount on notes	5,726	4,680	1,046	523
Cost of finished products sold	57,076	14,147	42,929	14,014
Losses potentially deductible from future taxable income	7,666	4,957	2,709	(4,853)
Gross deferred tax assets	**75,088**	**27,098**		
Deferred tax expense			**(21,419)**	**(7,143)**
Net deferred tax asset	**-**	**6,464**		
Net deferred tax liability	**(14,956)**	**-**		

13. Profit/(Loss) per Share

Data on profit and shares used to calculate the basic and diluted profit per share are presented below:

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Average weighted number of issued ordinary shares used to calculate basic profit per share	447,558,311	447,558,311
Average adjusted number of issued ordinary shares used to calculate diluted profit per share	447,558,311	447,558,311

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Net profit/(loss) on continued operations	296,698	157,843
Profit/(loss) on discontinued operations	-	-
Net profit/(loss)	**296,698**	**157,843**

(PLN '000)

Net profit/(loss) attributable to ordinary shareholders, used to determine profit/(loss) per share	**296,698**	**157,843**
Net profit/(loss) per share in PLN	0.66	0.35
Net diluted profit/(loss) per share in PLN	0.66	0.35

14. Intangible assets

Computer software and other	**Year ended 31 December 2022 (audited)**	**Year ended 31 December 2021 (audited)**
Net value as at 1 January	**315**	**305**
Increase in assets – acquisition	352	154
Amortisation charge for the period	(247)	(144)
Decrease in assets – liquidation	-	-
Impairment loss	-	-
As at 31 December	**420**	**315**
As at 1 January		
Gross value	2,825	2,736
Redemption	(2,510)	(2,431)
Impairment loss	-	-
Net value	**315**	**305**
As at 31 December		
Gross value	2,891	2,825
Redemption	(2,471)	(2,510)
Impairment loss	-	-
Net value	**420**	**315**

15. Property, plant and equipment

Year ended 31 December 2022 (audited):

	Land and buildings	**Land – IFRS 16**	**Means of transport**	**Means of transport – IFRS 16**	**Plant and machinery**	**Fixed assets under construction**	**Total**
Net value as at 01 January 2022	**821**	**3,739**	**0**	**626**	**617**	**203**	**6,006**
Increase in assets – acquisition	-	-	-	-	-	926	926
Increase in assets – other	-	-	-	-	-	-	-
Decrease (sale, liquidation)	-	-	(99)	-	(26)	-	(125)
Amortisation charge for the period	(178)	(2,067)	(54)	(304)	(438)	-	(3,041)
Write-down	-	-	-	-	-	-	-
Net value as at 31 December 2022	**643**	**1,672**	**(153)**	**322**	**153**	**1,129**	**3,766**

(PLN '000)

As at 01 January 2022							
Gross value	1,180	8,699	244	1,095	2,896	203	14,317
Depreciation and impairment loss	(359)	(4,960)	(244)	(469)	(2,279)	-	(8,311)
Net value	**821**	**3,739**	**0**	**626**	**617**	**203**	**6,006**
As at 31 December 2022							
Gross value	1,341	10,372	223	1,234	3,058	1,129	17,357
Depreciation and impairment loss	(536)	(7,027)	(41)	(576)	(1,998)	-	(10,178)
Net value	**805**	**3,345**	**182**	**658**	**1,060**	**1,129**	**7,179**

Year ended 31 December 2021 (audited)

	Land and buildings	**Land – IFRS 16**	**Means of transport**	**Means of transport – IFRS 16**	**Plant and machinery**	**Fixed assets under construction**	**Total**
Net value as at 01 January 2021	**636**	**5,408**	**-**	**456**	**420**	**233**	**7,153**
Increase in assets – acquisition	300	-	-	-	536	(30)	806
Increase in assets – other	-	354	-	445	-	-	799
Decrease (sale, liquidation)	-	-	-	-	(4)	-	(4)
Amortisation charge for the period	(115)	(2,023)	-	(275)	(335)	-	(2,748)
Write-down							-
Net value as at 31 December 2021	**821**	**3,739**	**0**	**626**	**617**	**203**	**6,006**
As at 01 January 2021							
Gross value	880	8,345	244	928	2,454	233	13,084
Depreciation and impairment loss	(244)	(2,937)	(244)	(472)	(2,034)	-	(5,931)
Net value	**636**	**5,408**	**0**	**456**	**420**	**233**	**7,153**
As at 31 December 2021							
Gross value	1,180	8,699	244	1,095	2,896	203	14,317
Depreciation and impairment loss	(359)	(4,960)	(244)	(469)	(2,279)	0	(8,311)
Net value	**821**	**3,739**	**0**	**626**	**617**	**203**	**6,006**

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

As at 31 December 2022, the Company was a party to lease contracts for 45 vehicles which were qualified as financial lease.

16. Non-current investments

Shares

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

		31 December 2022 (audited)		31 December 2021 (audited)	
Company name	**Registered office**	**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 Złocień Sp. z o.o.	Wrocław	29,963	100% (indirectly and directly)	29,963	100% (indirectly and directly)
LC Corp Invest I Sp. z o.o.	Wrocław	1	100% (indirectly and directly)	1	100% (indirectly and directly)
LC Corp Invest II Sp. z o.o.	Wrocław	91,788	100%	91,788	100%
LC Corp Invest III Sp. z o.o.	Wrocław	-	100% (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	1,116	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 [c)]	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)
Projekt Myśliborska sp. z o.o. sp.k	Warsaw	2,962	80% (indirectly and directly)	2,450	80% (indirectly and directly)
Projekt Myśliborska sp. z o.o.	Warsaw	5	80% (directly)	5	80% (directly)
Flatte Sp. z o.o.		1,507	100%	-	-
		1,025,875		**1,024,367**	
Write-down of shares		**(132,877)**		**(137,365)**	

(PLN '000)

Total	**892,998**	**879,233**

Changes in shares held by the Company, which took place in the period ended 31 December 2022, are described Note 5.

As at 31 December 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 31 December 2022 was PLN 132,877,000 (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 (audited)	Created/Increased	Used	Reversed	Period ended 31 December 2022 (audited)
LC Corp Invest II Sp. z o.o.	(23,451)	(687)	-	11,298	(12,840)
LC Corp Invest XV Sp. z o.o. Investments SKA	(9,369)	-	-	9,369	-
LC Corp Service SKA	(621)	(496)	-	1	(1,116)
Arkady Wrocławskie S.A.	(24,190)	-	-	9,702	(14,488)
Develia Wrocław S.A.	(76,593)	(23,170)	-	8,247	(91,516)
LC Corp Invest III Sp. z o.o.	-	(15)	15	-	-
LC Corp Invest VIII Sp. z o.o.	(3,125)	(182)	3,307	-	-
LC Corp Invest XI Sp. z o.o.	-	(8,913)	-	4,507	(4,406)
LC Corp Invest XII Sp. z o.o.	-	(9,686)	-	1,297	(8,389)
LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k.	-	(104)	-	-	(104)
Projekt Lizbońska Sp. z o.o.	(6)	-	-	-	(6)
Projekt Ciszewskiego Sp. z o.o.	(5)	(1)	-	-	(6)
Projekt Myśliborska Sp. z o.o.	(5)	(1)	-	-	(6)
	(137,365)	**(43,255)**	**3,322**	**44,421**	**(132,877)**

The change in the write-downs of shares made in subsidiaries and jointly controlled entities in the reporting period ended 31 December 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 future results.

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 31 December 2022 relied on a discount rate standing at 10.45% (in 2021: 6.9%).

17. Non-current loans and receivables

	31 December 2022 (audited)	31 December 2021 (audited)
Long-term borrowings	82,839	95,302
Long-term security deposits	4,511	537
Total	**87,350**	**95,839**

(PLN '000)

Over the year, the Company granted its subsidiaries borrowings at floating interest rates conditional upon the WIBOR 3M or 6M reference rate plus a margin, with a view to providing finance for project implementation. and for daily operations.

18. Current financial assets

18.1. Short-term securities

	Interest rate	Repayment date	31 December 2022 (audited)	31 December 2021 (audited)
Commercial bonds (Factoring Santander sp. z o.o.)	WIBOR 1M + 0.1%	27/01/2023	15,000	19,853
Commercial bonds (mLeasing sp. z o.o.)	zero-coupon bonds	04/02/2022	-	7,200
Treasury bonds (WZ1122)			-	-
Mortgage bonds (PLPKOHP00066)	WIBOR 3M + 0.6%	27/06/2023	14,049	-
PKO BP Bank Hipoteczny PLO2192000360 bonds	WIBOR 3M + 0.3%	19/05/2023	6,000	-
			35,049	**27,053**

The below table shows changes in the value of commercial and treasure bonds purchased in the period ended 31 December 2022.

	31 December 2021 (audited)	Acquisition	Buy-back / Redemption	Valuation	31 December 2022 (audited)
Commercial bonds (Factoring Santander sp. z o.o.)	19,853	15,000	(19,921)	68	15,000
Commercial bonds (mLeasing sp. z o.o.)	7,200	7,170	(14,400)	30	-
Treasury bonds (WZ1122)	-	10,083	(10,083)	-	-
Mortgage bonds (PLPKOHP00066)	-	14,029	-	20	14,049
PKO BP Bank Hipoteczny PLO2192000360 bonds	-	6,003	-	(3)	6,000
	27,053	**52,285**	**(44,404)**	**115**	**35,049**

(PLN '000)

18.2. Other financial assets

	31 December 2022 (audited)	31 December 2021 (audited)
Current receivables in respect of borrowings	**167**	**-**
Debt open-end investment fund units:	**21,790**	**64,439**
• Subfundusz QUERCUS Dłużny Krótkoterminowy (QUERCUS short-term debt investment compartment)	4,134	9,048
• Subfundusz QUERCUS Ochrony Kapitału (QUERCUS capital protection investment compartment)	2	5,997
• Allianz Obligacji Inflacyjnych (Allianz inflation-indexed bonds)	-	2,007
• Allianz Specjalistyczny FIO (Allianz specialised open-end fund) / Allianz Trezor	3,054	2,930
• Allianz SFIO Stabilnego Dochodu (Allianz stable income specialised open-end fund) (formerly Aviva)	5,084	4,914
• Generali Oszczędnościowy (Generali savings fund)	-	4,940
• GAMMA PARASOL BIZNES SFIO (GAMMA UMBRELLA BUSINESS SPECIALISED OPEN-END FUND)	9,516	34,603
Cash in trust accounts	**22,423**	**25,521**
Other financial assets	**68**	**-**
	44,448	**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 31 December 2022:

Debt open-end investment fund units:	**31 December 2021 (audited)**	**Acquisition**	**Buy-back / Redemption**	**Profit or loss in the period**	**31 December 2022 (audited)**
• Subfundusz QUERCUS Dłużny Krótkoterminowy (QUERCUS short-term debt investment compartment)	9,048	9	(5,000)	77	4,134
• Subfundusz QUERCUS Ochrony Kapitału (QUERCUS capital protection investment compartment)	5,997	12	(6,024)	17	2
• Allianz Specjalistyczny FIO / Allianz Obligacji Inflacyjnych	2,007	-	(2,065)	58	-
• Allianz Specjalistyczny FIO (Allianz specialised open-end fund) / Allianz Trezor	2,930	-	-	124	3,054

(PLN '000)

• Allianz SFIO Stabilnego Dochodu (Allianz stable income specialised open-end fund) (formerly Aviva)	4,914	-	-	170	5,084
• Generali Investments TFI S.A.	4,940	-	(4,802)	(138)	-
• GAMMA PARASOL BIZNES SFIO (GAMMA UMBRELLA BUSINESS SPECIALISED OPEN-END FUND)	34,603	-	(25,000)	(87)	9,516
	64,439	**21**	**(42,891)**	**221**	**21,790**

The below table shows changes in respect of trust accounts in the period ended 31 December 2022:

	31 December 2021 (audited)	Customer payments	Funds released	31 December 2022 (audited)
Cash in trust accounts	25,521	590,630	(593,728)	22,423
	25,521	**590,630**	**(593,728)**	**22,423**

19. Employee Benefits

Employee Share-based Incentive Schemes

In 2021, the Company (the Group) 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. The maximum number of warrants to be allocated each year will be apportioned as follows: the Members of the Company's Management Board may be given not more than 50% of warrants to be allocated under the scheme. The maximum number of shares designated for carrying out the entire four years' incentive scheme may not be higher than 5% of shares in the (Parent) Company's share capital.

Every year, the scheme is divided into two parts: 75% of the pool will be granted after fulfilling the condition relating to the Develia Group's consolidated profit for the period commencing on 01 January 2021 and on the last day of a given year of the scheme (2021-2024), whereas 25% of the pool will be granted after fulfilling the condition relating to a rate of return on the (Parent) Company's shares.

The level of adjusted consolidated profit that has to be reached under the scheme in order for warrants to be issued is set out in the scheme terms and conditions separately for each assessment period. The rate of return on the (Parent) Company's shares for the period from 30 June 2021 or from the previous verification of the condition to the next verification of the condition, which is to be made within 30 days after the Group's financial statements for the preceding year are approved, the accumulated rate of return for the period from 30 June 2021 to the last session day preceding the Company Management Board's verification of a market criterion for a given period of the Scheme will be higher than a percentage change in the Warsaw Stock Exchange index (WIG) plus ten (10) percentage points per annum in order for the warrants which are subject to the said condition to be issued.

The price at which a warrant may be exchanged for a share is set as the arithmetic mean of all quotations of the (Parent) Company's shares on the Warsaw Stock Exchange (GPW) between 31 May 2021 and 29 June 2021 less 5% of the said average price and less the sum of all dividends per share paid within the period from 30 June 2021 to the date a warrant is exchanged for a share.

(PLN '000)

Once the conditions are fulfilled, warrants will be issued after 12 months following the date on which the fulfilment of conditions is verified. A warrant may be exercised, i.e. exchanged for a share, as of the date such a warrant is received until 31 December 2026. At the time when a warrant is exchanged for a share, a person entitled to do so must be employed or, if they have terminated employment, a notice of termination must be given not later than one month before the warrant exercise date.

In order to carry out the scheme, the (Parent) Company will issue new shares pursuant to the Supervisory Board Resolution on Conditional Increase in Share Capital Resulting from Introduction of Incentive Scheme.

In 2021, a portion of the first tranche of the scheme was allocated for 2021. In 2022, rights for 2021 were additionally vested and rights for 2022 were partially vested.

Due to the fact that the period of provision of services for the portions of scheme not granted yet began no later than on the day the scheme rules were made available for inspection by prospective scheme participants and their invitation to participate in the first tranche, the Company (the Group) adopts a modified vesting date approach and values the remainder of the scheme as if the grant day fell on the reporting date, and based on that it allocates a portion of that valuation to the current year's costs.

The below table shows the number of warrants issued and average exercise prices:

	Number of warrants
Existing on 01 January 2021	**0**
Allocated in 2021	4,628,832
Redeemed in 2021	0
Exercised in 2021	0
Expired in 2021	0
Existing on 31 December 2021	**4,628,832**
Allocated in 2022	5,788,821
Redeemed in 2022	-634,476
Exercised in 2022	0
Expired in 2022	0
Existing on 31 December 2022	**9,783,177**

The average exercise price of warrants existing on 31 December 2022 is PLN 2.59 and the average outstanding time weighted by the number of instruments before a contractual maturity date is four years (they all have the same contractual maturity date on 31/12/2026).

The Company (the Group) valued the services received, the payment for which is made in the form of equity instruments provided for by the incentive scheme, directly by reference to the fair value of equity instruments granted. The weighted average fair value a single equity instrument granted in 2021 was PLN 1.22. A fair value separately for each of the four groups (two groups of participants: Management Board Members and key personnel and two groups of vesting condition types: based on consolidated profit and based on return on shares) was calculated using the Monte-Carlo simulation method on the basis of 10,000 generated paths of (Parent) Company share price behaviour and WIG rates.

The following assumptions were made for the valuation method:

- Tranche vesting dates: 1st tranche (04 October 2021 and 22 March 2022), 2nd tranche (27 June 2022, 28 June 2022, 30 June 2022 and 06 February 2023), 3rd tranche (06 February 2023)
- The option exercise price equal to the arithmetic mean of prices on the GPW between 31 May and 28 June 2021, less 5% (equal to PLN 3.21) and less dividends paid (0.17 PLN in July 2021 and PLN 0.45 in May 2022), was PLN 2.59.
- The expected warrant exercise date: based on the expectations of the Management Board of the (Parent) Company, for Management Board members – six months after receipt of warrants (not later than on maturity date), and for key personnel – three months after receipt of warrants;

(PLN '000)

- Expected dividend payments per share: PLN 0.17 paid for 2021, PLN 0.45 paid in May 2022 and between 0.27 and 0.33 per share to be paid in consecutive years;
- Expected volatility of (Parent) Company share price: 42.7877% computed as the standard deviation of daily logarithmic increases in (Parent) Company share prices based on historical price quotations on the GPW within the period corresponding to the outstanding contractual option life;
- Expected WIG volatility: 23.0885%, computed in the same manner as the volatility of (Parent) Company share prices;
- Coefficient of correlation between (Parent) Company share prices and WIG rate: 0.440429, computed based on historical observations of changes in share prices and the index;
- Risk-free percentage rates: rates applicable on the interbank market to the valuation of derivatives were used, comprising the following rates: WIBOR, PLN FRA and PLN IRS. The valuation was based on a curve covering a time span until the option maturity date.

The model verifies whether the market vesting condition has been fulfilled, i.e. whether the rate of return on the (Parent) Company's shares pegged in accordance with the formula set out in the scheme terms and conditions exceeds per annum by at least 10% the rate of return on WIG computed in the same manner.

In 2022 and 2021, on account of the incentive scheme being granted, the Company (Group) recognised, under the rules laid down in IFRS 2, the following sums in the cost of remuneration PLN 3,116,000 and PLN 4,309,000, respectively. The amount refers to the tranches that were formally vested and those which will be formally vested in subsequent periods as per the scheme terms and conditions. Nevertheless, since all conditions are clear for the future tranches except for the exact list of participants and the number of warrants which each of them may receive from the total known pool of warrants, the remaining tranches were valued, taking the scheme grant modified date approach, as if the grant date has already come and the value has been partially recognised in the 2022 remuneration costs due to the fact that in order for entitlement to be vested for future years, the Company value must increase not only for an assessment year, but also for preceding years (since 2021), meaning that services rendered also in those preceding years are taken into account.

The adjusted consolidated net profit, as defined in the incentive scheme, is the Group's consolidated net profit adjusted for:

- Changes in investment property value;
- Unrealised FX differences;
- Expenditures incurred on investment property;
- Gain on sale of commercial real property;
- Revaluation of provisions for sale of investment real property, if presented in the profit and loss statement;
- Tax charged and deferred on account of the aforesaid adjustments, as stated in the Group's consolidated financial statements;

The 2022 adjusted consolidated net profit, as defined in the incentive scheme, has been calculated as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
Net profit/(loss)	**231,831**	**153,946**
Change in the value of investment property	-17,103	24,073
Expenditures incurred on investment property	415	9,878
Gain on sale of commercial real property	0	7
Revaluation of provisions for sale of real property	18,820	17,363
Unrealised FX differences	7,786	-2,741
Tax charged and deferred on account of the aforesaid adjustments	-6,651	-2,708
Adjusted net profit /(loss)	**235,098**	**199,818**
Incentive scheme costs excluded	3,116	4,309

(PLN '000)

Adjusted net profit /(loss) excluding Scheme costs	**238,214**	**204,127**

** amounts presented in note 12.3 Profit/(Loss) on Investment Property of the consolidated financial statements*

The 2022 and 2021 adjusted consolidated net profit, as defined in the incentive scheme rules, was PLN 238,214,000 and PLN 204,127,000 respectively.

20. Inventory

	31 December 2022 (audited)	31 December 2021 (audited)
Goods and work in progress	1,160,481	1,088,702
Finished products	119,125	15,593
Write-downs of inventory	(131)	-
Payments made for land acquisition	10,824	12,235
Total inventories	**1,290,299**	**1,116,530**

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

- Building and financial expenditures for housing projects implemented on land owned by the Company;
- Sale of products (premises, parking spaces) as a result of the completion of housing projects;
- Disposal of the real property located at Legnicka Street in Wrocław.

In the period ended 31 December 2022, the Company completed the following housing projects and obtained Certificate of Occupancy for the following buildings

- *Prestovia House* at Jagiellońska Street in Warsaw;
- *Kaskady Różanki* at Chorwacka Street in Wrocław;
- *Osiedle Latarników Stage 2* at Letnicka Street in Gdańsk;
- *Przy Alejach* at Majewskich Street in Gdańsk;
- *Słoneczne Miasteczko* at Henryka i Karola Czeczów Street in Cracow (next stages);
- *Centralna Park* at Galicyjska Street in Cracow.

Revenue from sale of finished products (residential and non-residential premises, parking spaces) completed as part of these projects are presented in Note 11.1.

As at 31 December 2022, the borrowing costs amounting to PLN 77,514,000 (as at 31 December 2021 these were PLN 37,727,000) were capitalised in the inventory.

21. Trade and other receivables

	31 December 2022 (audited)	31 December 2021 (audited)
Trade receivables	10,327	6,948
State budget receivables (without income tax)	3	52,871
Receivables in respect of sums blocked in deposit accounts, designated for the acquisition of real property	593	15,139
Other receivables from third parties	181	114
Total receivables (net)	**11,104**	**75,072**
Valuation allowance for receivables	(88)	(21)
Gross receivables	**11,192**	**75,093**

(PLN '000)

Changes in the write-down of receivables were as follows:

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
At the beginning of the period	**21**	**57**
Increase	270	19
Used	(203)	(55)
Reversed	-	-
At the end of the period	**88**	**21**

The table below presents the analysis of trade receivables, which as at 31 December 2022 and 31 December 2021 were past due, but were not regarded as uncollectible.

			Past due, but collectible			
	Total	Not overdue	< 30 days	30 – 90 days	90 – 180 days	> 180 days
31 December 2022	10,415 *)	9,942	178	209	86	-
31 December 2021	6,969 *)	6,705	181	58	2	24

*) gross (without write-off)

Trade receivables as at 31 December 2022, broken down by maturity dates and with maturity below 1 year:

	<1 month	1-3 months	3-12 months	Total below 1 year
Trade receivables	7,736	2,679	-	10,415
	7,736	**2,679**	**-**	**10,415**

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 below 1 year
Trade receivables	6,948	-	-	6,948
	6,948	**-**	**-**	**6,948**

22. Prepayments and accrued income

	31 December 2022 (audited)	31 December 2021 (audited)
Commission on loan	1,274	465
Non-current	**1,274**	**465**
Insurance	268	180
Clearance of real property audits	160	772
Other (subscriptions)	751	514
Settlement of costs of sales	1,287	1,084
Current	**2,466**	**2,550**

(PLN '000)

23. Cash and cash equivalents

	31 December 2022 (audited)	31 December 2021 (audited)
Cash on hand and in a bank account	19,393	68,792
Short-term deposits	652	5,000
Cash in investment accounts	92,741	-
	112,786	**73,792**

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 leading commercial banks and 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.

24. Equity

24.1. Share capital

Share capital	31 December 2022 (audited)	31 December 2021 (audited)
Series A ordinary shares with a par value of PLN 1.00 per share	500	500
Series B ordinary shares with a par value of PLN 1.00 per share	113,700	113,700
Series C ordinary shares with a par value of PLN 1.00 per share	1,453	1,453
Series D ordinary shares with a par value of PLN 1.00 per share	1,472	1,472
Series E ordinary shares with a par value of PLN 1.00 per share	32,000	32,000
Series F ordinary shares with a par value of PLN 1.00 per share	102,000	102,000
Series G ordinary shares with a par value of PLN 1.00 per share	80,000	80,000
Series H ordinary shares with a par value of PLN 1.00 per share	58,433	58,433
Series J ordinary shares with a par value of PLN 1.00 per share	57,000	57,000
Series I ordinary shares with a par value of PLN 1.00 per share	1,000	1,000
	447,558	**447,558**

On 30 June 2021, under Resolution no. 35 of the Ordinary General Meeting, the Company's share capital was increased conditionally by an amount lower or equal to PLN 22,377,912.00 by issuing not more than 22,377,912 K series ordinary bearer shares having a par value of PLN 1.00 each to introduce an incentive scheme at the Company for persons of key relevance to the Company. The purpose of the conditional increase in the share capital is to grant the holders of subscription warrants issued pursuant to the General Meeting's resolution the rights to take up the newly issued shares.

As no warrant was granted to eligible persons before the date of publication hereof, none of the K series shares has been taken up.

Par value of shares

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

Shareholders' rights

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

(PLN '000)

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

Shareholder	Number of shares	Number of votes	Share in Share Capital (%)	Share (%) in total vote at general meeting
Otwarty Fundusz Emerytalny PZU "Złota Jesień"	85,289,000	85,289,000	19.06 %	19.06 %
Nationale-Nederlanden Otwarty Fundusz Emerytalny	83,470,921	83,470,921	18.65 %	18.65 %
Drugi Allianz Polska Otwarty Fundusz Emerytalny, Allianz Polska Otwarty Fundusz Emerytalny and Allianz Polska Dobrowolny Fundusz Emerytalny [1)]	81,640,202	81,640,202	18.24 %	18.24%
NNLife Otwarty Fundusz Emerytalny, NNLife Dobrowolny Fundusz Emerytalny, Generali Otwarty Fundusz Emerytalny, Generali Dobrowolny Fundusz Emerytalny[2)]	45,927,819	45,927,819	10.26 %	10.26 %
PKO BP BANKOWY Otwarty Fundusz Emerytalny	24,712,198	24,712,198	5.52 %	5.52 %

[1)] of which 65,543,679 shares, accounting for 14.64%, are held by Drugi Allianz OFE
On 30 December 2021, Powszechne Towarzystwo Emerytalne Allianz Polska S.A. managing Allianz Polska Otwarty Fundusz Emerytalny, hereinafter referred to as Allianz OFE, notified of a merger with the company Aviva Powszechne Towarzystwo Emerytalne Aviva Santander Spółka Akcyjna managing Drugi Allianz Polska Otwarty Fundusz Emerytalny (Drugi Allianz OFE)

[2)] of which 36,290,859 shares, accounting for 8.11%, are held by NNLife Otwarty Fundusz Emerytalny (formerly MetLife OFE)
On 01 February 2023, Generali Powszechne Towarzystwo Emerytalne S.A. (the Pension Fund Company) managing Generali Otwarty Fundusz Emerytalny (Generali OFE) and Generali Dobrowolny Fundusz Emerytalny (Generali DFE), took over the management of NNLife Otwarty Fundusz Emerytalny (NNLife OFE) and NNLife Dobrowolny Fundusz Emerytalny (NNLife DFE).

Shareholders having directly or indirectly at least 5% of overall number of votes at general meeting of shareholders as at the date on which the financial statements for the period ended 31 December 2021 were prepared, pursuant to the information obtained by the Issuer:

Shareholder	Number of shares	Number of votes	Share in Share Capital (%)	Share (%) in total vote at general meeting
Otwarty Fundusz Emerytalny PZU "Złota Jesień"	85,289,000	85,289,000	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	64,644,083	64,644,083	14.44%	14.44%
MetLife Otwarty Fundusz Emerytalny	36,000,000	36,000,000	8.04%	8.04%

(PLN '000)

PKO BP BANKOWY Otwarty Fundusz Emerytalny	24,242,509	24,242,509	5.42%	5.42%

24.2. Supplementary capital

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

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

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

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

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

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

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

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

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

The below table presents the structure of supplementary capital:

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

(PLN '000)

24.3. Other reserve funds

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

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

In the reporting period ended 31 December 2022, by virtue of the resolution of the Ordinary General Meeting adopted on 17 May 2022, a portion of reserve funds – in the amount of PLN 83,836,000 was allocated for payment to shareholders.

24.4. Other capitals

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

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

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

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

The valuation of the incentive scheme carried out in the period ended 31 December 2022 was PLN 3,116,000 and was recognised in other capitals.

As at 31 December 2022, the value of other capitals totalled PLN 9,419,000, compared to PLN 6,303,000 as at 31 December 2021.

25. Financial Liabilities

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

Non-current	Repayment date	Interest rate	31 December 2022 (audited)	31 December 2021 (audited)
Bond scheme (a)		Wibor 6M+margin	-	-
Bond scheme (b)		Wibor 6M+margin	-	-
Bond scheme (c)		Wibor 6M+margin	-	-
Bond scheme (d)	22-05-2023	Wibor 3M+margin	-	59,810
Bond scheme (e)	06-10-2023	Wibor 3M+margin	-	69,625
Bond scheme (f)	10-05-2024	Wibor 3M+margin	149,473	149,085
Bond scheme (g)	08-10-2024	Wibor 3M+margin	99,542	99,216
Bond scheme (h)	20-12-2025	Wibor 3M+margin	15,144	-
Investment notes (i)		IRS 2Y of 08/03/2012+margin	-	-
Investment notes (j)		Wibor 1M of 07/12/2010+margin	-	-
Borrowing (k)	indefinite	EURIBOR 1M+margin	26,232	24,432
Borrowing (l)	indefinite	Wibor 6M+margin	95,961	87,361

(PLN '000)

Borrowing (m)	indefinite	Wibor 6M+margin	28,039	25,611
Borrowing (n)	indefinite	EURIBOR 1M+margin	-	2,804
Borrowing (o)	indefinite	Wibor 6M+margin	34,186	31,166
Borrowing (p)	indefinite	Wibor 6M+margin	11,381	10,376
Borrowing (q)	indefinite	Wibor 6M+margin	22,817	40,384
Borrowing (r)	indefinite	Wibor 6M+margin	-	-
Borrowing (s)	indefinite	Wibor 6M+margin	-	-
Borrowing (t)	indefinite	Wibor 6M+margin	-	-
Bank loan (u)	28-11-24	Wibor 1M+margin	-	-
Bank loan (v)	31-01-22	Wibor 1M+margin	-	84
Bank loan (w)	28-04-24	Wibor 3M+margin	-	-
Bank loan (x)	22-12-22	Wibor 3M+margin	-	-
Bank loan (y)	12-04-24	Wibor 1M+margin	-	-
Bank loan (z)	15-12-24	Wibor 3M+margin	-	-
			482,775	**599,954**

Current	**Repayment date**	**Interest rate**	**31 December 2022 (audited)**	**31 December 2021 (audited)**
Bond scheme (a)	05-06-22	Wibor 6M+margin	-	50,154
Bond scheme (b)	28-02-22	Wibor 6M+margin	-	18,707
Bond scheme (c)	19-10-22	Wibor 6M+margin	-	20,134
Bond scheme (d)	22-02-23 / 22-05-23	Wibor 3M+margin	60,650	327
Bond scheme (e)	07-01-23 / 06-10-23	Wibor 3M+margin	71,580	-
Bond scheme (f)	11-02-23	Wibor 3M+margin	2,125	912
Bond scheme (g)	08-01-23	Wibor 3M+margin	2,285	-
Bond scheme (h)	20-03-23	Wibor 3M+margin	51	-
Investment notes (i)	31-12-23	IRS 2Y of 08/03/2012+margin	6,876	6,646
Investment notes (j)	31-12-23	Wibor 1M of 07/12/2010+margin	49,921	48,290
Borrowing (k)	indefinite	EURIBOR 1M+margin	-	-
Borrowing (l)	indefinite	Wibor 6M+margin	-	-
Borrowing (m)	indefinite	Wibor 6M+margin	-	-
Borrowing (n)	indefinite	EURIBOR 1M+margin	-	-
Borrowing (o)	indefinite	Wibor 6M+margin	-	-
Borrowing (p)	indefinite	Wibor 6M+margin	-	-
Borrowing (q)	indefinite	Wibor 6M+margin	-	-
Borrowing (r)	indefinite	Wibor 6M+margin	10,437	-
Borrowing (s)	indefinite	Wibor 6M+margin	10,141	-
Borrowing (t)	indefinite	Wibor 6M+margin	28,796	-
Bank loan (u)	31-12-23	Wibor 1M+margin	-	-
Bank loan (v)	31-12-23	Wibor 1M+margin	-	-
Bank loan (w)	31-12-23	Wibor 3M+margin	-	-
Bank loan (x)	22-12-22	Wibor 3M+margin	-	6,189
Bank loan (y)	31-12-23	Wibor 1M+margin	-	-
Bank loan (z)	31-12-23	Wibor 3M+margin	-	-
			242,862	**151,359**

a) 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

b) 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.

c) 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. On 19 October 2022, Develia S.A. redeemed the bonds.

d) 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.

e) 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.

f) 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.

g) 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.

h) Coupon bonds – the issue of 20 December 2022, including 15,442 three-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 15,442,000 under the Agreement to arrange for bond issue scheme with the redemption date set at 20 December 2025 concluded with Michael / Ström Dom Maklerski S.A., having its registered office in Warsaw.

i) 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. On 07 December 2022, an amendment was signed to reschedule the redemption date of the notes to 31 December 2023.

j) 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. On 24 November 2022, an amendment was signed to reschedule the redemption date of the notes to 31 December 2023.

k) 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.

l) 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.

m) 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.

n) 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. On 24 March 2022, the borrowing was paid off in full.

o) 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.

p) 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.

q) 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. The value of obligations still outstanding and to be redeemed as at 31 December 2022 equals PLN 20,660,000.

r) 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.

s) 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.

t) 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. As at 31 December 2022, a borrowing amount of PLN 28,000,000 was drawn down.

u) 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. On 02 December 2022, Develia S.A. made Amendment No. 2, under which the loan sum was increased up to PLN 50,000,000 and the loan utilisation period was extended until 28 November 2024. On 01 February 2023, Develia S.A. made Amendment No. 3, under which the loan repayment security list was extended. On 07 March 2023, Develia S.A. made Amendment No. 4, under which the loan security list was altered, with the maximum possible loan utilisation sum of PLN 50,000,000 remaining unchanged. As at the date hereof, no loan disbursement was made.

v) 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.

(PLN '000)

w) 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. On 28 November 2022, Develia S.A. and PKO BP S.A. made Amendment no. 3, pursuant to which modifications to the loan repayment security were made. On 24 November 2022, Develia S.A. and PKO BP S.A. made Amendment no. 4, pursuant to which modifications to the loan repayment security were made. On 01 March 2023, Develia S.A. and PKO BP S.A. made Amendment No. 5, under which the the loan utilisation period was extended until 28 April 2024. As at the date hereof, no loan disbursement was made.

x) "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. On 22 December 2022, the loan was paid off in full.

y) 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.

z) Alior Bank S.A. loan of up to PLN 79,830,000 under a non-revolving loan agreement entered into between Develia S.A. and Alior Bank S.A. on 23 December 2022, designated for the financing or refinancing of costs relating to the construction of a property development project called "Aleje Praskie Stage 2 Phase 6" in Warsaw. As at the date hereof, no loan disbursement was made.

In the period ended 31 December 2022, the average weighted interest was as follows – for loans: 5.70%, for bonds: 8.10%, for investment notes: 5.77% and for borrowings: 8.49% (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			49,375					218,616	267,991
Notes			56,797						56,797
Bonds (floating interest)	4,015	2,894	129,783	249,015	15,144				400,850
Bank loan (WIBOR)									-
	4,015	**2,894**	**235,955**	**249,015**	**15,144**	**0**	**0**	**218,616**	**725,638**

25.2. Issue, Redemption of Equity Securities

In the period ended 31 December 2022:

- 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.
- On 19 October 2022, Develia S.A. redeemed on maturity four-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 20,000,000.
- On 20 December 2022, the Company issued three-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 15,442,000.

In the period ended 31 December 2021:

- On 10 May 2021, the Company redeemed the bonds of PLN 100,000,000 within the maturity period.
- On 11 May 2021, the Company issued 150,000 three-year unsecured coupon bonds having a par value 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.
- On 06 October 2021, the Company redeemed the bonds of PLN 40,000,000 within the maturity period.
- On 08 October 2021, the Company issued 100,000 three-year unsecured coupon bonds having a par value 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.
- On 23 December 2021, the Company redeemed the bonds of PLN 26,504,000 before the maturity period.

No bills of exchange were redeemed by the Company in the period ended 31 December 2022 or in the previous reporting period.

25.3. Taking out and Repaying Bank Loans and Borrowings

In the reporting period ended 31 December 2022, the following loans taken out by the Company were drawn down and repaid:

- 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. In the period ended 31 December 2022, 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.
- 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.
- On 22 December 2022, a loan agreement with Bank Ochrony Środowiska S.A. designated for the financing or refinancing of costs relating to the construction of a property development project called "Kaskady Różanki" in Wrocław was closed. The Company repaid the loan in the amount of PLN 13,358,000 prior to the contractual date, as the consequence of which all obligations arising from it were extinguished.
- On 23 December 2022, Develia S.A. and Alior Bank S.A. made an agreement for non-revolving loan of up to PLN 79,830,000 designated for the financing or refinancing of costs relating to the construction of a

property development project called "Aleje Praskie Stage 2 Phase 6" in Warsaw. As at 31 December 2022, no loan disbursement was made.

In the reporting period ended 31 December 2021, the following loans taken out by the Company were drawn down and repaid:

- 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. The Company drew down funds in the total amount of PLN 7,900,000 and repaid the loan in the amount of PLN 7,816,000. As at 31 December 2022, the total outstanding amount was PLN 84,000.
- 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.
- 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. As at the date hereof, no loan disbursement was made.
- 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. The company drew down funds in the total amount of PLN 7,777,000 and repaid the loan in the amount of PLN 1,364,000. As at 31 December 2022, the total outstanding amount was PLN 6,413,000.

In the period ended 31 December 2022, the Company took on and paid off the following liabilities in the form of borrowings:

- 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. On 28 September 2022, the borrowing was paid off in full.
- 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. On 22 December 2022, the borrowing was paid off in full.
- On 27 July 2022, Develia S.A. entered into a borrowing agreement with LC Corp Invest X Sp. z o.o., under which a sum of EUR 10,000,000 was borrowed on arm's length conditions for an indefinite period of time.
- 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 EUR 10,000,000 was borrowed on arm's length conditions for an indefinite period of time.
- 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 EUR 30,000,000 was borrowed on arm's length conditions for an indefinite period of time. As at the date of preparation of this report, the amount drawn down was PLN 28,000,000.
- On 18 October 2022, Develia S.A. entered into a borrowing agreement with Develia Wrocław S.A., under which a sum of PLN 20,000,000 was borrowed on arm's length conditions for an indefinite period of time. On 19 October 2022, the borrowing was paid off in full.
- On 24 March 2022, Develia S.A. paid off a borrowing to Develia Warszawa Sp. z o.o. in the amount of . EUR 587,000, including interest.
- In the period ended 31 December 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 19,300,000, including interest.

(PLN '000)

In the period ended 31 December 2021, the Company took on the following commitments in the form of borrowings:

- On 20 April 2021, Develia S.A. entered into a borrowing agreement with Warszawa Przyokopowa z o.o., under which a sum of PLN 30,000,000 was borrowed on arm's length conditions for an indefinite period of time.
- 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 EUR 10,000,000 was borrowed on arm's length conditions for an indefinite period of time.
- On 2 November 2021, Develia S.A. entered into a borrowing agreement with LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k., under which a sum of PLN 40,000,000 was borrowed under arm's length conditions for an indefinite period of time.

25.4. Lease liabilities

The below table shows discounted lease payments as at 31 December 2022, broken down into maturity periods:

	31 December 2022 (audited)	31 December 2021 (audited)
up to 1 month	209	208
between 1 and 3 months	2,444	1,881
between 3 and 12 months	1,800	1,084
between 1 year and 2 years	3,228	3,272
between 2 and 3 years	2,742	3,054
between 3 and 4 years	2,019	2,598
between 4 and 5 years	1,834	1,904
above 5 years	30,083	29,417
Total	**44,359**	**43,418**

26. Provisions

The amounts of provisions and reconciliation presenting changes in such amounts in the period ended 31 December 2022 are shown in the table below:

	Retirement and disability benefits and bereavement payment	Remedy of construction faults and defects	Penalties and Damages	Other	*Total*
As at 01 January 2022	**445**	**25**	**5**	**77**	**552**
Created during the financial year	-	-	-	332	332
Used	-	(1)	(2)	-	(3)
Reversed	(25)	-	-	-	(25)
As at 31 December 2022	**420**	**24**	**3**	**409**	**856**
Current provisions as at 31 December 2022	-	24	3	409	436
Non-current provisions as at 31 December 2022	420	-	-	-	420
As at 01 January 2021	**445**	**-**	**-**	**-**	**445**
Created during the financial year	-	25	255	77	357
Used	-	-	(250)	-	(250)
Reversed	-	-	-	-	-
As at 31 December 2021	**445**	**25**	**5**	**77**	**552**
Current provisions as at 31 December 2021	-	25	5	77	107
Non-current provisions as at 31 December 2021	445	-	-	-	445

(PLN '000)

27. Liabilities

27.1. Trade and other payables

	31 December 2022 (audited)	31 December 2021 (audited)
Trade payables	104,564	172,150
Budget liabilities (without income tax)	3,837	1,050
Liabilities on account of security deposits (including sums paid in for the reservation of premises)	12,095	3,872
Other payables	72	270
	120,568	**177,342**

As at 31 December 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	47,243	17,321	40,000	104,564

Trade payables 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 below 1 year
Trade payables	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.

27.2. Contingent liabilities

In addition to the contingent liabilities serving as security for the bank loans described in detail in Note 32.3, as at 31 December 2022 and 31 December 2021, the Company had contingent liabilities arising from a contingent fee of PLN 187,000 for the removal of trees, necessary to implement projects under construction.

In addition to the foregoing, in pursuance of the Sale and Purchase Agreements covering two real properties: Silesia Star in Katowice and Retro Office House in Wrocław, described in section 2.1 of the Agreement, the Company furnished the Purchasers, Ingadi spółka z ograniczoną odpowiedzialnością ("Ingadi") and Artigo spółka z ograniczoną odpowiedzialnością ("Artigo"), with rent guarantees issued for a five-year period (covering, inter alia, floor areas which have not been leased out), 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 Sale and Purchase Agreements will be discharged by P20 and P21, and

(iv) the Company will incur debts of P20 and P21 arising from obligations and liabilities of P20 and P21 under the Final Agreements and rent guarantee agreements if the Sellers have ceased their operations, have gone into liquidation or have been dissolved, which circumstances will be described in the surety arrangement.

In pursuance of the Sale and Purchase Agreement covering the real property called Wola Center in Warsaw by a subsidiary, described in Note 37 of the Financial Statements for the period ended 31 December 2020, 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 arising from security for bank loans contingent fees relating to the removal of trees and arising from the real property sale and purchase agreements entered into, as at 31 December 2022, the Company did not have any other significant contingent liabilities.

27.3. Investment Liabilities

In 2023, the Company plans to incur expenditures on the acquisition of land and the implementation of investment (housing) projects in the amount of PLN 587,700,000.

As at 31 December 2022, the Company was a party to preliminary sale and purchase agreements for the purchase of real property.

The Company does not plan to incur any significant expenditures on property, plant and equipment and intangible assets and does not have any significant contractual obligations whose subject matter was the acquisition of property, plant and equipment and intangible assets.

27.4. Court Proceedings

As at 31 December 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.

(PLN '000)

28. Accrued Expenses and Deferred Income

	31 December 2022 (audited)	31 December 2021 (audited)
Non-current	**-**	**-**
Accruals relating to the cost of remuneration	11,062	9,958
Accruals relating to the cost of audit	159	122
Accruals relating to costs of unused leave	1,459	1,501
Other	267	3,401
Current	**12,947**	**14,982**
Deferred income on sale of residential premises and cubbyholes	338,646	255,395
Other deferred income	1	-
Deferred income	**338,647**	**255,395**
Total Accruals and Deferred Income	**351,594**	**270,377**

(PLN '000)

29. Related Party Transactions

The below table shows the total amounts of transactions concluded with related parties for the year ended 31 December 2022 and as at 31 December 2022:

Related party		Sale	Purchases	Trade and other receivables	Trade and other payables	Borrowings and non-current receivables and current financial assets	Financial Liabilities	Financial income (interest, dividends)	Financial expenses (interest, discounts)
Subsidiary undertakings									
Arkady Wrocławskie S.A.	2022	2,637	2,826	1,051	19	30,422	6,876	1,271	230
Develia Wrocław S.A.	2022	37,879	27	504	-	-	-	57,747	6
Develia Warszawa Sp. z o.o.	2022	317	-	755	-	-	138,379	5,149	7,471
Kraków Zielony Złocień Sp. z o.o.	2022	1,923	-	407	-	-	-	87,856	-
LC Corp Invest I Sp. z o.o.	2022	53	-	-	5	-	-	14	-
LC Corp Invest II Sp.z o.o.	2022	246	-	56	-	3,104	-	223	-
LC Corp Invest III Sp. z o.o.	2022	-	-	-	-	-	-	-	-
LC Corp Invest VII Sp. z o.o.	2022	1,716	-	917	-	-	-	4,595	-
LC Corp Invest VIII Sp.z o.o.	2022	-	-	-	-	-	-	-	-
LC Corp Invest IX Sp.z o.o.	2022	905	-	94	-	18,756	-	4,629	-
LC Corp Invest X Sp.z o.o	2022	1,015	-	202	-	-	20,579	16,020	752
LC Corp Invest XI Sp.z o.o.	2022	36	-	12	-	-	11,381	15,076	842
LC Corp Invest XII Sp. z o.o.	2022	469	78	52	-	-	28,796	15,381	832
LC Corp Invest XV Sp. z o.o.	2022	40	-	4	-	-	-	1,219	-
LC Corp Invest XV Sp. z o.o.Projekt 2 Sp.k	2022	749	69	109	-	-	22,817	-	2,085
LC Corp Invest XV Sp. z o.o.Projekt 4 Sp.k	2022	339	113	90	11	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 6 Sp.k	2022	-	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 7 Sp.k	2022	1,921	75	641	8	-	-	-	-
LC Corp Invest XV Sp. z o.o.Projekt 8 Sp.k	2022	269	-	6	30	-	-	-	-
LC Corp Invest XV Sp. z o.o.Investments S.K.A.	2022	5,675	1,590	961	-	-	-	-	-
LC Corp Invest XVI Sp. z o.o.	2022	35	-	11	-	99	-	1	-
LC Corp Invest XVII Sp. z o.o.	2022	29	-	-	-	-	-	-	-

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LC Corp Invest XVII Sp. z o.o.Projekt 20 Sp.k	2022	97	-	488	-	-	95,961	5,208	6,948
LC Corp Invest XVII Sp. z o.o.Projekt 21 Sp.k	2022	36	-	426	-	-	-	420	-
LC Corp Invest XVII Sp. z o.o.Projekt 22 Sp.k	2022	1,325	1,035	754	2	-	-	156	-
LC Corp Service S.A. *)	2022	821	8	8	10	-	-	19,322	694
Develia Invest Sp. z o.o.	2022	280	-	6	81	30,457	-	2,233	-
Projekt Mysliborska Sp. z o.o. Sp.k.	2022	140	-	140	-	166	-	64	-
Management Board	2022	-	81	-	5	-	-	-	-
Total	**2022**	**58,952**	**5,902**	**7,694**	**171**	**83,004**	**324,789**	**236,584**	**19,860**

*) The figures presented include transactions with entities which merged with LC Corp Service S.A. during the period ended 31 December 2022.

In the year ended 31 December 2022, the Company made capital contributions to its jointly controlled companies and redeemed subsidiary shares, as described in Notes 5 and 16.

The below table shows the total amounts of transactions concluded with related parties for the year ended 31 December 2021 and as at 31 December 2021:

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

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

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

(PLN '000)

29.1. Parent Undertaking of Company

As at 31 December 2022, the Company has no Parent Undertaking.

Shareholders holding directly or indirectly at least 5% of the total number of votes at the General Meeting are presented in Note 24.

29.2. Payment of Dividend by Develia S.A.

The dividend was paid on 31 December 2022:

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.

The dividend was paid on 31 December 2021:

On 30 June 2021, 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 76.084.912,87
b) Amount of dividend per share: PLN 0.17
c) Number of shares subject to dividend: 447,558,311 shares
d) Record date: 06 July 2021
e) Dividend payment date: 13 July 2021

Pursuant to the Resolution, Develia S.A. paid the dividend on 13 July 2021.

29.3. Payment of Dividend by Subsidiary Undertakings

Note 11.3 describes dividends paid out by subsidiaries to Develia S.A. in 2022 and 2021.

29.4. Remuneration to senior management of Company

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Current employee benefits	9,865	8,095
Jubilee bonuses and retirement severance payments	-	-
Termination benefits	-	-
Employee share-based benefits	-	-
Total remuneration paid to senior management except for Management Board and Supervisory Board	**9,865**	**8,095**

29.5. Remuneration to Members of Management Board and Supervisory Board

Remuneration paid to the members of the Management Board and members of the Supervisory Board of the Company was as follows:

(PLN '000)

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Management Board - remuneration	8,572	8,508
Management Board – own-share-based benefits	-	-
Supervisory Board - remuneration	768	729
Supervisory Board – own-share-based benefits	-	-
Total	**9,340**	**9,237**

30. Information on Remuneration to Auditor or Entity Qualified for Auditing Financial Statements

2022:

In August 2021, a services agreement for auditing and other assurance services was concluded with Deloitte Audyt Sp. z o.o. Sp.k, with its registered office in Warsaw, covering an audit of the separate and consolidated financial statements of Develia S.A. for the years 2021-2022 and a review of interim financial statements covering the six-month periods ended 30 June 2021 and 2022.

Remuneration to be paid in 2022 under the aforesaid agreement amounts to PLN 194,000, which price includes an audit of the annual separate and consolidated financial statements of Develia S.A. and PLN 117,000 for services relating to a review of semi-annual separate and consolidated financial statements for a six-month period ended 30 June 2022.

The audit firm responsible for auditing the Company's financial statements, apart from audit services, provides also the Issuer with non-audit services, namely an assurance service which entails the assessment of the report on Management Board's and Supervisory Board's remuneration for 2022 for a separate fee of PLN 10,000.

2021:

In August 2021, a services agreement for auditing and other assurance services was concluded with Deloitte Audyt Sp. z o.o. Sp.k, with its registered office in Warsaw, covering an audit of the separate and consolidated financial statements of Develia S.A. for the years 2021-2022 and a review of interim financial statements covering the six-month periods ended 30 June 2021 and 2022. Remuneration to be paid in 2021 under the aforesaid agreement amounts to PLN 175,000, which price includes an audit of the annual separate and consolidated financial statements of Develia S.A., and PLN 118,000 for services relating to a review of semi-annual separate and consolidated financial statements for a six-month period ended 30 June 2021.

The audit firm responsible for auditing the Company's financial statements, apart from audit services, provides also the Issuer with non-audit services, namely an assurance service which entails the assessment of the report on Management Board's and Supervisory Board's remuneration for the years 2020-2021 for a separate fee of PLN 10,000.

31. Objectives and Rules Governing Financial Risk Management

The major financial instruments used by the Company include bonds, investment notes, loans and borrowings. The aforesaid financial instruments are utilised predominantly with a view to raising funds necessary to finance projects carried out by the Company and its subsidiaries. The Company invests the surplus of funds in short-term financial instruments. The Company also has other financial instruments such as trade receivables and trade payables, which occur directly in the course of its business activity.

The main types of risk arising from the Company's financial instruments include the interest rate risk, credit risk and liquidity risk.

The Management Board verifies and formulates the rules for managing each type of risk – these rules are briefly discussed below.

31.1. Interest Rate Risk

The interest rate risk relates mainly to non-current financial liabilities, based on a floating interest rate.

The sensitivity of the net financial result to changes in the interest rate of loans and bonds in PLN in the year ended 31 December 2022 and the year ended 31 December 2021 is shown in the table below:

	Increase/decrease in exchange rate	Impact on net financial result in PLN '000	Impact on equity
	+ 1%	(3,381)	(3,381)
31 December 2022	- 1%	3,381	3,381
	+ 1%	(4,541)	(4,541)
31 December 2021	- 1%	4,541	4,541

The Company monitors, on an ongoing basis, works relating to the IBOR reform, which may have an effect on floating interest rate financial instruments. As at 31 December 2022 and the date of preparing the financial statements, bonds and loans bear interest at a floating WIBOR rate, which will be subject to the reform. The change may result either in a lower or higher reference rate, which provides a basis for determining the rate of interest and may lead either to a decline or rise in interest costs paid by the Company, and consequently, may affect the Issuer's financial position, performance and growth prospects. P2022A series bonds of PLN 15,442 mature after the planned WIBOR publication date. In such a case, the WIBOR rate will be replaced with an alternative index WIRON.

31.2. Credit risk

Credit risk and the significant concentrations thereof arise mainly from borrowings granted to the Group companies. The risk in question is contingent, to a large extent, on the financial standing of such special purpose vehicles, however, due to supervision over the Group companies and the day-to-day monitoring of receivables, the Company's exposure to the risk of uncollectible receivables is negligible. In the reporting period presented herein, credit risk arising from borrowings granted did not change substantially. Financial assets on account of borrowings granted did not suffer any impairment in none of the periods presented herein. The value of borrowings granted by the Company as at 31 December 2022 totalled PLN 83,006,000.

At the request of the Company, borrowings granted may be secured by blank promissory notes.

As at 31 December 2022, trade receivables amounted to PLN 10,327,000 net. The analysis of their maturities is presented in Note 21. The Company monitors receivables on a day-to-day basis, therefore its exposure to the risk of uncollectible receivables is negligible.

With regard to the Company's other financial assets such as cash and cash equivalents, the Company's credit risk is minimal, because the Company invests its funds with institutions of good and stable financial standing, and the maximum exposure to the said risk corresponds to the carrying value of such instruments.

There is no significant concentration of credit risk in the Company.

31.3. Liquidity Risk

The Company aims to maintain a balance between the continuity and flexibility of financing, i.e. to ensure, as far as practicable, that its liquidity is at all times preserved at a level allowing for the payment of amounts owing to other parties when due and payable.

In order to maintain financial liquidity and the availability of funds as expected by the Company, it monitors available funds on a daily basis, prepares forecasts about the value of cash flows and relies on information resulting therefrom to decide on the proper allocation of such funds with a view to maximising possible financial revenues, while ensuring protection against liquidity risk.

Liquidity management is carried out, inter alia, through:

- Cash flow planning;
- Selecting proper sources of financing;
- Monitoring indices set in agreements with banks on a day-to-day basis;
- Collaborating with reputable financial institutions.

Note 25 presents financial liabilities on account of bonds and notes issued by the Company or on account of loans and borrowings taken out as at 31 December 2022 and 31 December 2021, including maturity dates.

Note 27.1 presents trade payables by their maturity up to 1 year.

The tables below present the Company's liabilities as at 31 December 2022 and as at 31 December 2021, by maturity dates, on the basis of contractual non-discounted payments.

31 December 2022

Fixed interest rate [in PLN '000]

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Investment notes	56,797	-	-	-	-	-	56,797
	56,797	**-**	**-**	**-**	**-**	**-**	**56,797**

Variable interest rate [in PLN '000]

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Coupon bonds	136,791	249,015	15,144			-	400,950
Borrowings	49,584		-	-	-	214,062	263,646
Loans	-	-	-	-	-	-	-
	186,375	**249,015**	**15,144**	**-**	**-**	**214,062**	**664,596**

Interest-free [in PLN '000]

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Trade and other payables	120,568	-	-	-	-	-	120,568
	120,568	**-**	**-**	**-**	**-**	**-**	**120,568**

31 December 2021

Fixed interest rate [in PLN '000]

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Investment notes	54,936	-	-	-	-	-	54,936
	54,936	**-**	**-**	**-**	**-**	**-**	**54,936**

Variable interest rate [in PLN '000]

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Coupon bonds in PLN	90,276	129,491	248,369	-	-	-	468,136
Borrowings	-	-	-	-	-	221,067	221,067
Loans	84	6,189	-	-	-	-	6,273
	90,360	**135,680**	**248,369**	**-**	**-**	**221,067**	**695,476**

Interest-free [in PLN '000]	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Trade and other payables	177,342	-	-	-	-	-	177,342
	177,342	**-**	**-**	**-**	**-**	**-**	**177,342**

32. Financial Instruments

32.1. Fair Values

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	
	31 December 2022 (audited)	**31 December 2021 (audited)**
Assets measured at fair value through profit or loss:		
Non-bank loans granted	83,006	95,302
Open-ended debt fund units	21,790	64,439
	104,796	**159,741**
Assets measured at amortised cost:		
Commercial and treasury company bonds	35,049	27,053
Cash in open trust accounts	22,423	25,521
Cash and other monetary assets	113,142	73,792
Trade and other receivables (*net of budget receivables*)	11,189	22,222
	181,803	**148,588**
Financial liabilities measured at amortised cost:		
Trade and other payables (*net of budget liabilities*)	116,731	176,292
Loans, bonds and borrowings at a floating interest rate	668,840	696,377
Loans, bonds, borrowings, notes at a fixed interest rate	56,797	54,936
	842,368	**927,605**

The below table shows balance-sheet and fair values of the Company's financial instruments as at 31 December 2022:

(PLN '000)

	31 December 2022 (audited)				
	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	83,006	83,006	-	83,006	-
Open-ended debt fund units	21,790	21,790	-	21,790	-
	104,796	**104,796**	**-**	**104,796**	-
Assets measured at amortised cost:					
Bonds	35,049	35,112	35,112	-	-
Cash in open trust accounts	22,423	22,423	-	22,423	-
Cash and other monetary assets	113,142	113,142	-	113,142	-
	170,614	**170,677**	**35,112**	**135,565**	**-**
Financial liabilities measured at amortised cost:					
Borrowings at a floating interest rate	267,991	256,525	-	256,525	-
Loans at a floating interest rate	-	-	-	-	-
Bonds at a floating interest rate	400,850	401,354	72,073	329,281	-
Notes at a fixed interest rate	56,797	53,720	-	55,134	-
	725,638	**711,600**	**72,073**	**640,940**	**-**

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.

32.2. Interest Rate Risk

The tables below show the balance-sheet value of the Company's financial liabilities measured at amortised cost and exposed to the interest rate risk, in a breakdown by respective aging categories.

31 December 2022

Fixed interest rate [in PLN '000]

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Investment notes	56,797	-	-	-	-	-	56,797
	56,797	**-**	**-**	**-**	**-**	**-**	**56,797**

Variable interest rate [in PLN '000]

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Coupon bonds in PLN	136,691	249,015	15,144	-	-	-	400,850
Borrowings	49,375	-	-	-	-	218,616	267,991
Loans	-	-	-	-	-	-	-
	186,066	**249,015**	**15,144**	**-**	**-**	**218,616**	**668,841**

Interest-free [in PLN '000]

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Trade and other payables	120,568	-	-	-	-	-	120,568
	120,568	**-**	-	-	-	-	**120,568**

31 December 2021

Fixed interest rate [in PLN '000]

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Investment notes	54,936	-	-	-	-	-	54,936
	54,936	**-**	**-**	**-**	**-**	**-**	**54,936**

Variable interest rate [in PLN '000]

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Coupon bonds in PLN	90,234	129,435	248,301			-	467,970
Borrowings	-	-	-	-	-	222,134	222,134
Loans	84	6,189	-	-	-	-	6,273
	90,318	**135,624**	**248,301**	**-**	**-**	**222,134**	**696,377**

Interest-free [in PLN '000]

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Trade and other payables	177,342	-	-	-	-	-	177,342
	177,342	**-**	-	-	-	-	**177,342**

32.3. Collateral

As at 31 December 2022, the repayment of loans was secured mainly by:

1) Security for the bank loan agreement concluded by Arkady Wrocławskie S.A.:
   - Pledge on the shares of Arkady Wrocławskie S.A. held by Develia S.A. – up to the amount of EUR 37,500,000;
2) Security for the bank loan agreement signed by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k. in favour of mBank S.A.:
   - A subordination agreement concluded by the borrower, the Issuer and Issuer's other subsidiaries (LC Corp Invest I Sp. z o.o. and LC Corp Invest XVII Sp. z o.o.) as subordinate creditors along with the borrower – as the senior creditor, providing for an assignment as security for all subordinated debts;
   - First-ranking registered pledges on the rights and debts owed to the limited partner and the general partner of the borrower's company (with pledges created in relation to the refinanced debt being senior to all other pledges), each up to EUR 51,280,500 along with a declaration on submission to enforcement pursuant to Article 777(1)(6) of the Code of Civil Procedure;
   - A support agreement concluded with the Issuer, under which the Issuer undertook, among other things, to provide financial support to the borrower, including to provide Debt Service Reserve and replenish it if it has been drawn on, along with the Issuer's declaration on free submission to enforcement towards the lender in relation to the Support Agreement up to EUR 560,000.00 pursuant to Article 777(1)(5) of the Code of Civil Procedure;
3) Security for the revolving loan agreement of 3 December 2020 made between Develia S.A. and mBank S.A.;
   - Contractual mortgage of up to PLN 75,000,000 on the real property which Develia S.A. and a subsidiary LC Corp Invest XV Sp. z o.o. Investments S.K.A. own or to which they hold the right of perpetual usufruct;
   - The Company's declaration on voluntary submission to enforcement of up to PLN 75,000,000 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. 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 29 April 2021 made between Develia S.A. and Powszechna Kasa Oszczędności Bank Polski S.A.;
   - Contractual mortgage of up to PLN 75,000,000 on the real property which Develia S.A. and a subsidiary LC Corp Invest XV Sp. z o.o. Investments S.K.A. own or to which they hold 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 current accounts.
5) Security for the revolving loan agreement of 12 April 2022 made between Develia S.A. and Santander Bank Polska S.A.:
   - Mortgage of up to PLN 45,000,000 on the real properties which Develia S.A. and Develia Wrocław 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;
- A declaration on voluntary submission to enforcement of up to PLN 45,000,000 against a mortgaged real property pursuant to Article 777(1)(6) of the Code of Civil Procedure.

6) Security for the non-revolving loan agreement of 23 December 2022 made between Develia S.A. and Alior Bank S.A.:
   - A blank promissory note together with a promissory note declaration;
   - Mortgage of up to PLN 119,745,000 on real property located Warsaw at 32-34 Podskarbińsk street, plot of land no. 2/4, recorded in the Land and Mortgage Register No. KW WA6M/00304023/7, along with an assignment from insurance policy with coverage for construction risks, and following the completion of the project along with an assignment of rights from a real property insurance policy;
   - A declaration on voluntary submission to enforcement of up to PLN 159,660,000 pursuant to Article 777(1)(5) of the Code of Civil Procedure;
   - An assignment agreement signed as security for cash receivables arising from the Project in question;
   - Financial and registered pledges relating to all the borrower's accounts maintained with bank and a registered pledge on debts arising from a housing trust account;
   - A power of attorney granted to the Bank in the form of a notarial deed to sell premises of the project for which funding is provided in the event of a default in repayment of the loan designated for the satisfaction of a loan debt
   - The subordination of the existing and future borrowings granted for project-related purposes to repayment.
7) Security for the bank loan agreement concluded by Projekt Lizbońska Sp. z o.o. Sp. kom. for the benefit of Alior Bank S.A.:
   - First-ranking registered pledges on the rights and debts owed to the limited partner and the general partner of the borrower's company, each up to PLN 247,455,982.00;
   - Guarantee agreement to cover budget cost overrun for the project involving the erection of a multi-family housing and services development with an underground car park, a free-standing transformer station, land development and necessary road and technical infrastructure and access roads at Lizbońska Street, Praga-Południe district of Warsaw, up to the maximum amount of PLN 12,770,985.68.

33. Capital Management

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

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

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

(PLN '000)

	31 December 2022 (audited)	31 December 2021 (audited)
Interest-bearing bonds, loans, notes and borrowings	725,637	751,313
Trade and other payables	120,568	177,342
A. Debt	**846,205**	**928,655**
B. Equity	**1,228,017**	**1,129,605**
Leverage ratio (A/B)	**0.69**	**0.82**

34. Structure of employment

	Year ended 31 December 2022 (audited)	Year ended 31 December 2021 (audited)
Management Board	3	3.50
White-collar / administration workers	171.61	164.62
Blue-collar workers	-	-
Total	**174.61**	**168.12**

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

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

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

The situation caused by the introduction of the state of epidemic did not exert any significant impact on revenue and profit (or loss) made in the period ended 31 December 2022.

The COVID-19 pandemic is still considered an important risk factor. A sharp rise in the number of infections and potential restrictions imposed as a consequence of that may affect the Company's operations.

The Management Board are of the opinion that it is not possible to assess the effects of the epidemic on the Company in subsequent months.

36. Risk Associated with Warfare in Ukraine

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

- A possible decline in demand on the housing market following customers' uncertainty over likely scenarios of how the present economic and political situation may unfold.
- A dramatic rise in the prices of key raw materials, which increases the prices of goods of key relevance to the economy, including the prices of construction works, services, equipment and materials;
- Limited availability of construction materials, equipment, services and the interruption or disruption of continuity of supplies;

- Limited availability of employees from Ukraine, which results from the fact that reservists were called up to the army, whereas others decided to return to their country in order to engage in the warfare;
- Interest rate rises and a risk of further increase thereof;
- The financial standing of borrowers, including their worse creditworthiness , as well as a credit policy pursued by banks, which is reflected in the Polish Financial Supervision Authority Office's (UKNF) statement of 07 March 2022, and consequently, limited availability of loans for residential purposes;
- Availability and cost of debt financing resulting from limited demand on the bond market;

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

Due to the war in Ukraine and record high interest rates in H1 2022, a significant drop in demand for flats was reported. This applies mainly to customers relying on mortgage loans to finance their purchases. Higher interest rates considerably reduced customers' purchasing capacity and increased credit costs. As the current purchasing structure shows, flats are most often bought through payments made in cash.
The decline in sales affects the industry – in response to the falling demand, property developers are reducing supply, refraining from the commencement of new projects. High inflation and material prices, which continue to grow quickly, are also an impediment to the commencement of new projects. It is a common practice that currently general contracting contracts contain a price indexation clause. Consequently, property developers are not able to assess the final project profitability, leading to the suspension of many projects. According to data presented by the Central Statistical Office of Poland (GUS), currently the number of constructions started is almost 30% smaller than in the preceding year.

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

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

37. Events After End of Reporting Period

1) On 20 January 2023, as stipulated in the investment agreement of 24 October 2022, Develia S.A. acquired from Hillwood Malin Development Logistics, LLC, based in the USA, 25% of shares having the total nominal value of PLN 1,250 in a company Malin Development 1 Sp. z o.o., based in Warsaw, with the share capital of PLN 5,000.
2) In connection with the 29 December 2022 Amendment to Loan Agreement made on 28 February 2008 between Arkady Wrocławskie S.A. and Santander Bank Polska S.A., Develia S.A., as the sole shareholder in Arkady Wrocławskie S.A., granted surety on 23 January 2023 to the bank for the repayment of the loan for the Company up to PLN 10,812,500.00 and made a declaration on the submission to enforcement up to the sum mentioned above.
3) On 26 January 2023, the Issuer's subsidiary – LC Corp Invest XVII Sp . z o.o. Projekt 22 Sp. k. ("P22"), acting as the seller, and WR Office Sp . z o.o., based in Warsaw, as the purchaser (the "Purchaser") – a company related to Adventum Fund Management Ltd., based in Budapest, entered into a preliminary sale and purchase agreement (the "PSPA") for the disposal of the right of perpetual usufruct to a real property located in Warsaw at Skierniewicka street and Siedmiogrodzka street, along with the ownership right to the

buildings and structures comprising an office development called Wola Retro (the "Real Property") and the ownership right to tangible and intangible assets associated with the Real Property (the "Transferred Assets"). The parties fixed a total estimate selling price at EUR 69,790,713.34 net, plus goods and services tax (VAT) due, which may be adjusted for (i) the net value of tenant contributions for carrying out fit-out works or covering the costs of fit-out works pursuant to lease agreements made before or on the date the PSPA is entered into, (ii) the net value of unpaid rent discounts given under lease agreements made before or on the date the PSPA is entered into and (iii) the value of costs related to arrangements arising from due diligence (the "Price"). The Price will be paid in full on the date of making the Final Sale and Purchase Agreement. The estimate selling price determined in the letter of intent (LoI) made by the parties on 13 October 2022 was adjusted, as agreed, among other things, for the costs of extending lease agreements with key tenants, which were extended in the period between the signature of the LoI and the PSPA, which costs the Purchaser undertook to incur and which were deducted from the selling price.

The final sale and purchase agreement is expected to be made on 30 April 2023 (the "FSPA"), however, the said date may be postponed. Entering into the FSPA is contingent on fulfilling conditions precedent, which are standard for a transaction of this type and include:

a) The receipt of a letter concerning the repayment of loan, issued by the bank making the loan for P22;
b) The issuance of tax interpretations concerning the goods and services tax (VAT) to be imposed on the transaction;

And obtaining additional documents (statements) required by the Purchaser, which are standard for a transaction of this type:

c) Obtaining an acknowledgement of the General Contractor of the building in respect of the assignment of quality guarantee and implied warranty for defects under a general contracting agreement and a statement of the general contractor concerning the transfer of licence rights;
d) Obtaining the insurer's consent to the assignment of insurance guarantee securing the general contracting agreement for the building;
e) Making an agreement with the building designer, among other things, to acknowledge the transfer of copyrights.

There are also plans to conclude, as part of the transaction, a rent guarantee agreement (the "Rent Guarantee Agreement"). The basic provisions of the Rent Guarantee Agreement include a guarantee to be given to the Purchaser in relation to P22's obligation to cover the costs of fit-out works in vacant premises up to the amount calculated by multiplying the square metres of a leased unit by EUR 600 and a guarantee to be given to the Purchaser by P22 regarding specific net operating income from the lease of the Real Property. The guarantee period under the Rent Guarantee Agreement will be three years (not later than 30 April 2026), however, the aforesaid costs will be due to the Purchaser only if, within three years of making the FSPA, such floor areas for new tenants need to be prepared. Under the provisions of the PSPA and the Rent Guarantee Agreement, the Issuer will give to the Purchaser, upon making the FSPA, a corporate guarantee up to the amount of EUR 6,000,000 The Rent Guarantee Agreement will be secured by a deposit of EUR 4,000,000, to be paid from the Price and released to P22 in three instalments over annual periods.

4) By virtue of the Supervisory Board Resolution No. 2 adopted on 31 January 2023, approving the Management Board Resolution No. 3/2023 adopted on 23 January 2022 (amending the Management Board Resolution No. 36/2022 adopted on 01 June 2022), additional 693,857 rights to warrants were preliminarily granted. The said warrants were allocated from the 2022 reserve pool and from the rights granted previously to persons whose employment contracts were terminated and who consequently forfeited the entitlement to participate in the scheme. Accordingly, a total of 5,467,238 rights to A series subscription warrants were granted as part of the 2nd tranche of the scheme for 2022. There are 127,240 rights under the 2nd tranche, which have not been allocated (including expired rights).

5) By virtue of the Supervisory Board Resolution No. 1 of 31 January 2023 and the Supervisory Board Resolution No. 2 of 31 January 2023 approving the Management Board Resolution No. 4/2023 adopted on 23 January 2023, rights to take up A series subscription warrants granted as part of the 3rd tranche for 2023 were vested in eligible persons (including Management Board members), and one additional person joined the scheme.

(PLN '000)

6) 31 January 2023 saw the expiration of the surety granted by Develia S.A. to 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 the contract of 02 November 2020 for the completion of a road project relating to the Katowice Ceglana project.

7) On 15 February 2023, the Company's Management Board have approved, pursuant to the "2021-2025 Develia's Strategy" published in the Current Report no. 12/2021 of 18 February 2021, the Develia S.A. Management Board objectives for 2023. The aforesaid objectives are as follows:
   - The number of premises to be sold in 2023 (developer agreements or preliminary sales agreements): 1,450 – 1,650 units and the number of new premises to be added to the 2023 offer: 1,850-2,050 units.
   - Residential premises to be delivered in 2023: 1900 – 2,050 units.
   - The disposal of the Wola Retro building in Q2 2023.
   - The signature of a preliminary conditional sale and purchase agreement for Arkady Wrocławskie.
   - As regards PRS– entering into contracts for the construction of 600-800 units

8) On 10 March 2023, an Issuer's subsidiary, LC Corp Invest II sp. z o.o., as the borrower, entered into a borrowing agreement with Develia S.A., under which a sum of PLN 1,000,000 was borrowed on arm's length conditions for an indefinite period of time.

9) On 14 March 2023, the Issuer acquired, in order to redeem, 8,200 three-year unsecured dematerialised LCC1023OZ4 series coupon bonds, assigned the code ISIN PLO112300010 and having a nominal value of PLN 1,000 each, of 70,000 bonds issued on 07 October 2020, maturing on 06 October 2023, as determined in the terms and conditions of the issue.

10) On 16 March 2023, the Issuer acquired, in order to redeem, 29,690 three-year unsecured dematerialised LCC1023OZ4 series coupon bonds, assigned the code ISIN PLO112300028 and having a nominal value of PLN 1,000 each, of 150,000 bonds issued on 11 May 2021, maturing on 10 May 2024, as determined in the terms and conditions of the issue.

11) On 20 March 2023, the Management Board of the Company adopted a resolution on the issue of 180,000 DVL0326OZ7 series unsecured ordinary bearer bonds, having a nominal value of PLN 1,000 each and the maximum total nominal value of PLN 180,000,000, issued under the Bond Issue Agreement signed with mBank S.A. and a brokerage office Biuro Maklerskie mBank S.A. up to the total amount (nominal value) of issued and outstanding bonds totalling PLN 600,000,000. On 27 March 2022, the Company issued 180,000 three-year unsecured coupon bonds of PLN 1,000 each and a total nominal value of PLN 180,000,000, with the redemption date being set at 27 March 2026.

Apart from the foregoing, no other event that could significantly influence the Company's financial results occurred after 31 December 2022.

The Company considers the aforesaid events as events following the balance-sheet date, which do not require any adjustment of the financial statements drawn up as at 31/12/2022.

The document has been signed by a qualified electronic signature

Andrzej Oślizło President of Management Board	**Paweł Ruszczak** Vice President of Management Board	**Mariusz Poławski** Vice President of Management Board
Lidia Kotowska Director of Accounting Department		**Anna Gremblewska-Nowak** Chief Accountant

Wrocław, 30 March 2023