



DEVELIA S.A. CAPITAL GROUP

CONSOLIDATED QUARTERLY REPORT

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2023

prepared in compliance with the International Financial Reporting Standards.

INCLUDING QUARTERLY FINANCIAL INFORMATION OF DEVELIA S.A.

(non-audited financial data)

Wrocław, 17 May 2023

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1. SELECTED FINANCIAL DATA

Information concerning the condensed consolidated financial statements of Develia S.A. Capital Group

		in kPLN		in kEUR	
		31 March 2023	31 December 2022	31 March 2023	31 December 2022
I.	Fixed assets	246 309	246 685	52 681	52 599
II.	Current assets	2 372 752	2 167 349	507 486	462 132
III.	Fixed assets classified as assets held for sale	532 104	534 898	113 807	114 053
IV.	Total assets	3 151 165	2 948 932	673 974	628 784
V.	Shareholders' equity	1 494 963	1 434 923	319 744	305 960
VI.	Equity capital allocated to controlling shareholders	1 494 619	1 434 570	319 670	305 885
VII.	Non-controlling shares	344	353	74	75
VIII.	Non-current payables	635 947	480 656	136 017	102 487
IX.	Current payables	992 128	1 005 455	212 197	214 388
X.	Payables related to fixed assets classified as assets held for sale	28 127	27 898	6 016	5 949
XI.	Carrying amount of equity capital per share allocated to controlling shareholders (in PLN/EUR)	3,34	3,21	0,71	0,68
		Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022
XII.	Revenue from sales	257 224	97 559	54 723	20 993
XIII.	Gross profit from sales	90 244	29 314	19 199	6 308
XIV.	Net profit/ (loss)	58 389	13 057	12 422	2 810
XV.	Net profit /(Loss) allocated to controlling shareholders	58 398	13 057	12 424	2 810
XVI.	Net profit/ (Loss) allocated to non-controlling shareholders	(9)	-	(2)	-
XVII.	Earnings/(Loss) per share allocated to controlling shareholders (in PLN/EUR)	0,13	0,03	0,03	0,01

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Information concerning the condensed interim financial statements of Develia S.A.

	in kPLN		in kEUR	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
XVIII. Total assets	2 706 669	2 485 987	578 905	530 072
XIX. Shareholders' equity	1 266 506	1 228 017	270 881	261 843
	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022
XX. Net profit (loss)	36 590	84 894	7 784	18 268

"Selected financial data" was converted into EUR as follows:

- financial data regarding selected assets and liabilities was calculated adopting the mean EUR/PLN exchange rate of the National Bank of Poland applicable at the given balance sheet date. At 31 March 2023, it was EUR 4.6755/PLN 1, and at the balance sheet date - 31 December 2022 - EUR 4.6899/PLN 1.
- financial data for selected items of the statement of comprehensive income for the first quarter of 2023 and for the first quarter 2022 was converted at the EUR/PLN exchange rate being an arithmetic mean of mean exchange rates of the National Bank of Poland at the last day of each month in the financial year, i.e.: EUR 4.7005/PLN 1 and EUR 4.6472/PLN 1, respectively.

CONSOLIDATED QUARTERLY REPORT

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 March 2023	31 December 2022
Assets			
A. Fixed assets		246 309	246 685
1. Intangible assets		1 634	1 127
2. Tangible fixed assets		5 563	5 959
3. Non-current receivables		8 991	9 674
4. Investment in joint ventures measured at equity	2.13	82 966	83 688
5. Investment property	2.14	130 506	129 791
6. Long-term prepayments		1 104	1 340
7. Deferred tax assets	2.18	15 545	15 106
B. Current assets		2 372 752	2 167 349
1. Inventories	2.15	1 648 562	1 657 216
2. Trade and other receivables	2.16	29 485	21 387
3. Income tax receivables		3 242	2 464
4. Assets due to derivative instruments	2.30.2	426	770
5. Short-term securities	2.21	52 465	35 049
6. Other financial assets	2.21	58 944	94 420
7. Cash and cash equivalents	2.21	574 736	352 119
8. Short-term prepayments		4 892	3 924
C. Fixed assets classified as assets held for sale	2.14	532 104	534 898
Total assets		3 151 165	2 948 932
Equity and liabilities			
A. Shareholders' equity		1 494 963	1 434 923
I. Equity capital allocated to controlling shareholders		1 494 619	1 434 570
1. Initial (share) capital		447 558	447 558
2. Other capitals		988 663	755 180
3. Net profit/ (loss)		58 398	231 832
II. Non-controlling shares		344	353
B. Non-current payables		635 947	480 656
1. Long-term loans and bonds payables	2.30.1	538 062	390 636
2. Long-term payables due to derivative instruments	2.30.2	-	-
3. Long-term lease payables	2.30.6	4 815	4 888
4. Provisions	2.17	14 359	14 592
5. Accrued expenses and deferred income	2.30.8	-	-
6. Deferred tax reserve	2.18	78 711	70 540
C. Current payables		992 128	1 005 455
1. Short-term loans and bonds payables	2.30.1	183 463	192 604
2. Short-term payables due to derivative instruments	2.30.2	-	-
3. Short-term lease payables	2.30.6	64 341	63 902
4. Short-term trade and other payables	2.30.7	202 667	194 668
5. Income tax payables		11 352	5 619
6. Provisions	2.17	10 680	9 579
7. Accrued expenses and deferred income	2.30.8	519 625	539 083
D. Payables related to fixed assets classified as assets held for sale	2.30.9	28 127	27 898
Total equity and liabilities		3 151 165	2 948 932

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	31 March 2023	31 December 2022
Carrying amount of equity [kPLN]	1 494 963	1 434 923
Carrying amount of equity capital allocated to controlling shareholders (kPLN)	1 494 619	1 434 570
Number of registered shares (units)	447 558 311	447 558 311
Book value of equity capital per share allocated to controlling shareholders (PLN)	3,34	3,21

CONSOLIDATED QUARTERLY REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022
Operating activities			
Revenue from sales	2.11	257 224	97 559
Sales of services		12 410	20 885
Sales of goods and materials		244 814	76 674
Own sales cost	2.11	(166 980)	(68 245)
Gross profit/ (loss) from sales		90 244	29 314
Profit /(Loss) from disposal of non-financial fixed assets		-	-
Profit/ (Loss) from investment properties	2.14	(4 717)	18 212
Impairment losses on inventories		-	-
Cost of sales and distribution	2.11	(5 597)	(5 578)
General and administrative expenses	2.11	(11 101)	(11 603)
Other operating income		3 374	1 732
Other operating expenses		(1 907)	(1 039)
Profit /(Loss) from operating activities		70 296	31 038
Financial income	2.12	7 260	640
Financial expenses	2.12	(4 322)	(15 818)
Share in profit (loss) of entities recognised at equity	2.13	(722)	(129)
Gross profit/(loss)		72 512	15 731
Income tax (tax charge)		(14 123)	(2 674)
Net profit/ (loss)		58 389	13 057
Other comprehensive income subject to reclassification as profit or loss in subsequent reporting periods			
Cash flow hedges		(306)	457
Income tax on other comprehensive income components		58	(32)
Other comprehensive income (net)		(248)	425
Total income		58 141	13 482

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	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022
Net profit/ (loss) allocated to:	58 389	13 057
Controlling shareholders	58 398	13 057
Non-controlling shareholders	(9)	-
Total income allocated to:	58 141	13 482
Controlling shareholders	58 150	13 482
Non-controlling shareholders	(9)	-
Earnings/(Loss) per share in PLN allocated to controlling shareholders (non-diluted)	0,13	0,03
Earnings/(Loss) per share in PLN allocated to controlling shareholders (diluted)	0,13	0,03

CONSOLIDATED QUARTERLY REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Initial (share) capital	Other capitals		Net profit/ (loss)	Total capitals allocated to controlling shareholders	Non-controlling shares	Total equity
		Supplementary, reserve capital and retained earnings	Other capitals				
At 1 January 2023	447 558	742 635	12 545	231 832	1 434 570	353	1 434 923
<i>Net profit/(loss) for the period of 3 months ended 31 March 2023</i>	-	-	-	58 398	58 398	(9)	58 389
<i>Other comprehensive income for the period of 3 months ended 31 March 2023</i>	-	-	(248)	-	(248)	-	(248)
Comprehensive income for the period of 3 months ended 31 March 2023	-	-	(248)	58 398	58 150	(9)	58 141
Retained earnings/losses carried forward to non-distributed financial result	-	231 832	-	(231 832)	-	-	-
Incentive programme	-	-	1 899	-	1 899	-	1 899
Control of subsidiaries	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	-	-
At 31 March 2023	447 558	974 467	14 196	58 398	1 494 619	344	1 494 963

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	<i>Initial (share) capital</i>	<i>Other capitals</i>		<i>Net profit/ (loss)</i>	<i>Total capitals allocated to controlling shareholders</i>	<i>Non-controlling shares</i>	<i>Total equity</i>
		<i>Supplementary, reserve capital and retained earnings</i>	<i>Other capitals</i>				
At 1 January 2022	447 558	790 444	8 461	153 946	1 400 409	-	1 400 409
<i>Net profit /(Loss) for 2022</i>	-	-	-	231 832	231 832	(1)	231 831
<i>Other comprehensive income for 2022</i>	-	-	968	-	968	-	968
Comprehensive income for 2022	-	-	968	231 832	232 800	(1)	232 799
Retained earnings carried forward to non-distributed financial result	-	36 381	-	(36 381)	-	-	-
Incentive programme	-	-	3 116	-	3 116	-	3 116
Control of subsidiaries	-	(354)	-	-	(354)	354	-
Dividend payment	-	(83 836)	-	(117 565)	(201 401)	-	(201 401)
At 31 December 2022	447 558	742 635	12 545	231 832	1 434 570	353	1 434 923

CONSOLIDATED QUARTERLY REPORT

	Initial (share) capital	Other capitals		Net profit/ (loss)	Total capitals allocated to controlling shareholders	Non-controlling shares	Total equity
		Supplementary, reserve capital and retained earnings	Other capitals				
As at 1 January 2022	447 558	790 444	8 461	153 946	1 400 409	-	1 400 409
<i>Net profit/(loss) for the period of 3 months ended 31 March 2022</i>	-	-	-	13 057	13 057	-	13 057
<i>Other comprehensive income for the period of 3 months ended 31 March 2022</i>	-	-	425	-	425	-	425
Comprehensive income for the period of 3 months ended 31 March 2022	-	-	425	13 057	13 482	-	13 482
Retained earnings carried forward to non-distributed financial result	-	153 946	-	(153 946)	-	-	-
Incentive programme	-	-	2 906	-	2 906	-	2 906
Allocation to dividend payment	-	-	-	-	-	-	-
As at 31 March 2022	447 558	944 390	11 792	13 057	1 416 797	-	1 416 797

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CONSOLIDATED CASH FLOW STATEMENT

	Note	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022
A. Cash flow from operating activities			
I. Gross profit/(loss)		72 512	15 731
II. Total adjustments		43 257	185 954
1. Depreciation/amortisation		551	466
2. Profit/ (Loss) due to exchange adjustments		(145)	8 150
3. Interest and profit sharing (dividends)		11 646	9 172
4. Share in profit (loss) of entities recognised at equity		722	129
5. Profit (Loss) from investment properties		4 477	(17 769)
6. Movements in reserves		868	(7 673)
7. Movements in inventories		8 654	(85 221)
8. Movements in receivables		(7 415)	31 361
9. Movements in current payables, except loans and bonds		7 999	92 450
10. Movements in prepayments and accruals		(20 190)	178 025
11. Other adjustments		36 090	(23 136)
III. Net cash flows from operating activities (I+II)		115 769	201 685
1. Income tax paid		(1 378)	(5 373)
IV. Net cash flows from operating activities		114 391	196 312
B. Cash flows from investing activities			
I. Receipts		15 356	445 565
1. Disposal of real estate investments		-	391 072
2. Other receipts from financial assets		15 356	54 493
II. Expenditure		(34 404)	(12 183)
1. Acquisition of intangible assets and tangible fixed assets		(662)	(631)
2. Investment in real property		(1 019)	(4 337)
3. Expenditure on acquisition of financial assets		(32 723)	(7 215)
4. Acquisition of shares		-	-
III. Net cash flows from investing activities (I+II)		(19 048)	433 382
C. Cash flows from financing activities			
I. Receipts		180 000	1 055
1. Credits and loans		-	1 055
2. Issue of debt securities		180 000	-
II. Expenditure		(52 726)	(242 831)
1. Repayment of credits and loans		(1 249)	(198 522)
2. Redemption of debt securities		(37 890)	(37 496)
3. Repayment of finance lease payables		(145)	(130)
4. Interest		(13 442)	(6 683)
5. Dividends paid to controlling shareholders		-	-
III. Net cash flows from financing activities (I+II)		127 274	(241 776)
D. Total net cash flows (A.III + B.III + C.III)		222 617	387 918
E. Movements in cash disclosed in the statement of financial position		222 617	387 918
F. Cash and cash equivalents at the beginning of the period		352 119	332 754
G. Cash and cash equivalents at the end of the period, of which: (F+D)		574 736	720 672
- at limited disposal		20	20

CONSOLIDATED QUARTERLY REPORT**ADDITIONAL INFORMATION AND EXPLANATORY NOTES****2.1 General information about Develia S.A. Capital Group**

Develia S.A. Capital Group ("Group", "Develia Group") consists of Develia S.A. and its subsidiaries. The composition of the Group is presented in Note 2.2.

Develia S.A. (the "Parent company", "Company", "Issuer") was established by way of a Notarial Deed of 3 March 2006. The registered office of the Parent company is located in Wrocław at ul. Powstańców Śląskich 2-4. The Parent company is entered into the register of businesses of the National Court Register (KRS) maintained by the District Court for Wrocław-Fabryczna in Wrocław, 4th Commercial Division of the National Court Register under KRS number 0000253077. The Parent company was assigned statistical business registration number (REGON) 020246398.

The duration of the activities of the Parent company and other entities forming the Capital Group is not specified. The core business areas of the Group are:

- PKD 6420Z Activities of holding companies
- PKD 68.20.Z Renting and operating of own or leased real estate
- PKD 41.10.Z Development of construction projects related to the erection of buildings
- PKD 68.10.Z Buying and selling of own real estate
- PKD 41.20.Z Construction works related to the erection of residential and non-residential buildings

In the reporting period and at the date of the financial statements there was no parent company controlling Develia S.A.

The condensed interim consolidated financial statements of Develia Group cover a period of 3 months ended 31 March 2023. A detailed description of elements of the consolidated financial statements is presented in Note 2.6.

2.2 Composition of the Group

At 31 March 2023 and 31 December 2022, Develia S.A. Capital Group consisted of the following fully consolidated subsidiaries and co-subsidiaries measured at equity:

Company name	Registered office	Effective interest of Develia S.A.	
		31 March 2023 Share in capital	31.12.2022 Share in capital
Subsidiaries			
Arkady Wrocławskie S.A.	Wrocław	100%	100%
Develia Wrocław S.A.	Wrocław	100%	100%
Develia Warszawa Sp. z o.o.	Wrocław	100%	100%
Kraków Zielony Złocień Sp. z o.o.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest I Sp. z o.o.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest II Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest VII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest IX Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest X Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XI Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XII Sp. z o.o.	Wrocław	100%	100%

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LC Corp Invest XV Sp. z o.o.	Wrocław	100%	100%
4resident Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XVII Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k.	Wrocław	100 % (indirectly)	100 % (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 4 Sp. k.	Wrocław	100 % (indirectly)	100 % (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 7 Sp. k.	Wrocław	100 % (indirectly)	100 % (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 8 Sp. k.	Wrocław	100 % (indirectly)	100 % (indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k.	Wrocław	100 % (indirectly)	100 % (indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XV Sp. z o.o. Investments S.K.A.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
Develia Invest Sp. z o.o.	Wrocław	100%	100%
LC Corp Service S.A.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
Flatte Sp. z o.o.	Warsaw	76,47%	76,47%

Joint subsidiaries

Projekt Ciszewskiego Sp. z o.o.	Warsaw	80%	80%
Projekt Myśliborska Sp. z o.o.	Warsaw	80%	80%
Projekt Lizbońska Sp. z o.o.	Warsaw	80%	80%
Projekt Ciszewskiego Sp. z o.o. Sp. k.	Warsaw	80 % (directly and indirectly)	80 % (directly and indirectly)
Projekt Myśliborska Sp. z o.o. Sp. k.	Warsaw	80 % (directly and indirectly)	80 % (directly and indirectly)
Projekt Lizbońska Sp. z o.o. Sp. k.	Warsaw	80 % (directly and indirectly)	80 % (directly and indirectly)
Malin Development 1 Sp. z o.o.	Warsaw	25%	-

At 31 March 2023 and at 31 December 2022, the Parent company's share in the total number of votes in subsidiaries was equal to its share in the capital of such subsidiaries.

2.3 Change in the structure of the Group**Acquisition and sale of subsidiaries**

On 20 January 2023, according to the investment agreement of 24 October 2022, Develia S.A. acquired 25% of the shares of Malin Development 1 sp. z o.o. In Warsaw, with the share capital of PLN 5,000, from Hillwood Malin Development Logistics, LLC in USA, the total value of which was PLN 1,250.

Apart from the above, during the 3-month period ended 31 March 2023, companies from the Group did not acquire or sell any economic entities.

New entities created and changes within the Group:

Apart from the above, in the period of 3 months ended 31 March 2023 the Group's composition did not change.

2.4 Composition of the Management Board of the parent company

At 1 January 2023 and 31 March 2023, the composition of the Management Board of Develia S.A. was as follows:

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

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2.5 Approval of the condensed interim consolidated financial statements

These condensed interim consolidated financial statements of the Group for the period of 3 months ended 31 March 2023 were approved by the Management Board on 17 May 2023.

2.6 Principles adopted for the preparation of the quarterly report

These condensed interim consolidated financial statements of Develia Group contain:

- the consolidated statement of financial position at 31 March 2023 and comparative data at 31 December 2022;
- the consolidated statement of comprehensive income for the first quarter of 2023, i.e. the period of 3 months incrementally from 1 January 2023 to 31 March 2023 and comparative data for the corresponding period of the previous year, i.e., from 1 January 2022 to 31 March 2022;
- the consolidated cash flow statement for the first quarter of 2023, i.e. the period of 3 months incrementally from 1 January 2023 to 31 March 2023 and comparative data for the corresponding period of the previous year, i.e., from 1 January 2022 to 31 March 2022;
- the consolidated statement of changes in equity at 31 March 2023 and comparative data at 31 March 2022 and at 31 December 2022;
- explanatory notes to the consolidated financial statements.

Additional information and other information within the scope defined in article 66 of the Regulation of the Minister of Finance of 29 March 2018 concerning current and interim reporting by issuers of securities and the terms and conditions of harmonisation of the information required under regulations applicable in non-member states, forming part of this Consolidated Quarterly Report for 2023 Q1 is given in section 4.

The accompanying condensed interim consolidated financial statements of Develia Group have been prepared in compliance with the International Financial Reporting Standards as adopted by the EU ("IFRS"), and in particular with International Accounting Standard No. 34.

As at the date of approval of these statements for publication, taking into account the IFRS implementation pending in the EU and the activities of the Group, to the extent of accounting principles applied by the Group, the International Financial Reporting Standards differ from the International Financial Reporting Standards as adopted by the EU.

The IFRS include standards and interpretations approved by the International Accounting Standards Committee (IASC) and the International Financial Reporting Interpretations Committee (IFRIC).

These condensed interim consolidated financial statements were prepared at historical cost, except investment properties that were measured at fair value.

The condensed interim consolidated financial statements are presented in thousands of Polish zloty ("PLN"), and all values in tables and descriptions are given in thousands of Polish zloty ("PLN") unless specified otherwise.

These condensed interim consolidated financial statements were prepared on the assumption that the Group's companies will continue as a going-concern in the foreseeable future. As at the date of approval of these financial statements no circumstances indicating any risk to continuing as a going concern were identified for the Group's companies.

The condensed interim consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in connection with the consolidated financial statements of the Group for the year ended 31 December 2022 that were published on 30 March 2023.

Information about accounting principles adopted by the Group was presented in the annual consolidated financial statements of Develia Group for the year ended 31 December 2022 and published on 30 March 2023.

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2.7 Information concerning significant estimates and professional judgement

The management board of the parent company used the best of its knowledge concerning the applied standards and interpretations as well as methods and rules of valuation of respective items of the accompanying condensed consolidated financial statements. In order to prepare the financial statements in compliance with the IFRS, the Management Board of the Company was required to make certain estimates and assumptions as reflected in these statements. Actual results can differ from these estimates. The presented financial data pertaining to the period of 3 months ended 31 March 2023 were not audited.

Professional judgement

In the process of applying the accounting principles (policy) to terms indicated below, apart from the accounting estimates, the most important was the professional judgement of the management.

Identification of the moment when risk is transferred to the customer upon sale of residential and commercial premises

The identification of the moment when risk is transferred to the customer is determined by the moment of recognising revenues from the sale of residential and commercial (service) premises.

During the sale of residential and commercial premises the risk is transferred to the customer after all of the following conditions are met:

- (i) a permit to use the buildings is obtained;
- (ii) 100% value of the premises indicated in the developer's agreement or in the pre-sale contract is paid;
- (iii) the customer accepts the premises by way a delivery certificate;
- (iv) a developer agreement or a notarial deed transferring the ownership title is signed.

The conditions presented in (ii) are also deemed satisfied if the price is partially financed with the support of the state, according to the Act of 27 September 2013 on state aid to young people in purchasing their first flat (Flat for the Young), subject to confirmation from the bank financing the customer that funds have been reserved (last instalment of the payment) for such purpose and existence of a relevant provision in the agreement with the developer.

Classification of lease contracts

The Group follows lease classification rules according to IFRS 16.

Uncertainty of estimates

Basic assumptions regarding the future and other key sources of uncertainty at the balance sheet date connected with a material risk of a significant adjustment in the balance sheet value of assets and liabilities in the following financial year are discussed below.

Deferred tax asset

The Group recognises the deferred tax asset based on an assumption that in the future it will achieve tax profit that will make it possible to utilise it. Worse tax results in the future could make this assumption unreasonable. The deferred income tax is presented in Note 2.18.

Fair value of investment property

At the end of each quarter of the financial year the Group will independently measure the fair value of investment property in EUR based on a model of capitalisation of investment or maintain the valuation in EUR prepared by an independent expert at the end of the preceding year (unless significant circumstances to update the valuation exist). As the end of each financial year the fair value of investment properties will be determined or verified by an independent property expert. At 31 March 2023, investment property is measured based on expert appraisals. Land in Malin near Wrocław is also presented under Investment property. The value of the land in Malin was presented in the value indicated in the expert's appraisal, estimated by comparing real estates in pairs according to alternative legal status,

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assuming the purpose of real estate in the study of spatial planning conditions and directions according to the postulated changes. As the end of each financial year the fair value of investment properties will be determined or verified by an independent property expert. Investment property and assets available for sale are presented in Note 2.14.

Fair value of forward financial instruments

The fair value of forward financial instruments measured at fair value through profit or loss is determined at the last day of each quarter of the specific financial year and at the end of each financial year based on the valuation by a professional appraiser of such financial information (e.g. a bank) or based on a financial model.

Fair value of IRS and CAP financial instruments

The fair value of IRS and CAP instruments subject to cash flow hedge accounting is determined at the last day of every quarter of the specific financial year and at the end of each financial year based on the valuation by a professional appraiser of such financial information (e.g. a bank).

Impairment losses on inventories

At the end of each reporting period the Management Board will evaluate the impairment of pending developer projects by analysing sales reports, market survey and other available evidence. If a risk of impairment exists, the value of such projects will be estimated using the DCF approach to determine the amounts of impairment losses on inventories. The DCF approach is based on discounted cash flows generated with the adopted project schedules and receipts from the sale of premises taking into account the arm's length selling price of 1 m² of the usable area of the residential buildings. The discounting rate is based on the weighted average cost of third party and equity capital (WACC).

The amount of impairment losses was estimated at 31 March 2023 and can change depending on the fluctuations of arm's length prices of land, sales of apartments, costs of construction, project schedules and calculation of the discount rates in the future. Actual results can differ from estimates calculated according to data available at the date of their preparation. This is also associated with an uncertainty regarding correct estimation of market conditions in the following years. As a consequence, the values of impairment losses can change in subsequent financial periods. Inventories and impairment losses on inventories are presented in Note 2.15.

Tax treatment uncertainty

Regulations concerning goods and services tax, corporate income tax and social insurance burdens are often subject to change. These frequent changes result in the lack of adequate points of reference, inconsistent interpretations and few established precedents which could be applicable. The regulations in force also contain ambiguities causing difference of opinions regarding legal interpretation of fiscal regulations both between different state authorities and between state authorities and businesses.

Tax settlements and other (for instance customs or currency) areas can be subject to audit by authorities empowered to impose high penalties and fines and any additional tax payables determined as a result of the audit must be paid along with high interest. These events make the tax risk in Poland higher than compared to risk in countries with a more mature tax system.

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

As of 15 July 2016, changes were implemented in the Act on the Rules for Taxation incorporating the provisions of the General Anti-Abuse Rule (GAAR). The function of GAAR is preventing the formation and use of artificial legal structures created for the avoidance of tax payment in Poland. GAAR defines tax avoidance as an action aiming, in the first place, to achieve tax advantage, which in specific circumstances is contrary to the object and purpose of the act on taxation. According to GAAR such an action does not result in tax advantage if the manner of action was artificial. Any (i) unjustified splitting of operations, (ii) involvement of intermediaries despite the lack of financial or economic reasons, (iii) elements offsetting or cancelling each other out, and (iv) other elements operating similar to the above-mentioned can be treated as a condition for artificial actions subject to GAAR. New regulations will require considerably more judgement in the evaluation of the tax effects of respective transactions.

GAAR must be applied with reference to transactions taking place after its effective date and transactions preceding the effective date of GAAR but with regard to which advantages were or have still been achieved after the effective date of GAAR. The implementation of the above-mentioned provisions will make it possible for Polish tax audit

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authorities to challenge the provisions and agreements implemented by taxpayers including restructuring and reorganisation of the group insofar as they are associated with the above-mentioned clause.

The Group recognises and measures current and deferred income tax assets and liabilities applying the provisions of IAS 12 Income taxes based on taxable profit (tax loss), taxable base, accumulated tax losses, unused tax credits and tax rates, while considering assessment of tax treatment uncertainty.

The table below presents balance sheet changes in items described above at 31 March 2023 and at 31 December 2022:

	31 March 2023	31.12.2022
Deferred tax asset	15 545	15 106
Investment property measured at fair value	81 940	81 940
Fixed assets classified as assets held for sale measured at fair value	532 104	534 898
Fair value of forward financial instruments	-	-
Fair value of IRS and CAP instruments	426	770
Deferred tax reserve	(78 711)	(70 540)
Impairment loss on inventories	(53 499)	(53 499)

2.8 Significant accounting principles (policy)

The accounting principles (policy) applied in preparing these consolidated financial statements are consistent with those applied in preparing the Group's consolidated financial statements for the year ended 31 December 2022, except the principles described below. The following amendments to IFRS were applied to these consolidated financial statements as of their effective date:

- **IFRS 17 "Insurance Contracts"** with subsequent amendments to IFRS 17 published by IASB in June 2020 and in December 2021 – as adopted by the EU on 19 November 2021 (applicable to annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 "Presentation of Financial Statements"** – disclosures regarding the applied accounting policy as adopted by the EU on 2 March 2022 (applicable with reference to annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of estimates as adopted by the EU on 2 March 2022 (applicable with reference to annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 12 "Income Taxes"** – Deferred Tax related to assets and liabilities arising from a single transaction (applicable with reference to annual periods beginning on or after 1 January 2023),

The implementation of the above-mentioned standards and amendments to the existing standards had no material impact on the financial statements of Develia S.A. Capital Group.

2.9 New standards and interpretations issued but not yet effective.

New standards and amendments to existing standards issued by IASB but not yet adopted by the EU

The IFRS, as adopted by the EU, show no material differences in comparison to the regulations issued by the International Accounting Standards Board (IASB), except the below-mentioned new standards and amendments to standards which, at the date of publication of these financial statements, were not yet adopted for use by the EU (the following effective dates refer to full versions of standards):

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- **Amendments to IAS 1 “Presentation of Financial Statements”** – Classification of liabilities as current or non-current (applicable with reference to annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 “Presentation of Financial Statements”** – Non-current liabilities with covenants (applicable with reference to annual periods beginning on or after 1 January 2024),
- **Amendments to IFRS 16 “Leases”** – Lease liabilities related to sale and leaseback (applicable with reference to annual periods beginning on or after 1 January 2024),
- **IFRS 14 “Regulatory Deferral Accounts”** (applicable to annual periods beginning on or after 1 January 2016) – the European Commission decided not to commence the procedure for adopting this interim standard in the EU before the final version of IFRS 14 is released,
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investment in Associates and Joint Ventures”** – Sale or contribution of assets between the investor and its associate or joint venture and subsequent amendments (effective date deferred until the end of research works on the equity method).

The Group is verifying the impact of the above-mentioned standards on the financial situation, the Group's operating results and the scope of information presented in the financial statements.

The Group estimates that the above-mentioned standards and amendments to existing standards would not have had any material impact on the financial statements if they had been adopted by the Group at the balance sheet date.

Still, the regulations adopted by the EU do not include hedge accounting of financial assets and liabilities since related rules have not been approved by the EU.

The Group estimates that the application of hedge accounting to the portfolio of financial assets or liabilities according to IAS 39 "Financial Instruments: Recognition and Measurement" would not have a material impact on the financial statements if it was adopted for application at the balance sheet date.

2.10 Seasonality or circularity in the activities of Develia S.A. Capital Group

The activities of Develia S.A. Capital Group are not seasonal. Its activities are connected with investment cycles of developer projects, in particular it is visible in recognition of revenue from the sale of residential and service premises that according to IFRS 15 is recognised only after generally all risks and benefits connected with the specific premises are transferred onto the customer and the revenue can be measured in a reliable manner. As a consequence, the profit or loss from sale in the specific period depends on the value of premises handed over to customers as defined above.

2.11 Revenue from sales and costs of operating activities

	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022
Revenues from the rental of office space and commercial and service centre and related services	12 410	20 885
Revenues from the sale of services (IFRS 16)	12 410	20 885
Income from sales of residential and service premises	244 814	76 674
Other	-	-
Revenues from the sale of goods and materials (IFRS 15)	244 814	76 674
Total revenues	257 224	97 559

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	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022
Depreciation/amortisation	551	466
Consumption of materials and energy	1 770	2 924
Outsourced services, of which:	5 827	8 773
- <i>Services in commercial facilities (cleaning, repairs, protection, agency etc.)</i>	1 973	6 394
- <i>IT and communications services</i>	501	351
- <i>Real property audit and market analyses</i>	940	937
- <i>Legal and tax consultancy services</i>	347	585
Taxes and levies	1 733	1 951
Payroll	9 510	11 883
Social insurance and other benefits	1 620	1 785
Other costs according to type	2 208	2 549
Movements in products and work in progress	160 459	55 095
Total	183 678	85 426
Own sales cost	166 980	68 245
Cost of sales and distribution	5 597	5 578
General and administrative expenses	11 101	11 603
Total	183 678	85 426

Employee share scheme

In 2021, the Company launched an incentive scheme for members of the Management Board and the key personnel of the Company. The scheme will cover the years from 2021 to 2024. Under this scheme, every year the Management Board and the Supervisory Board will allocate the relevant part of capital instruments (warrants) to key personnel and to members of the Management Board, respectively, exchangeable to the (parent) Company's shares provided that relevant terms and conditions of entitlement are met.

Over three months ended 31 March 2023, the Capital Group recognised PLN 1 899 000 in the cost of payroll due to the incentive scheme granted, as set out in IFRS 2. In 2021 and 2022, the Capital Group recognised PLN 3 116 000 and PLN 4 309 000, respectively, in the cost of payroll.

2.12 Financial income and expenses

	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022
Income from bank interest	4 931	555
Surplus of positive over negative exchange adjustments	520	-
Valuation of derivative instruments	301	-
Valuation of and earnings from financial instruments	1 505	83
Other	3	2
Financial income	7 260	640

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	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022
Interest, commissions on bonds and loans (non-capitalised)	3 689	4 173
Interest on lease	498	421
Valuation of and losses from financial instruments	-	590
Surplus of negative over positive exchange adjustments	-	10 522
Valuation of derivative instruments	10	28
Costs of taxes on increasing the capitals of subsidiaries	37	-
Other	88	84
Financial expenses	4 322	15 818

2.13 Investment in joint ventures measured at equity

The following table presents the value of investments in joint ventures, being joint arrangements, measured at equity:

	31 March 2023	31 December 2022
Projekt Lizbońska Sp. z o.o. Sp. k.	43 375	43 947
Projekt Lizbońska Sp. z o.o.	-	-
Projekt Ciszewskiego Sp. z o.o. Sp. k.	36 557	36 716
Projekt Ciszewskiego Sp. z o.o.	-	-
Projekt Myśluborska Sp. z o.o. Sp. k.	3 034	3 025
Projekt Myśluborska Sp. z o.o.	-	-
Malin Development 1 Sp. z o.o.	-	-
TOTAL	82 966	83 688

Selected financial data of joint ventures from the profit and loss account

Selected data from the profit and loss account	Revenue from sales	Net profit (loss)
Projekt Lizbońska Sp. z o.o. Sp. k.	452	(572)
Projekt Lizbońska Sp. z o.o.	-	-
Projekt Ciszewskiego Sp. z o.o. Sp. k.	-	(159)
Projekt Ciszewskiego Sp. z o.o.	-	-
Projekt Myśluborska Sp. z o.o. Sp. k.	-	9
Projekt Myśluborska Sp. z o.o.	-	-
Malin Development 1 Sp. z o.o.	-	-
TOTAL	452	(722)

Selected financial data of joint ventures from the statement of financial position

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	Projekt Lizbońska Sp. z o.o. Sp. k.	Projekt Lizbońska Sp. z o.o.	Projekt Ciszewskiego Sp. z o.o. Sp. k.	Projekt Ciszewskiego Sp. z o.o.	Projekt Myśluborska Sp. z o.o. Sp. k.	Projekt Myśluborska Sp. z o.o.	Malin Development 1 Sp. z o.o.
Fixed assets	2 056	-	1 251	-	100	-	586
Current assets, of which:	87 983	-	55 363	1	3 764	-	141
- cash and cash equivalents	23 485	-	7 367	1	116	-	10
TOTAL ASSETS	90 039	-	56 614	1	3 864	-	727
Non-current payables, of which:	13 410	-	-	-	-	-	432
- non-current financial liabilities	13 410	-	-	-	22	-	432
Current payables, of which:	22 410	36	10 918	33	71	33	366
- current financial liabilities	-	-	-	-	-	-	-
TOTAL liabilities	49 230	36	10 918	33	93	33	1 230
Shareholders' equity	54 219	(36)	45 696	(32)	3 793	(33)	(71)
Percentage share of Develia S.A. Group	80%	80%	80%	80%	80%	80%	25%
Develia S.A. Group's share of net assets	43 375	-	36 557	-	3 034	-	-

Develia S.A. Capital Group thoroughly analysed the JV agreement concluded with Grupo Lar Holding Polonia Sp. z o.o. Based on the analysis, in particular of the provisions regarding the unanimity of both parties to the agreement in making all essential decisions of the companies covered by the agreement, despite 80% of capital involved in individual companies covered by the JV agreement, in the consolidated financial statements of Develia S.A. Capital Group, investments were classified as joint arrangements (joint ventures) and are measured at equity.

2.14 Investment property and Fixed assets classified as assets held for sale

Investment property

At 31 March 2023, the Group's investment property comprises: Wrocław Kolejowa and investment grounds in Malin:

31 March 2023	Value in EUR	Value in PLN	RPUL adjusted according to IFRS 16	TOTAL
Investment property projects in progress				
Wrocław, Kolejowa	N/A	43 685	4 881	48 566
Malin	N/A	81 940	-	81 940
				130 506

At 31 March 2023, the Group also presented the land in Malin near Wrocław and the Wrocław Kolejowa project under Investment property. The value of the land in Malin was presented in the value indicated in the expert's appraisal, estimated by comparing real estates in pairs according to alternative legal status, assuming the purpose of real estate in the study of spatial planning conditions and directions according to the postulated changes.

The value of the Kolejowa project in Wrocław was presented at the amount of expenditure incurred.

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31.12.2022	Value in EUR	Value in PLN	RPUL adjusted according to IFRS 16	TOTAL
Investment property projects in progress				
Wrocław, Kolejowa	N/A	42 968	4 883	47 851
Malin	N/A	81 940	-	81 940
				129 791

The table below presents the reconciliation of the balance sheet value of investment properties in the period ended 31 March 2023 and 31 December 2022:

	Period of 3 months ended 31 March 2023	Year ended 31 December 2022
At the beginning of the reporting period	129 791	451 660
Right of perpetual usufruct recognised and accounted for in compliance with IFRS 16	(2)	474
Capital expenditure incurred	792	20 390
Reclassified to fixed assets classified as assets held for sale	-	(321 775)
Revaluation of the fair value of the real estate (change in EUR/PLN exchange rate)	-	6 453
Revaluation of the fair value of the real estate (including due to changes in appraisal in EUR, finishing works and costs of sale)	(75)	(27 411)
As at the end of the reporting period	130 506	129 791

Fixed assets classified as assets held for sale

At 31 March 2023, the real estates such as: the Wola Retro office building in Warsaw and the Arkady Wrocławskie shopping and office centre in Wrocław were presented as fixed assets held for sale.

31 March 2023	Value in EUR	Value in PLN	RPUL adjusted according to IFRS 16	Real property selling cost	TOTAL
Fixed assets classified as assets held for sale					
Wola Retro	69 286	323 947	14 404	(19 459)	318 892
Arkady Wrocławskie	42 400	198 242	14 970	-	213 212
					532 104

At 31 March 2023, the fair value of the Wola Retro investment property was determined based on the preliminary agreement of sale of the Wola Retro office building, as EUR 69 791 000. In addition, provisions were established on estimated costs related to the real estate sold, amounting to PLN 19 163 000.

On 4 February 2022, the Issuer and the Issuer's subsidiary – Arkady Wrocławskie S.A., together with an international investor in commercial property, signed a letter of intent concerning the potential sale of the perpetual usufruct right and property right to land in Wrocław in the quarter comprising Powstańców Śl. Street. Swobodna Street, Komandorska Street and Nasypowa Street with, among other buildings, the multi-functional Arkady Wrocławskie building. Having signed the letter of intent, the Issuer, AW (Arkady Wrocławskie) and the buyer started negotiating the terms and conditions of sale of the Real Estate. During the pending negotiations, the parties determined the initial real

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estate selling price as EUR 42 400 000. The above price can change during the pending negotiations. The completion of negotiations and conclusion of the preliminary sales agreement are planned in Q2 2023.

At 31 December 2022, the Arkady Wrocławskie real estate was presented at the initial selling price determined in the course of negotiations between parties to the agreement, that is, EUR 42 400 000.

The Group also commissioned a professional real estate appraisal, which showed the following values of the real estate: the fair value of the Arkady Wrocławskie investment property was determined based on a professional real estate appraisal (value: EUR 37 603 000, which is equivalent to PLN 176 354 000. The input data taken into account in the appraisal included: investment plans, information concerning planned spatial development with plans, descriptions and budgets and environmental surveys. The income-based approach and the investment method are based on an assumption that the value of real estate is determined by income in the form of rent attainable from the real estates and the rate of capitalisation. Income from real property is due to rental agreements and in case of free areas arm's length rent is used. The rate of return, known as the rate of capitalisation, is determined by analysing similar transactions in the market in the specific financial year. The valuation is denominated in the currency of invoiced rent, i.e. in EUR and is converted into PLN at the average exchange rate of the National Bank of Poland at the end of the specific accounting period. The essential assumptions of the appraisal report include: initial yield: 9.20%, market risk: 0.35%, rate of capitalisation: 8.44%, discount rate: 8.44%. the fair value of land located in Wrocław at Komandorska Street was determined based on a professional real estate appraisal (value: EUR 4 180 000, which is equivalent to PLN 19 603 000. The essential assumptions of the appraisal report include: price of comparable land at the level of PLN 3,560-8,646 /m².

On 17 January 2023, the Issuer's subsidiary - Arkady Wrocławskie S.A. decided to close down the "Arkady Wrocławskie" Shopping Centre as of 29 February 2024. Therefore, the Issuer commissioned a professional real estate appraiser to perform an additional appraisal of individual value including the effect of the decision to close down the "Arkady Wrocławskie" Shopping Centre with a special assumption that new residential and office buildings for rent will be constructed according to a new building development concept. The individual value of the real estate was estimated as 41 310 000. The essential assumptions of the appraisal report include: structural level of vacancies: 5.0%, initial rate of return - PRS: 6.00%, initial rate of return - office: 6.25%.

According to the Management Board of Develia S.A., the above-described valuation does not significantly differ from the real estate value recorded in the books based on the initial selling price.

31.12.2022	Value in EUR	Value in PLN	RPUL adjusted according to IFRS 16	Real property selling cost	TOTAL
Fixed assets classified as assets held for sale					
Wola Retro	69 791	327 313	13 626	(19 163)	321 776
Arkady Wrocławskie	42 400	198 851	14 271	0	213 122
					534 898

Sale of the Wola Retro building in Warsaw

On 26 January 2023, the Issuer's subsidiary - LC Corp Invest XVII sp. z o.o. Projekt 22 Sp. k. ("P22"), acting as seller, and WR Office Sp. z o.o. in Warsaw, acting as buyer ("Buyer") – a company associated with Adventum Fund Management Ltd. in Budapest, concluded a preliminary agreement ("Preliminary Agreement") of sale of the right of perpetual usufruct of the real estate in Warsaw at Skierniewicka and Siedmiogrodzka Streets, including the ownership of buildings and structures making the Wola Retro office complex ("Real Estate"), and the property of tangible and intangible assets appurtenant to the Real Estate ("Transferred Assets"). The parties determined a rough total selling price as EUR 69 790 713.34 plus due tax on goods and services (VAT), which can be adjusted to include (i) the net value of contributions for tenants for finishing works or coverage of the costs of finishing works according to tenancy agreements concluded at the date of the Preliminary Agreement, (ii) the net value of unpaid rent rebates granted in

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connection with tenancy agreements concluded at the date of the Preliminary Agreement, and (iii) the value of costs associated with the findings of the completed due diligence (the "Price"). The full Price will be paid on the date of the Promised Contract. The rough selling price set out in the letter of intent concluded by the parties on 13 October 2022 was adjusted, as agreed, to include the cost of renewal of tenancy agreements with the key tenants, which happened between the signing of the letter of intent and the Preliminary Agreement, which the Buyer agreed to incur and which decreased the selling price.

The promised contract was concluded on 27 April 2023 ("Promised Contract"), as described in 2.35.

Signing of the letter of intent concerning the sale of Arkady Wrocławskie in Wrocław

On 4 February 2022, the Issuer and the Issuer's subsidiary – Arkady Wrocławskie S.A., together with an international investor in commercial property, signed a letter of intent concerning the potential sale of the perpetual usufruct right and property right to land in Wrocław in the quarter comprising Powstańców Śl. Street. Swobodna Street, Komandorska Street and Nasypowa Street with, among other buildings, the multi-functional Arkady Wrocławskie building. Having signed the letter of intent, the Issuer, AW (Arkady Wrocławskie) and the buyer started negotiating the terms and conditions of sale of the Real Estate. In this letter of intent, the Parties agreed on a rough total selling price of the Real Estate, that is, PLN 210 0000 00.00. The end of the legal audit and conclusion of the preliminary agreement is planned after, respectively, 12 and 17 weeks of the commencement of the audit, and the signing of the promised contract is scheduled not later than 30 September 2022. However, in connection with the prolonged negotiations, the date of concluding the preliminary agreement was postponed until the end of Q2 2023. Other provisions of the letter of intent, including those referring to the terms and conditions of transaction, do not differ from the standard provisions of such documents.

Profit/ (Loss) from investment properties

The following table presents a reconciliation of Profit/(Loss) from investment properties as presented in the consolidated statement of comprehensive income:

	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022
Revenue from the sale of real estates	-	391 072
Value of real estates sold	-	(391 072)
Changes in the PLN value of real estates in the period	-	-
Changes in the EUR value of real estates in the period	(2 361)	-
Change in real estate value due to changes in EUR/PLN exchange rates in the period	(1 616)	17 902
Change in real estate value due to expenditure incurred in the period	(417)	(133)
Revaluation of provisions related to the sale of real estates	(296)	-
Adjustment due to linear treatment of revenues from rental	(27)	443
Total	(4 717)	18 212

The following table presents detailed changes in Profit/ (Loss) from investment property over the period of 3 months ended 31 March 2022:

Period of 3 months ended 31 March 2023	Arkady Wrocławskie	Sky Tower	Wola Retro	Malin	TOTAL
Revenue from the sale of real estates	-	-	-	-	-
Value of real estates sold	-	-	-	-	-
Changes in the PLN value of real estates in the period	-	-	-	-	-
Changes in the EUR value of real estates in the period	-	-	(2 361)	-	(2 361)

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Change in real estate value due to changes in EUR/PLN exchange rates in the period	(611)	-	(1 005)	-	(1 616)
Change in real estate value due to expenditure incurred in the period	(31)	-	(311)	(75)	(417)
Revaluation of provisions related to the sale of real estates	-	-	(296)	-	(296)
Adjustment due to linear treatment of revenues from rental	234	-	(261)	-	(27)
Total	(408)	-	(4 234)	(75)	(4 717)

2.15 Information about impairment losses on inventories bringing them to the recoverable value and reversal of the corresponding expenses

Inventories

	31 March 2023	31 December 2022
Work in progress	1 507 102	1 419 750
Finished products	128 955	227 711
RPUL adjusted according to IFRS 16	65 775	63 236
Impairment losses on inventories	(53 499)	(53 499)
Other inventories	229	18
Total inventories	1 648 562	1 657 216

At 31 March 2023, borrowing costs of PLN 86 682 000 were capitalised in the value of inventories (PLN 84 111 000 at 31 December 2022).

Impairment losses on inventories changed as follows:

	Period of 3 months ended 31 March 2023	Year ended 31 December 2022
At the beginning of the reporting period	53 499	53 572
Increase	-	-
Utilised	-	(73)
Decrease	-	-
At the end of the reporting period	53 499	53 499

At 31 March 2023 and at 31 December 2022 none of the components of inventories was subject to pledge or mortgage, except for mortgage described in 2.30.5.

2.16 Information about impairment losses on financial assets, tangible fixed assets, intangible assets or other assets and reversal of the corresponding expenses

	31 March 2023	31 December 2022
Trade receivables	22 667	11 496
Budget receivables (w/o income tax)	3 325	3 331

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Receivables from the blockades of cash in escrow accounts related to timely service of credits	2 365	4 819
Other receivables from third parties	1 128	1 741
Total receivables (net)	29 485	21 387
Adjusted by future revenues (*)	(1 663)	(1 597)
Impairment loss on receivables	(6 710)	(6 275)
Gross receivables	37 858	29 259

(*) At 31 March 2023 and 31 December 2022, the Group disclosed receivables due to accrued penalties and indemnities amounting to PLN 1 663 000 and PLN 1 597 000, respectively, less related future revenues.

Trade receivables at 31 March 2023 and 31 December 2022 with maturity up to 1 year, are presented below according to their maturity:

	31 March 2023	31 December 2022
up to 1 month	26 122	16 911
from 1 to 3 months	2 042	321
from 3 to 12 months	1 213	539
Total current trade and other payables	29 377	17 771

Budget receivables (w/o income tax) are payable within up to 1 month.

Receivables from the blockades of cash in escrow accounts related to timely service of credits are payable within up to 1 month.

In the period of 3 months ended 31 March 2023 there were no significant changes in impairment losses on financial assets, tangible fixed assets, intangible assets, land classified as fixed assets and other assets, except impairment losses on trade receivables and other receivables presented in the table below:

	Period of 3 months ended 31 March 2023	Year ended 31 December 2022
Beginning of the period	6 275	6 078
Increase	627	1 798
Utilised	(57)	(812)
Decrease	(135)	(789)
End of the period	6 710	6 275

2.17 Information on created, increased, utilised and reversed provisions

The amounts of reserves and provisions and reconciliation representing movements in the reporting period are presented in the table below:

	Severance payments, health pensions, death benefits	Disputes and litigation	Provisions related to sale of investment property	Other	Total
At 1 January 2023	423	2 101	14 946	6 701	24 171
Created	-	5	-	1 706	1 711

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Reclassified	-	-	-	-	-
Utilised	-	(14)	(236)	(589)	(839)
Reversed	(4)	-	-	-	(4)
At 31 March 2023, of which:	419	2 092	14 710	7 818	25 039
- long-term	419	-	13 776	164	14 359
- short-term	-	2 092	934	7 654	10 680

2.18 Information about deferred tax reserves and assets

Deferred income tax follows from the following items:

	Statement of financial position			Deferred tax charge for the period ended	
	31 March 2023	31 December 2022	1 January 2022	31 March 2023	31 December 2022
Deferred tax reserve					
Accrued interest, discounts on loans, bonds, bills and deposits	(19 323)	(17 651)	(11 091)	(1 672)	(6 560)
Valuation of investment property	(16 089)	(16 844)	-	755	(16 844)
Difference in the value of fixed assets (tax and balance sheet depreciation)	(7 441)	(7 011)	(55 767)	(430)	48 756
Difference in the value of other assets (tax and balance sheet)	(39 158)	(39 712)	(15 267)	554	(24 445)
Other	(11 885)	(10 272)	(319)	(1 613)	(9 953)
Gross deferred tax reserve	(93 896)	(91 490)	(82 444)		
Deferred tax assets					
Valuation of investment property	-	-	18 513	-	(18 513)
Provisions, liabilities and accruals	3 416	4 491	4 594	(1 075)	(103)
Accrued interest, discounts on borrowings, bonds, bills	10 402	9 572	7 864	830	1 708
Exchange adjustments	1 026	1 109	6 295	(83)	(5 186)
Difference in the value of other assets (tax and balance sheet)	-	-	-	-	-
Losses deductible from future taxable income	13 834	18 880	5 305	(5 046)	13 575
Debt financing costs to be accounted for in 5 years	1 956	1 956	1 797	-	159
Other	96	48	194	48	(146)
Gross deferred tax assets	30 730	36 056	44 562		
Charge due to deferred income tax				(7 732)	(17 552)

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Net deferred tax asset	15 545	15 106	10 052
Net deferred tax reserve	(78 711)	(70 540)	(47 934)

With regard to the specific nature of activities related to generating deferred tax income, the Group activates tax losses from the achievement of tax income taking into account tax regulations referring to options of accounting for such losses. The amount of the asset due to tax losses recognised under deferred tax is presented in the table above.

At 31 March 2023, the Group analysed the recoverability of actual and potential deferred tax assets and did not create a deferred tax asset, among other things, due to tax losses of companies amounting to ca. PLN 5 635 000 (ca. PLN 5 392 000 at 31 December 2022, respectively) and the costs of debt financing amounting to PLN 5 013 000 (PLN 5 013 000 at 31 December 2022, respectively) that can be utilised within up to five years from the end of the reporting period in which they were created. In addition, the Group did not create a deferred tax asset amounting to PLN 27 555 000, referring to interim differences in the balance sheet and the tax value of respective assets and liabilities (PLN 28 222 000 at 31 December 2022, respectively).

2.19 Information on significant tangible fixed assets purchasing and selling transactions

In the period of 3 months ended 31 March 2023, the Group purchased tangible fixed assets (i.e. property, plant and equipment) worth PLN 55 000 (in the year ended 31 December 2022: PLN 2 406 000).

In the period of 3 months ended 31 March 2023, the Group did not sign any new contracts for the lease of passenger cars.

In the period of 3 months ended 31 March 2023, the Group did not record any significant transactions involving the sale of property, plant and equipment.

At 31 March 2023, no significant contractual obligations to purchase property, plant and equipment existed.

2.20 Information on significant liabilities due to purchasing tangible fixed assets

At 31 March 2023, no significant liabilities occurred due to purchasing property, plant and equipment.

2.21 Financial assets

Short-term securities

	Rate of interest	Maturity	31 March 2023	31 December 2022
Commercial bonds (mLeasing sp. z o.o.)	zero-coupon bonds	14-04-2023	9 866	-
Covered bonds (PLPKOHP00066)	Covered bonds (PLPKOHP00066)	27.06.2023	14 051	14 049
Bonds of PKO BP Bank Hipoteczny PLO2192000360	3M WIBOR + 0.6%	19.05.2023	6 003	6 000
Commercial bonds (Factoring Santander sp. z o.o.)	1M WIBOR + 0.1%	15.08.2023	22 545	15 000
Total short-term securities			52 465	35 049

Short-term securities - changes in the period	31 December 2022	Purchase	Redemption	Result in the period	31 March 2023
Commercial bonds (mLeasing sp. z o.o.)	-	9 866	-	-	9 866
Covered bonds (PLPKOHP00066)	14 049	-	-	2	14 051
Bonds of PKO BP Bank Hipoteczny PLO2192000360	6 000	-	-	3	6 003

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Commercial bonds (Factoring Santander sp. z o.o.)	15 000	22 500	(15 000)	45	22 545
TOTAL	35 049	32 366	(15 000)	50	52 465

Other financial assets

	31 March 2023	31 December 2022
Participation units of investment funds	27 559	26 692
Bank deposits above 3 months	-	-
Cash in open-end escrow accounts	31 385	67 728
Total other financial assets	58 944	94 420

Investment funds

Participation units of investment funds	31 December 2022	Purchase	Redemption/ Remittance	Exchange	Result in the period	31 March 2023
QUERCUS Short-Term Debt Sub-Fund	4 135	-	-	-	166	4 301
QUERCUS Capital Protection Sub-Fund	2	-	-	-	-	2
Allianz Specialised Open-End Investment Fund / Allianz Trezor	3 054	-	-	-	88	3 142
Allianz Specialised Stable Income Open-End Investment Fund (formerly Aviva)	5 084	-	-	-	140	5 224
GAMMA PARASOL BIZNES Specialised Umbrella Open-End Investment Fund	9 516	-	-	-	358	9 874
Allianz Specialised Open-End Investment Fund / Allianz Inflation Bonds	4 901	-	-	-	115	5 016
TOTAL	26 692	-	-	-	867	27 559

At the balance sheet date, the participation units of investment funds are measured at market price. The effects of increase or decrease in the participation units of investment funds measured at market price (value) are presented in financial revenues or expenses, respectively. Participation units of open-end debt investment funds have no specified maturity and can be redeemed any time.

Escrow accounts

Escrow accounts - changes	Period of 3 months ended 31 March 2023	Year ended 31 December 2022
At the beginning of the reporting period	67 728	49 174
Payments from customers in the period	194 263	995 292
Funds released in the period	(230 606)	(976 738)
As at the end of the reporting period	31 385	67 728

Cash in open-end escrow accounts is generated in the process of sale and completion of developer's projects in compliance with the developer's act. An open-end escrow account makes it possible for the developer to disburse the accumulated funds in the course of construction works. The following tranches are paid out according to the project schedule, that is, after the completion of subsequent stages of the construction.

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Cash and cash equivalents

	31 March 2023	31 December 2022
Cash at hand and at banks	104 885	35 808
Bank deposits	469 851	316 311
Total cash and cash equivalents, of which:	574 736	352 119
– at limited disposal	20	20

The following table shows the maturity of bank deposits presented under Cash:

Term deposits - maturity dates	31 March 2023	31 December 2022
up to 1 month	314 938	316 311
from 1 to 3 months	154 913	-
Total bank deposits	469 851	316 311

2.22 Information on significant litigation accounts

At 31 March 2023, no significant court litigation, arbitration or administrative proceedings are pending with regard to liabilities or claims of Develia S.A. or its subsidiaries the value of which would be significant from the point of view of the financial position of the Group's companies. The subsidiaries of Develia S.A. are parties to court and administrative proceedings the value of which, however, has no significant impact on their business operations or financial condition. Other litigation mostly refers to claims of the subsidiaries of Develia S.A. sought from their debtors. Provisions for litigation are presented in Note 2.17.

2.23 Adjustments due to errors from previous periods

In the period of 3 months ended 31 March 2023, there were no adjustments due to errors from previous periods.

2.24 Information on changes in the economic situation and conditions of business activity having a significant impact on the fair value of the Group's financial assets and financial liabilities, irrespective of whether such assets and liabilities are recognised at fair value or at adjusted purchasing price (amortised cost)

High fluctuations in the exchange rate of EUR are reflected in significant changes in the valuation of assets/liabilities denominated in EUR (i.e. commercial property and corresponding loans) translated into PLN at the mean exchange rate of NBP at the end of each accounting period. The situation on financial markets is also very significant in terms of valuation of IRS and CAP instruments disclosed in the statement of comprehensive income.

The table below illustrates the sensitivity of net profit/loss on possible fluctuations in the exchange rate of EUR and the measurement of the fair value of assets and loans in EUR, assuming that other factors remain unchanged. With regard to high instability of the exchange rate of Euro recently the sensitivity of the financial result is presented with a change by PLN 0.20.

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	Increase/decrease in the exchange rate in PLN	Impact on net profit/loss in k PLN	Impact on equity in k PLN
31 March 2023	+ 0,20	11 160	11 160
	- 0,20	(11 160)	(11 160)
31 December 2022	+ 0,20	11 197	11 197
	- 0,20	(11 197)	(11 197)
31 March 2022	+ 0,20	11 229	11 229
	- 0,20	(11 229)	(11 229)

2.25 Information on failure to repay credits or loans or infringement of material provisions of the credit or loan agreement, with reference to which no remedial measures were undertaken until the end of the reporting period

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

2.26 Information concerning a single or multiple transactions concluded by the Issuer or its subsidiary with related parties if concluded otherwise than at arm's length

In the discussed reporting period, the Issuer and its subsidiaries did not enter into any transactions with related parties otherwise than at arm's length.

Transactions with the Group's related parties are presented in 2.27.

2.27 Transactions with related parties

31 March 2023

Related party	Sales to related parties	Purchases from related parties	Accounts receivable from related parties (trade and financial)	Accounts payable to related parties (trade and financial)	Financial income (interest)	Financial expenses (interest, discounts)
Shareholders	-	-	-	-	-	-
Entities related through shareholders	-	-	-	-	-	-
Management Board and Supervisory Board						
The Management Board of the parent company and subsidiaries	-	1 090 (*) 19 (**)	-	- 5(**)	-	-
The Supervisory Board	-	209 (*)	-	-	-	-

(*) Remuneration paid

(**) Other purchases

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31 December 2022

<i>Related party</i>	Sales to related parties	Purchases from related parties	Accounts receivable from related parties (trade and financial)	Accounts payable to related parties (trade and financial)	Financial income (interest)	Financial expenses (interest, discounts)
Shareholders	-	-	-	-	-	-
Entities related through shareholders	-	-	-	-	-	-
Management Board and Supervisory Board						
The Management Board of the parent company and subsidiaries	-	8 572 (*) 81 (**)	-	- 5(**)	-	-
The Supervisory Board	-	768 (*)	-	-	-	-

(*) Remuneration paid

(**) Other purchases

31 March 2022

<i>Related party</i>	Sales to related parties	Purchases from related parties	Accounts receivable from related parties (trade and financial)	Accounts payable to related parties (trade and financial)	Financial income (interest)	Financial expenses (interest, discounts)
Shareholders	-	-	-	-	-	-
Entities related through shareholders	-	-	-	-	-	-
Management Board and Supervisory Board						
The Management Board of the parent company and subsidiaries	-	2 622 (*) 9 (**)	-	-	-	-
The Supervisory Board	-	181 (*)	-	-	-	-

(*) Remuneration paid

(**) Other purchases

2.28 Information on changes in the method of determining the fair value for financial instruments measured at fair value

None.

2.29 Information on changes in the classification of financial assets due to a change in the purpose or use of such assets

None.

2.30 Financial liabilities**2.30.1 Interest-bearing bank loans and bonds**

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Non-current (long-term)	Entity	Rate of interest	Maturity	31 March 2023	31 December 2022
Bank loan in EUR (a)	Arkady Wrocławskie S.A.	3M EURIBOR + margin	31-12-2023	-	-
Bank loan in EUR (b)	LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. (Wola Retro)	3M EURIBOR + margin	19-11-2027	124 780	126 477
Bank loan in EUR (c)	Develia S.A.	1M WIBOR + margin	28-11-2024	-	-
Bank loan in PLN (d)	Develia S.A.	1M WIBOR + margin	28-04-2024	-	-
Bank loan in PLN (e)	Develia S.A.	3M WIBOR + margin	12-04-2024	-	-
Bank loan in PLN (f)	Develia S.A.	3M WIBOR + margin	15-12-2024	-	-
Bond scheme (g)	Develia S.A.	3M WIBOR + margin	22-05-2023	-	-
Bond scheme (h)	Develia S.A.	3M WIBOR + margin	06-10-2023	-	-
Bond scheme (i)	Develia S.A.	3M WIBOR + margin	10-05-2024	119 880	149 473
Bond scheme (j)	Develia S.A.	3M WIBOR + margin	08-10-2024	99 607	99 542
Bond scheme (k)	Develia S.A.	3M WIBOR + margin	20-12-2025	15 169	15 144
Bond scheme (l)	Develia S.A.	3M WIBOR + margin	27-03-2026	178 626	-
				538 062	390 636

Current (short-term)	Entity	Rate of interest	Maturity	31 March 2023	31.12.2022
Bank loan in EUR (a)	Arkady Wrocławskie S.A.	3M EURIBOR + margin	31.12.2023	50 497	50 634
Bank loan in EUR (b)	LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. (Wola Retro)	3M EURIBOR + margin	31.03.2024	5 279	5 279
Bank loan in EUR (c)	Develia S.A.	1M WIBOR + margin	31.03.2024	-	-
Bank loan in PLN (d)	Develia S.A.	1M WIBOR + margin	31.03.2024	-	-
Bank loan in PLN (e)	Develia S.A.	3M WIBOR + margin	31.03.2024	-	-
Bank loan in PLN (f)	Develia S.A.	3M WIBOR + margin	31.03.2024	-	-
Bond scheme (g)	Develia S.A.	3M WIBOR + margin	22-05-2023	60 625	60 650
Bond scheme (h)	Develia S.A.	3M WIBOR + margin	07-04-2023 / 07-10-2023	63 131	71 580
Bond scheme (i)	Develia S.A.	3M WIBOR + margin	11-05-2023	1 533	2 125
Bond scheme (j)	Develia S.A.	3M WIBOR + margin	08-04-2023	2 155	2 285
Bond scheme (k)	Develia S.A.	3M WIBOR + margin	20-06-2023	46	51
Bond scheme (l)	Develia S.A.	3M WIBOR + margin	27-06-2026	197	-
				183 463	192 604

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- (a) Loan incurred by the company Arkady Wrocławskie in EUR on 28 February 2008 from a consortium of banks: ING Bank Śląski S.A. and Santander Bank Polska S.A. On 29 December 2017, the Company and Santander Bank Polska S.A. concluded an annex to the syndicated loan agreement of 28 February 2008 extending the period of financing granted under the loan agreement. The amount of the granted loan agreed in the concluded annex is EUR 25 000 000 and the date of repayment of the loan is 31 December 2022. Prior to signing the above-mentioned annex, on 27 December 2017 Arkady Wrocławskie S.A. signed an annex to the loan agreement with ING Bank Śląski S.A. and Santander Bank Polska S.A. as a consortium of lending banks, pursuant to which ING Bank Śląski S.A. transferred to Santander Bank Polska S.A. its own receivables from the loan granted to the Company by the consortium of banks, and Santander Bank Polska S.A. accepted such a transfer, thus becoming the sole lender. At that time, all titles, rights and claims (including all collaterals) as well as all risks and obligations in connection with the loan were assigned to Santander Bank Polska S.A. On 21 March 2019, Arkady Wrocławskie S.A. partially repaid the bank loan amounting to EUR 5 million to Santander Bank Polska S.A. granted under the syndicated loan agreement concluded on 28.02.2008 including subsequent annexes thereto. On 28 March 2019, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. signed an annex to the loan agreement of 28.02.2008 to reassess the amount of exposure and change the repayment schedule. On 27 April 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. concluded an annex to the loan agreement of 28 February 2008 as amended in which payments of the principal amount due on 31 March 2020 and 30 June 2020 were deferred until the final loan repayment date, i.e., 31 December 2022. In addition, pursuant with this annex, the Bank gave up the verification of debt service ratios for first two quarters of 2020. On 29 July 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. concluded an annex to the loan agreement of 28 February 2008 as amended, pursuant to which payments of the principal amount due on 30 September 2020 and 31 December 2020 were deferred until 31 July 2020. In addition, pursuant to this annex, the Bank gave up the verification of debt service ratios for the third and fourth quarter of 2020. On 31 July 2020 the principal of the loan was repaid in the amount of EUR 875 000. On 27 August 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. concluded an annex to the loan agreement of 28 February 2008 as amended, pursuant to which the dates of repayment of the principal amount due on 31 March 2021 and 30 June 2021 were changed to 31 August 2020. On 31 August 2020 the principal of the loan was repaid in the amount of EUR 437 500. On 28 September 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. concluded an annex to the loan agreement of 28 February 2008, as amended, in which the date of repayment of the principal amount due on 30 September 2021 was changed to 30 September 2020. On 30 September 2020 the principal of the loan was repaid in the amount of EUR 218 750. On 27 October 2020, Arkady Wrocławskie S.A. and Santander Bank Polska S.A. concluded an annex to the loan agreement of 28 February 2008 as amended, in which the date of repayment of the principal amount due on 31 December 2021 was changed to 30 September 2020. On 30 September 2020 the principal of the loan was repaid in the amount of EUR 218 750. On 30 November 2020, the Company and Santander Bank Polska S.A. concluded an annex to the loan agreement of 28 February 2008 as amended, in which the date of payment of the principal amount due on 31 March 2021 was changed to 30 November 2020. On 30 November 2020 the principal of the loan was repaid in the amount of EUR 109 375 000. On 28 December 2020, the Company and Santander Bank Polska S.A. concluded an annex to the loan agreement of 28 February 2008 as amended, in which the dates of payments of the principal amount due on 30 September 2021, 31 December 2021 and 31 March 2022 were changed to 31 December 2020. On 29 December 2020 the principal of the loan was repaid in the amount of EUR 328 125 000. On 30 June 2021, the Company and Santander Bank Polska S.A. concluded an annex to the loan agreement of 28 February 2008 as amended, in which the date of repayment of the principal amount due on 31 December 2021 was changed to 30 November 2021. On 30 June 2021 the principal of the loan was repaid in the amount of EUR 109 375 000. On 23 November 2021, the Company and Santander Bank Polska S.A. concluded an annex to the loan agreement of 28 February 2008 as amended, in which the date of repayment of the principal amount due on 31 March 2022 was changed. On 29 October 2021 the principal of the loan was repaid in the amount of EUR 328 125 000. On 8 June 2022, the Company and Santander Bank Polska S.A. concluded an annex to the loan agreement of 28 February 2008, as amended, in which the Bank discontinued the verification of WALT until the end of Q3 2022. On 30 June 2022, the principal amount of the loan of EUR 875 000 was repaid. On 28 September 2022, the Company and Santander Bank Polska S.A. concluded an annex to the loan agreement of 28 February 2008, as amended, in

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which the Bank discontinued the verification of WALT until the end of Q4 2022. On 29 December 2022, the Company and Santander Bank Polska S.A. concluded an annex to the loan agreement of 28 February 2008, as amended, in which the Bank postponed the term of repayment until 31 December 2023, discontinued the conclusion of Collar transactions and discontinued the verification of ratios such as: WALT, LTV, Forecast Debt Service Ratio and Historical Debt Service Ratio until the end of Q4 2023. On 29 December 2022, the principal of the loan was repaid in the amount of EUR 1 000 000.

- (b) The loan in LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. contracted under the agreement of 20 December 2017 with a consortium of banks formed by mBank Hipoteczny S.A. and mBank S.A. up to EUR 34 187 000 for partial financing of the Wola Retro project in Warsaw. On 28 October 2020, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. and mBank S.A. concluded a loan agreement up to the amount equivalent to EUR 34 187 000 EUR, for repayment of the existing debt with mBank S.A. and mBank Hipoteczny S.A. following from the loan agreement of 20.12.2017 as amended and for financing or refinancing the costs connected with construction of the office building "Wola Retro". The above-mentioned Agreement was concluded in connection with conversion of building loan into investment loan and a change of lenders (mBank Hipoteczny S.A. and mBank S.A. were replaced by mBank S.A. as lender). On 29 March 2021, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. concluded an annex to the loan agreement of 28 October 2020 in which the term of loan availability was postponed from 28 April 2021 to 30 September 2021. Other provisions of the annex regulated new terms and conditions of using the loan and concluding interest rate risk hedging transactions. On 31 May 2021, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. concluded an annex to the loan agreement of 28 October 2020 in which the parties changed the terms and conditions of interest rate risk hedging transactions by reducing the minimum term of transaction from five to two years including the obligation to renew the matured transaction for another period of minimum two years. On 27 September 2021, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. concluded an annex to the loan agreement of 28 October 2020 in which the term of loan availability was postponed from 30 September 2021 to 31 March 2022. On 17 March 2022, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. concluded an annex to the loan agreement of 28 October 2020 in which the term of loan availability was postponed from 31 March 2022 to 30 June 2022. On 24 June 2022, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. concluded an annex to the loan agreement of 28 October 2020 in which the term of loan availability was postponed from 30 June 2022 to 31 December 2022. On 22 December 2022, LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. concluded an annex to the loan agreement of 28 October 2020 in which the term of loan availability was postponed from 31 December 2022 to 31 December 2023.
- (c) Credit contracted by Develia S.A. from mBank S.A. under a revolving loan agreement of 3 December 2020, amounting to PLN 35 million, for financing the running operations of the company. The appointed final repayment date was 1 December 2022. After the balance sheet date, on 1 April 2021, Develia S.A. and mBank S.A. concluded an annex to the revolving loan agreement of 3 December 2020 which supplemented the list of loan repayment collaterals and allowed the company utilising the full credit amount up to PLN 35 million. On 2 December 2022, Develia S.A. concluded annex no. 2, in which the amount of the loan was increased to PLN 50 million and the term of utilisation was extended until 28 November 2024. On 1 February 2023, Develia S.A. concluded annex no. 3 extending the list of repayment collaterals. On 7 March 2023, Develia S.A. concluded annex no. 4 changing the list of loan collaterals maintaining the maximum utilisable loan amount at PLN 50 million. On 3 April 2023, Develia S.A. and mBank S.A. concluded annex no. 5 to the revolving loan agreement of 3 December 2020, which changed the list of loan repayment collaterals utilising the full credit amount up to PLN 45.7 million. At the date of this report the credit was not released.
- (d) Credit in Develia S.A. contracted on 29 April 2021 from Powszechna Kasa Oszczędności Bank Polski S.A. under an overdraft facility agreement up to PLN 20 million for financing current liabilities due to business activity, including costs of investments (including purchase of land). The appointed final repayment date was 28 April 2022. On 27 April 2022, Develia S.A. and PKO BP S.A. concluded Annex No. 1 to the overdraft facility agreement of 29 April 2021 extending the lending term until 28.04.2023, increasing the credit amount up to PLN 50 million and changing the credit repayment collaterals. On 3 August 2022, Develia S.A. and PKO BP S.A. concluded Annex No. 2 to the overdraft facility agreement of 29 April 2021 making amendments to the provisions regarding repayment collaterals. On 9 November 2022, Develia S.A. and PKO BP S.A. concluded Annex No. 3 to the overdraft facility agreement of 29 April 2021 revising the provisions regarding financial pledge and registered pledge. On 24 November 2022, Develia S.A. and PKO BP S.A. concluded Annex No. 4 amending the provisions

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regarding repayment collaterals. On 1 March 2023, Develia S.A. and PKO BP S.A. concluded Annex No. 5 extending the term of utilisation of the credit until 28 April 2024. On 26 April 2023, Develia S.A. and PKO BP S.A. concluded Annex No. 6 extending the term for establishing mortgage. At the date of this report the credit was not released.

- (e) The credit contracted by Develia S.A. on 12 April 2022 from Santander Bank Polska S.A. under a credit facility agreement of up to PLN 30 million, allocated to current financing of its operations, including developer's activity. The final repayment date was appointed as 12 April 2024. On 11 October 2022, Develia S.A. and Santander Bank Polska S.A. concluded Annex No. 1 to the credit facility agreement of 12 April 2022 specifying the provisions regarding some definitions and collaterals for credit transactions. At the date of this report the credit was not released.
- (f) Credit in Develia S.A. contracted on 23 December 2022 from Alior Bank S.A. under a loan agreement up to PLN 79.83 million for financing or refinancing costs incurred in connection with the developer's project "Aleje Praskie Stage II Phase 6" in Warsaw. At the date of this report the credit was not released.
- (g) Coupon bonds – issue of 22 May 2019, 60 000 uncollateralised 4-year coupon bonds with the value of PLN 1 000 each and total par value of PLN 60 000 000 under the Bond Issue Scheme agreement signed with mBank S.A. in Warsaw, to be redeemed on 22 May 2023.
- (h) Coupon bonds – issue of 7 October 2020, 70 000 uncollateralised 3-year coupon bonds with the value of PLN 1 000 each and total par value of PLN 70 000 000 under the Bond Issue Scheme agreement signed with mBank S.A. in Warsaw to be redeemed on 6 October 2023. On 14 March 2023, Develia S.A. acquired 8200 bonds for redemption. The amount of bonds for redemption at 6 October 2023 is PLN 61 800 000.
- (i) Coupon bonds – issue of 11 May 2021, 150 000 uncollateralised 3-year coupon bonds with the value of PLN 1 000 each and total par value of PLN 150 000 000 under the Bond Issue Scheme agreement signed with mBank S.A. in Warsaw, to be redeemed on 10 May 2024. On 16 March 2023, Develia S.A. acquired 26,690 bonds for redemption. The amount of bonds for redemption at 10 May 2024 is PLN 120 310 000.
- (j) Coupon bonds – issue of 8 October 2021, 100 000 uncollateralised 3-year coupon bonds with the value of PLN 1 000 each and total par value of PLN 100 000 000 under the Bond Issue Scheme agreement signed with mBank S.A. in Warsaw, to be redeemed on 8 October 2024.
- (k) Coupon bonds – issue of 20 December 2022, 15 442 uncollateralised 3-year coupon bonds with the value of PLN 1 000 each and total par value of PLN 15 442 000 under the Bond Issue Scheme organisation agreement signed with Michael / Ström Dom Maklerski S.A. in Warsaw, to be redeemed on 20 December 2025.
- (l) Coupon bonds – issue of 27 March 2023, 180 000 uncollateralised 3-year coupon bonds with the value of PLN 1 000 each and total par value of PLN 180 000 000 under the Bond Issue Scheme agreement signed with mBank S.A. in Warsaw, to be redeemed on 27 March 2026.

Respective loans and bonds assigned to operating segments are presented in Note 2.38.

The weighted average interest rate on bonds within a period of 3 months ended 31 March 2023 and in 2022 was, respectively: 10.61% and 8.10%. The weighted average interest rate on credits and loans within a period of 3 months ended 31 March 2023 and in 2022 was, respectively: 3.99% and 3.42%.

Credits, loans and bonds payable according to maturity are presented below (the presented amounts are not inclusive of valuation at the balance sheet date):

	<1 month	1-3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Bonds (WIBOR)	3 630	62 487	61 800	220 310	195 442	-	-	-	543 669
Bank loan in EUR (EURIBOR)	-	-	50 554	-	-	-	-	-	50 554
Bank loan in EUR (EURIBOR)	-	-	-	-	-	-	-	-	-
Bank loan in EUR (EURIBOR)	436	875	3 986	5 431	5 568	5 709	107 994	-	129 999
Bank loan in PLN (WIBOR)	-	-	-	-	-	-	-	-	-

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Bank loan in PLN (WIBOR)

-	-	-	-	-	-	-	-	-
4 066	63 362	116 340	225 741	201 010	5 709	107 994	-	724 222

2.30.2 Derivative instruments payable

At 31 March 2023 and 31 December 2022, the fair value of IRS, CAP/FLOOR and forward transactions is as follows:

	Nominal value of transactions in foreign currency [in '000]	Balance sheet (fair) value of instruments		Date of realisation	
		Financial assets	Financial liabilities	From	To
CAP option [EUR]	13 311	408	-	07.06.2021	26.06.2023
CAP option [EUR]	578	18	-	27.01.2022	26.06.2023
TOTAL at 31 March 2023		426	-		

Valuation of hedging instruments is treated as level 2 of the hierarchy for determining and disclosing fair value. In the period of 3 months ended 31 March 2023 and in 2022 there were no movements from level 1 to level 3 of the fair value hierarchy.

2.30.3 Issue and redemption of capital securities

On 14 March 2023, the Issuer acquired 8200 three-year unsecured, dematerialised coupon bonds of LCC1023OZ4 series, ISIN code PLO112300010, each with a par value of PLN 1,000, out of 70,000 bonds issued on 7 October 2020, to be redeemed on 6 October 2023 as indicated in the terms and conditions of issue.

On 14 March 2023, the Issuer and mBank S.A. concluded an annex to the programme agreement of 2 October 2018 (as amended) ("Programme Agreement") in which the amount of the multiple bonds issue programme under the Programme Agreement was increased from PLN 400,000,000.00 to PLN 600,000,000.00 ("Issue Programme"). With the above-described annex, the brokerage office Biuro Maklerskie mBank S.A. acceded to the Programme Agreement as a dealer in addition to mBank S.A. The annex to the Programme Agreement also aligns the Programme Agreement and the documentation of the Issue Programme with the amended provisions of laws applicable to Bonds issued under the Programme. Bonds issued under the amended Issue Programme will be offered for purchase according to article 33 paragraph 1 or 2 of the Act on Bonds of 15 January 2015.

On 16 March 2023, the Issuer acquired 29,690 three-year unsecured, dematerialised coupon bonds of DVL100524 series, ISIN code PLO112300028, each with a par value of PLN 1,000, out of 150,000 bonds issued on 11 May 2021, to be redeemed on 11 May 2024 as indicated in the terms and conditions of issue.

On 20 March 2023, the Management Board resolved to issue 180,000 unsecured ordinary bearer bonds of DVL0326OZ7 series, each with a par value of PLN 1,000 and the maximum total par value of PLN 180,000,000, issued under the Bond Issue Programme Agreement, signed with mBank S.A. and Biuro Maklerskie mBank S.A., up to the total (par) value of issued and non-redeemed bonds amounting to PLN 600,000,000. On 27 March 2022, the Company issued 180,000 three-year uncollateralised coupon bonds, each with a par value of PLN 1,000, totalling PLN 180,000,000, to be redeemed on 27 March 2026.

On 27 March 2023, the Issuer issued 180,000 three-year uncollateralised coupon bonds with a par value of PLN 1,000 each, totalling PLN 180,000,000, under the Bond Issue Programme Agreement signed with mBank S.A. in Warsaw, to be redeemed on 27 March 2026.

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1. In the period of 3 months ended 31 March 2023, Arkady Wrocławskie S.A. did not repay, as scheduled, instalments of a loan contracted in EUR with Santander Bank Polska S.A. At 31 March 2023, the total value of the debt in Polish zloty was PLN 50,497,000.
2. In the period of 3 months ended 31 March 2023, LC Corp Invest XVII Spółka z ograniczoną odpowiedzialnością Projekt 22 Sp. k., according to the loan agreement concluded with mBank S.A. for partial financing of the Wola Retro project in Warsaw, repaid loan instalments amounting to PLN 1,249,000. At 31 March 2023, the total value of the debt in Polish zloty was PLN 130,059,000.

2.30.5 Collaterals

The groups of main loan repayment collaterals established at 31 March 2023 are presented below:

Collaterals to loans granted to Develia S.A.

1. Collaterals to the revolving loan agreement concluded on 3 December 2020 by Develia S.A. with mBank S.A.
 - contractual mortgage up to PLN 75,000,000 on real estates owned or perpetually used by Develia S.A. and its subsidiary - LC Corp Invest XV Sp. z o.o. Investments S.K.A.,
 - declaration of Develia S.A. on voluntary submission to enforcement according to article 777 paragraph 1 point 5 of the Civil Procedure Code up to PLN 75,000,000,
 - declaration of LC Corp Invest XV Sp. z o.o. Investments S.K.A. on voluntary submission to enforcement from the mortgaged real estates according to article 777 paragraph 1 point 6 of the Civil Procedure Code,
 - blank promissory note with a declaration as a legal security of the guarantee amounting to PLN 28 million granted by Bank Gospodarstwa Krajowego to secure repayment of the loan granted by mBank S.A. until 1 March 2023.
2. Collaterals to the revolving loan agreement concluded on 29 April 2021 by Develia S.A. with Powszechna Kasa Oszczędności Bank Polska S.A.
 - joint mortgage up to PLN 75,000,000 on real estates owned or perpetually used by Develia S.A. and its subsidiary - LC Corp Invest XV Sp. z o.o. Investments S.K.A.,
 - declaration of voluntary submission to enforcement to be conducted by PKO BP SA up to PLN 75,000,000 according to article 777 paragraph 1 point 5 of the Civil Procedure Code in the form of a notarial deed,
 - financial pledge and registered pledge with the maximum collateral amount of PLN 75,000,000 on cash in the current account.
3. Collaterals to the revolving loan agreement concluded on 12 April 2022 by Develia S.A. with Santander Bank Polska S.A.:
 - mortgage up to PLN 45,000,000 on real estates owned or perpetually used by Develia S.A. and its subsidiary - Develia Wrocław S.A.,
 - declaration of voluntary submission to enforcement according to article 777 paragraph 1 point 5 of the Civil Procedure Code up to PLN 45,000,000,
 - financial and registered pledge up to the maximum collateral amount of PLN 45,000,000 on the rights to cash in the borrower's bank accounts maintained with Santander Bank Polska S.A.,
 - power of attorney granted by the Company to the bank to collect cash from the borrower's bank accounts,
 - declaration of voluntary submission to enforcement from encumbered assets, that is, mortgaged real estate, according to article 777 paragraph 1 point 6) of the Civil Procedure Code, up to PLN 45,000,000,
4. Collaterals to the non-revolving loan agreement concluded on 23 December 2022 by Develia S.A. with Alior Bank S.A.:
 - blank promissory note, including promissory note agreement,

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- mortgage up to PLN 119,745,000 on the real estate in Warsaw at ul. Podskarbińska 32-34, plot reg. no. 2/4, land and mortgage register (KW) number WA6M/00530452/6, including assignment from the construction risk insurance policy, and upon completion of the project, including an assignment of rights from the real property insurance policy,
- declaration of voluntary submission to enforcement according to article 777 paragraph 1 point 5 of the Civil Procedure Code up to PLN 159,660,000,
- authorisation granted by the Company to the bank to collect cash from the borrower's bank accounts,
- transfer agreement as a collateral of cash receivable under agreements linked to the project,
- financial and registered pledge on all bank accounts of the borrower and registered pledge on receivables from the housing escrow account,
- notarised authorisation to the Bank to sell the premises under the financed project if the loan is not repaid, in order to satisfy credit claims,
- allocate the present and future loans granted for the project purposes to repayment.

Collaterals of loans granted to Projekt Lizbońska Sp. z o.o. Sp.k.

Collaterals for the agreement of a bank loan contracted by Projekt Lizbońska Sp. z o.o. Sp. kom. for the benefit of Alior Bank S.A.:

- registered pledges on the pre-emptive rights and receivables of the limited partner in the borrower's company, each up to PLN 247,455,982.00,
- agreement concerning the guarantee of coverage of excess budget costs referring to the project comprising the construction of a complex of residential multi-family buildings with services, underground garage, standalone transformer station, development of land and necessary technical and road infrastructure, including slip roads at Lizbońska Street, Praga-Południe district in Warsaw, up to PLN 12,770,985.68.

Collaterals for loans granted to finance commercial property

1. Collaterals to the agreement of a bank loan contracted by Arkady Wrocławskie S.A.:
 - capped mortgage (loan in EUR) – up to EUR 37,500,000,
 - pledge on the shares of Arkady Wrocławskie S.A. held by Develia S.A. – up to EUR 37,500,000,
 - registered pledge on bank accounts (loan in EUR) – up to EUR 37,500,000,
 - assignments of rights under rental agreements, insurance and guarantees under agreements with contractors,
 - declaration of submission to enforcement according to article 777 of the Civil Procedure Code in relation to 113,700,000 ordinary registered shares with a par value of 1 PLN each held by Develia S.A. in the share capital of Arkady Wrocławskie S.A., subject to registered pledge under an agreement of financial and registered pledge as a repayment collateral for the secured receivable
 - security deposit of EUR 500,000,
 - corporate guarantee from Develia S.A. as a loan repayment collateral up to EUR 10,812,500 in the period from 24 January 2023 to 30 January 2024.
2. Collaterals to transactions hedging the interest rate risk (COLLAR) (hedging agreement), established by Arkady Wrocławskie S.A.:
 - contractual mortgage up to PLN 8,250,000,
 - declarations on submission to enforcement according to article 777 of the Civil Procedure Code up to a total amount of PLN 8,250,000.
3. Collaterals to the agreement of a bank loan contracted by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k. for mBank S.A.:
 - contractual mortgage on real estates up to EUR 51,280,500.00,

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- subordination agreement concluded by the borrower, the Issuer and other subsidiaries of the Issuer (LC Corp Invest and Sp. z o.o. and LC Corp Invest XVII Sp. z o.o.) as subordinated creditors with the lender as the senior creditor, including transfer to secure all subordinated debt claims,
 - agreements of transfer of rights and receivables due to rental agreements and other agreements related to the investment,
 - registered pledges on the rights and receivables of the general partner and the limited partner of the borrower's partnership having the pari passu status (subject to seniority of pledges established in connection with the refinanced debt), each up to EUR 51,280,500, including submission to enforcement according to article 777 paragraph 1 point 6 of the Civil Procedure Code,
 - registered and financial pledge on all bank accounts of the Borrower having the pari passu status (subject to seniority of pledges established in connection with the refinanced debt), each up to EUR 51,280,500, including authorisations granted to the lender,
 - declarations of the borrower's submission to enforcement by the lender according to article 777 paragraph 1 of the Civil Procedure Code, up to EUR 51,280,500.00,
 - establishing a debt service reserve in an amount corresponding to three mixed principal and interest payments,
 - support agreement with the Issuer containing the Issuer's commitment to provide financial support to the borrower, including to create and reinstitute the Debt Service Reserve after the release of funds, including the Issuer's declaration of voluntary submission to enforcement by the lender in relation to the support agreement up to EUR 560,000.00, under article 777 paragraph 1 point 5 of the Civil Procedure Code,
4. Collaterals for the exchange risk and interest rate risk hedging transactions (hedging agreements) concluded under a framework agreement, established by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k. for the benefit of mBank S.A. to secure a loan agreement:
- exchange risk and interest rate risk hedging agreement collateralised with mortgage on real property amounting up to PLN 32,235,000 (with lower priority directly after mortgage established as a collateral for the agreement).
 - registered pledges on the rights to cash in all bank accounts of the Borrower up to the maximum collateral amount of PLN 32,235,000 for the benefit of mBank S.A.;
 - declarations on submission to enforcement up to PLN 32,235,000 under article 777 of the Civil Procedure Code.

2.30.6 Lease payables

	31 March 2023	31 December 2022
Non-current (long-term)	4 815	4 888
Current (short-term)	64 341	63 902
Total	69 156	68 790

At 31 March 2023, liabilities due to perpetual usufruct of land amounted to PLN 68,573,000.

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The discounted lease payments at 31 March 2023 are presented below by maturity:

	31 March 2023	31 December 2022
up to 1 month	29	28
from 1 to 3 months	2 421	4 022
from 3 to 12 months	2 231	239
from 1 year to 2 years	4 269	4 277
from 2 to 3 years	3 906	3 945
from 3 to 4 years	3 610	3 633
from 4 to 5 years	3 358	3 333
above 5 years	49 332	49 313
Total	69 156	68 790

2.30.7 Trade and other payables*

	31 March 2023	31 December 2022
Trade payables	162 403	155 104
Budget payables (w/o income tax)	5 482	6 287
Security deposits payable	33 981	32 782
Dividend payable	-	-
Other payables	801	495
TOTAL, of which:	202 667	194 668
- long-term	-	-
- short-term	202 667	194 668

Budget payables refer mainly to personal income tax, national social insurance contribution, VAT and civil law taxes. Budget payables are settled within statutory terms.

Deposits payable refer mainly to amounts retained in connection with the performance of developer's projects, and amounts paid by way of reservation of residential premises under the Group's housing investments.

The ageing of trade payables with maturity up to one year, at 31 March 2023, is presented below by maturity date:

	31 March 2023	31 December 2022
up to 1 month	106 748	93 324
from 1 to 3 months	15 655	21 780
from 3 to 12 months	40 000	40 000
Trade payables	162 403	155 104

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2.30.8 Accrued expenses and deferred income

	31 March 2023	31 December 2022
Payroll payable	6 265	11 062
Holiday leave equivalents payable	1 458	1 470
Additional perpetual usufruct fee payable	-	-
Financial statements audit payable	69	355
Other	153	305
Accrued expenses	7 945	13 192
Deferred income from rent payments	168	408
Deferred income from apartment purchase payments	511 510	525 472
Other deferred income	2	11
Deferred income	511 680	525 891
Accrued expenses and deferred income	519 625	539 083

2.30.9 Payables related to fixed assets classified as assets held for sale

At 31 March 2023 and 31 December 2022, payables related to fixed assets classified as held for sale include liabilities due to perpetual usufruct of land related to the investment property Arkady Wrocławskie and Wola Retro, presented as fixed assets held for sale.

2.30.10 Liquidity

The Group aims to maintain balance between the continuity and flexibility of financing by making use of various sources of financing such as bank loans and bonds. The Group has its own funds to secure its ongoing activities and investments but in order to expand its activity it must obtain further financing by concluding bank loans or issuing bonds. The Company aims at aligning the dates of repayment of subsequent instalments with proceeds from the sale of respective projects.

The Group's liquidity is very good – cash and current financial assets ensure timely repayment of current financial payables. Non-current payables mainly comprise loans refinancing the Wola Retro investment property. The repayment of commercial loans is secured by proceeds from investment property (due to tenancy agreements). The realised proceeds from the sales of apartments in the investments in Warsaw, Wrocław, Kraków, Gdańsk, and Katowice are a source of repayment for bonds financing the Group's housing segment.

Respective notes to the consolidated financial statements referring to these categories analyse the maturity of financial assets and liabilities.

2.31 Financial instruments

The following table presents the balance sheet value of all the Group's financial instruments by categories of assets and liabilities in compliance with IFRS 9:

	31 March 2023	31 December 2022
Assets measured at amortised cost	693 737	482 626
Non-current receivables	8 991	9 674
Trade and other receivables (except budget receivables)	26 160	18 056

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Treasury/ commercial bonds	52 465	35 049
Cash in open trust accounts	31 385	67 728
Bank deposits above 3 months	-	-
Cash and cash equivalents	574 736	352 119
Assets measured at fair value through profit or loss	27 559	26 692
Fair value of forward financial instruments	-	-
Participation units of open-end debt investment funds	27 559	26 692
Hedging financial instruments	426	770
Fair value of IRS and CAP instruments	426	770
Financing payables measured at amortised cost	987 866	840 411
Credits and loans payable	180 556	182 390
Bonds payable	540 969	400 850
Lease payable	69 156	68 790
Trade and other payable (except budget payables)	197 185	188 381
Liabilities measured at fair value through profit or loss	-	-
Fair value of forward financial instruments	-	-
Hedging financial instruments	-	-
Fair value of IRS and CAP instruments	-	-

The following table presents a comparison of the balance sheet values and fair values of specific financial instruments:

	31 March 2023		Fair value hierarchy		
	Balance sheet value	Fair value	Level 1	Level 2	Level 3
Assets measured at amortised cost	667 577	667 739	14 026	653 713	-
Non-current receivables	8 991	8 991	-	8 991	-
Treasury/ commercial bonds	52 465	52 627	14 026	38 601	-
Cash in open trust accounts	31 385	31 385	-	31 385	-
Bank deposits above 3 months	-	-	-	-	-
Cash and cash equivalents	574 736	574 736	-	574 736	-
Assets measured at fair value through profit or loss	27 559	27 559	-	27 559	-
Fair value of forward financial instruments	-	-	-	-	-
Participation units of open-end debt investment funds	27 559	27 559	-	27 559	-
Hedging financial instruments	426	426	-	426	-
Fair value of IRS and CAP instruments	426	426	-	426	-
Financing payables measured at amortized cost	721 525	715 234	123 071	592 163	-
Credits and loans payable	180 556	169 978	-	169 978	-
Bonds payable	540 969	545 256	123 071	422 185	-
Liabilities measured at fair value through profit or loss	-	-	-	-	-
Fair value of forward financial instruments	-	-	-	-	-
Hedging financial instruments	-	-	-	-	-
Fair value of IRS and CAP instruments	-	-	-	-	-

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According to IFRS 13, the levels of hierarchy are:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities,
- level 2 – techniques of measurement with directly or indirectly observable inputs
- level 3 – techniques of measurement with non-observable inputs.

In comparison with the preceding reporting period, the Group did not change the financial instruments classification and measurement methods. In the reporting period there were no movements between the fair value hierarchy levels.

2.32 Information on dividends paid (or declared), in total and per share, for equity and preference shares

At the date of publication of this report, the Issuer did not pay or declare a dividend for 2022.

2.33 Effect of the epidemic of COVID-19 on the running operations of the Group:

The Issuer is continually monitoring the development of the impact of the epidemic of SARS-CoV-2 on the Group's activity and is undertaking measures to minimise its negative effects.

In the preceding years the epidemic of Covid-19 caused a delay in issuing administrative decisions, e.g. building permits, due to suspended time limits in administrative proceedings caused by the epidemic and a change in the working mode of public offices. In addition, the epidemic of COVID-19 had a considerable impact on the Group's operations in the commercial sector, which was reflected by revenues and cash flows generated by commercial buildings, and in particular those with a significant share of commercial surfaces – these changes led to a decrease in the value of investment property in 2020-2021.

The situation associated with the introduced epidemic state did not significantly affect revenues and results in the period of 3 months ended 31 2023. However, the epidemic of Covid-19 remains an important risk factor. A sudden increase in the rate of incidence and subsequent potential restrictions can affect the Group's operations. According to the Management Board, it is impossible to estimate the impact of the epidemic, if any, on the Group in the following months.

2.34 Risk associated with the commencement of warfare in Ukraine

Risk factors that could have a negative impact on the Group's activity include warfare commenced by the Russian Federation in Ukraine and the associated undesirable global economic consequences. The now identifiable potential areas of risk in construction and development industry in which the Group operates include:

- possible decrease in demand on the housing market due to the customers' uncertainty about possible scenarios of the development of the current economic and political situation,
- extraordinary increase in the prices of key resources, leading to an increase in prices of key resources for the economy, including prices of construction works, services, equipment and materials,
- limitations in access to construction materials, equipment, services and interruption of or disturbances in the continuity of supplies,
- limited availability of workers from Ukraine due to calling reservists to active military duty and their return to Ukraine in order to take part in military operations,
- increase and risk of continued growth of interest rates,
- the financial standing of borrowers, including their deteriorated credit worthiness and lending policy of banks, is reflected by the position of the Polish Financial Supervision Authority of 7 February 2023, and - as a consequence - the limited availability of housing loans,
- availability and cost of debt financing in connection with the limited demand on the bonds market.

The risk factors identified above had the biggest impact on the operations of Develia Group at the initial stage of the war.

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The Management Board cannot see a possibility to estimate the possible impact of this armed conflict on the future financial performance, but does not find any implications of risks to the Group's companies continuing as a going concern. The Management Board is monitoring a potential impact of the conflict on the Group's operations, the developer's market and the construction market.

2.35 Identification of events occurring after 31 March 2023, not included in these statements, but likely to significantly affect the future financial performance of Develia Capital Group

After the balance sheet date, that is, after 31 March 2023, no significant events not included in these statements and likely to significantly affect the presented financial results occurred, but other events did occur:

- 1) On 3 April 2023, Develia S.A. and mBank S.A. concluded annex no. 5 to the revolving loan agreement of 3 December 2020, which changed the list of loan repayment collaterals utilising the full credit amount up to PLN 45.7 million.
- 2) On 13 April 2023, the partners of the Issuer's co-subsiary - Projekt Lizbońska Sp. z o.o. Sp. k. in Warsaw - resolved to decrease the contributions of the partners (general partner and limited partners) of that company. With their resolution, the contribution of the Issuer (limited partner) was decreased from PLN 45,490,834.00 to PLN 38,898,544.00, that is, by PLN 6,592,290.00.
- 3) On 20 April 2023, a limited liability company Flatte Management Sp. z o.o. in Warsaw, was entered into the National Court Register (KRS). Its share capital amounted to PLN 5,000, and it was incorporated with the articles of association of 18 April 2023. Its sole shareholder is the Issuer's co-subsiary – Flatte Sp. z o.o. in Warsaw.
- 4) On 25 April 2023, the Issuer - in its capacity as buyer - concluded a notarised agreement of sale under which it acquired the ownership title to a real estate in Kraków at Adama Bochenka Street from an entity unrelated to the Issuer, together with all the rights to the project and other benefits set out in the agreement. The surface area of land subject to transaction is 0.4688 ha. The total price of the real estate and all the rights to the project was determined as PLN 17,000,000.00 net, plus due tax on goods and services (VAT), that is, PLN 20,910,000.00 gross. The Company intends to complete an investment project with the estimated number of 140 residential premises within the above-described real estate. Sales under this investment project are planned to commence in Q2 2023.
- 5) On 25 April 2023, LC Corp Invest X Sp. z o.o. and LC Corp Invest I Sp. z o.o. (the borrower) concluded a loan agreement amounting to PLN 1.1 million at arm's length for an unspecified period of time.
- 6) On 25 April 2023, LC Corp Invest I Sp. z o.o. and LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. (the borrower) concluded a loan agreement amounting to PLN 1 million at arm's length for an unspecified period of time.
- 7) On 27 April 2023, the Issuer's subsidiary - LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. ("P22"), acting as seller, and WR Office Sp. z o.o. in Warsaw, acting as buyer ("Buyer") – a subsidiary of a real estate fund managed by Adventum Fund Management Ltd. in Budapest, concluded a preliminary agreement ("Preliminary Agreement") of sale of the perpetual usufruct right to the real estate in Warsaw at Skierniewicka and Siedmiogrodzka Streets, including the ownership of buildings and structures making the Wola Retro office complex (the "Real Estate"), and the property of intangible assets appurtenant on the Real Estate,

The total net transaction price was EUR 69,285,918.82 (plus due VAT), taking into account variable elements the Issuer notified in its current report no. 5/2023 of 26 January 2023 (the "Price"). The full Price was paid on the date of the Sales Contract. The agreed Price includes the following deductions: (i) the net value of contributions for tenants for finishing works or coverage of the costs of finishing works according to tenancy agreements concluded at the date of the Sales Contract, (ii) the net value of unpaid rent rebates granted in connection with tenancy agreements concluded at the date of the Sales Contract, and (iii) the value of costs associated with the findings of the completed due diligence. In the Sales Contract, the Parties exchanged standard mutual representations and warranties, and P22 indemnified the Buyer and held it harmless from customary liability for such transactions. Other terms and conditions of the Sales Contract do not differ from the standard provisions of such contracts.

A rent guarantee agreement ("Rent Guarantee Agreement") was concluded under the transaction. The basic terms of the Rent Guarantee Agreement provide for a guarantee to the Buyer that P22 will cover the costs of

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finishing works in premises that are not rented up to the amount calculated as the number of square metres of the rented premises multiplied by EUR 600 (except one case where EUR 819.15 will be calculated per square metre) and that P22 will guarantee the Buyer specified net operating income from rental of the Real Estate. The term of guarantee in accordance with the Rent Guarantee Agreement is three (3) years (no longer than until 30 April 2026), with the above costs being due to the Buyer to the extent that the space for new tenants requires preparation within three (3) years of the conclusion of the Sales Contract.

The selling price was used to repay the full amount of the bank loan under the agreement concluded by P22 with mBank SA in Warsaw on 28.10.2020, as amended, which the Issuer notified in its current report no. 58/2020 of 28.10.2020, that is, EUR 27,710,908.05.

- 8) In performing the agreement concerning the sale of the Wola Retro real estate in Warsaw, concluded on 27 April 2023, described in 5 above, the Issuer granted to the buyer, WR Office Sp. z o.o., a collateral in the form of a corporate guarantee up to EUR 6,000,000 as a performance bond of P22's obligations under the rent guarantee agreement, the main portion of the collateral being a deposit paid from the selling price, amounting of EUR 4,000,000, released to P22 by three instalments in annual periods without increasing the corporate guarantee limit indicated in the preceding sentence. The guarantee period according to the rent guarantee agreement is three (3) years (no longer than until 30 April 2026).
- 9) On 8 May 2023, a subsidiary of the Issuer, Develia Wrocław S.A. signed a protocol of a written unlimited tender for the sale of undeveloped land owned by the Municipality of Wrocław, located at Tadeusza Brzozy Street in Wrocław - plots no. 50/42 and 50/57 (hereinafter collectively referred to as: the Real Estate) announced by the Mayor of the City of Wrocław. As a result of the tender, the tender committee on 28 April 2023 selected the bid of Develia Wrocław S.A. in which it offered to purchase the Real Estate for PLN 32,400,000.00 net, to be used for multi-family building development with services and an underground garage, as a part of the planned Model Residential Estate Nowe Żerniki - WUWA 2. The buyer will be notified of the date of conclusion of the agreement transferring the ownership right to the real estate within 21 days from the date of the tender results.
- 10) On 16 May 2023, the Issuer was informed of a change in its share in the total number of votes of the Issuer in excess of 15% due to the liquidation, as of 12 May 2023 of the Second Open-End Pension Fund Allianz Polska by transferring its assets to Allianz Polska Open-End Pension Fund. As a result of this transaction, 81,588,202 shares, representing 18.23% of the Company's share capital, were credited to the account of Allianz OFE, which gives the right to exercise 81,588,202 votes from shares representing 18.23% of all the votes at the Company's General Meeting of Shareholders.

2.36 Information on changes in contingent liabilities or contingent assets since the end of the last financial year

Since the end of the last business year, no significant movements have occurred in contingent assets or contingent liabilities of the Group's companies, except contingent liabilities due to the activity of developers and referring to contingent payments for tree cutting which in total decreased from PLN 911,000 at 31 December 2022 to PLN 888,000 at 31 March 2023.

In the performance of Agreements to sell real estates including Silesia Star in Katowice and Retro Office House in Wrocław, the Company granted 5-year rent guarantees (including surface that was not rented) to the buyers - Ingadi spółka z ograniczoną odpowiedzialnością ("Ingadi") and Artigo spółka z ograniczoną odpowiedzialnością ("Artigo") - collateralised by sureties granted by the Company (as the guarantor for 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 Sellers and debtors). Based on the following sureties the Company will guarantee:

- (i) that P20 and P21 will fulfil the obligations and liabilities of P20 and P21 under the Promised Contracts, and
- (ii) that P20 and P21 will fulfil the obligations and liabilities of P20 and P21 related to the finish works of tenants indicated in the Promised Contracts, and
- (iii) that P20 and P21 will fulfil the obligations and liabilities of P20 and P21 under rent guarantee agreements referred to in Pre-Sale Contracts, and

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(iv) that the Company will accede to the debts of P20 and P21 following from the obligations and liabilities of P20 and P21 under the Promised Agreements and rent guarantee agreements, in case of discontinuation of activities, liquidation or dissolution of the Sellers' business as described in the sureties.

In the performance of the agreement to sell the Wola Center real estate in Warsaw, the Company granted a surety to the Buyer - Gisle Sp. z o.o. (now Wola Center Sp. z o.o.) for the Seller Warszawa Przyokopowa Spółka z ograniczoną odpowiedzialnością and debtor under which the Company guaranteed that:

- (i) the Seller will fulfil the obligations and liabilities of Warszawa Przyokopowa as seller under agreements concerning the object of the Transaction, and
- (ii) the Company will accede to the debts of WP following from the obligations and liabilities of WP under the Promised Contract in case of discontinuation of activities. liquidation or dissolution of the Seller's business as described in the sureties.

In performing the agreement of selling 79.55% of the shares in the ownership of land with the multifunctional building Sky Tower in Wrocław, concluded on 15 March 2022 between the Issuer's subsidiary Develia Wrocław S.A. (Previously Sky Tower S.A.) as seller and Olimp Investment Sp. z o.o. in Warsaw as buyer, the Issuer granted a corporate guarantee up to EUR 2,438,481.95 as a performance bond of the seller's (Sky Tower S.A.) liabilities under the sales contract.

In connection with the annex of 29 December 2022 to the loan agreement concluded on 28 February 2008 between Arkady Wrocławskie S.A. and Santander Bank Polska S.A., Develia S.A. as the sole shareholder of Arkady Wrocławskie S.A., on 23 January 2023, granted a credit repayment surety for the Company to the bank up to EUR 10,812,500.00 and submitted itself to enforcement up to the above-indicated amount.

In performing the contract of sale of the Wola Retro real estate in Warsaw concluded on 27 April 2023, the Issuer granted to the buyer, WR Office Sp. z o.o., a collateral in the form of a corporate guarantee up to EUR 6,000,000 as a performance bond of P22's obligations under the rent guarantee agreement, the main portion of the collateral being a deposit paid from the selling price, amounting of EUR 4,000,000, released to P22 by three instalments in annual periods without increasing the corporate guarantee limit indicated in the preceding sentence. The guarantee period according to the rent guarantee agreement is three (3) years (no longer than until 30 April 2026).

The surety granted by Develia S.A. to Kraków Zielony Złocień Sp. z o.o. to the amount of PLN 922,500.00 for a bank guarantee granted by mBank S.A. to the City of Katowice on behalf of that company, as a performance bond for the agreement of 2 November 2020 regarding a road investment related to the Katowice Ceglana project, expired on 31 January 2023.

In addition to contingent liabilities collateralising bank loans detailed in Note 2.30.5 and the above-described contingent payments for tree cutting and in connection with the concluded real estate sale agreements, at 31 March 2023, the Group's Companies have no other significant contingent liabilities.

2.37 Other information that, in the Group's opinion, is significant in order to evaluate its human resources, property and financial standing, financial performance and changes thereof, and information considered significant in order to evaluate the chances of fulfilment of the Group's obligations.

In the reporting period ended 31 March 2023, the Capital Group did not record any other events significant for the evaluation of its human resources, property and financial standing and any events significant for the evaluation of the chances of fulfilment of the Issuer's obligations, except as presented in this report.

2.38 Revenues and results according to operating segments

For managerial purposes the Group distinguishes three reporting operating segments:

- renting activities segment
- developer's activities segment
- (other) holding activities segment

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The following tables present data referring to revenues and earnings from respective segments of the Group for the period of 3 months ended 31 March 2023 and 31 March 2022 as well as assets and liabilities at 31 March 2023 and 31 December 2022.

Period of 3 months ended 31 March 2023	Rental services	Developer's activities	Activities of holding companies (other)	TOTAL
Operating activities				
Revenue from sales	12 085	244 814	325	257 224
Sales of services	12 085	-	325	12 410
Sales of goods and materials	-	244 814	-	244 814
Own sales cost	(5 253)	(161 727)	-	(166 980)
Gross profit/ (loss) from sales	6 832	83 087	325	90 244
Profit/(Loss) from disposal of non-financial fixed assets	-	-	-	-
Profit/ (Loss) from investment properties	(4 717)	-	-	(4 717)
Impairment losses on inventories	-	-	-	-
Cost of sales and distribution	(239)	(5 358)	-	(5 597)
General and administrative expenses	(1 205)	(9 738)	(158)	(11 101)
Other operating income	264	3 107	3	3 374
Other operating expenses	(295)	(1 445)	(167)	(1 907)
Profit/(Loss) from operating activities	640	69 653	3	70 296
Financial income	602	3 641	3 017	7 260
Financial expenses	(3 131)	(212)	(979)	(4 322)
Share in profit (loss) of entities recognised at equity	-	(722)	-	(722)
Gross profit/(loss)	(1 889)	72 360	2 041	72 512
Income tax (tax charge)	391	(13 712)	(802)	(14 123)
Net profit/ (loss)	(1 498)	58 648	1 239	58 389
Other comprehensive income subject to reclassification as profit or loss in subsequent reporting periods				
Cash flow hedges	(306)	-	-	(306)
Income tax on other comprehensive income components	58	-	-	58
Other comprehensive income (net)	(248)	-	-	(248)
Total income	(1 746)	58 648	1 239	58 141

Period of 3 months ended 31 March 2022	Rental services	Developer's activities	Activities of holding companies (other)	TOTAL
Operating activities				
Revenue from sales	20 873	76 674	12	97 559
Sales of services	20 873	-	12	20 885
Sales of goods and materials	-	76 674	-	76 674
Own sales cost	(11 733)	(56 512)	-	(68 245)
Gross profit/ (loss) from sales	9 140	20 162	12	29 314
Profit/(Loss) from disposal of non-financial fixed assets	-	-	-	-

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Profit/ (Loss) from investment properties	18 212	-	-	18 212
Impairment losses on inventories	-	-	-	-
Cost of sales and distribution	(362)	(5 216)	-	(5 578)
General and administrative expenses	(3 419)	(8 142)	(42)	(11 603)
Other operating income	422	1 117	193	1 732
Other operating expenses	(74)	(685)	(280)	(1 039)
Profit/(Loss) from operating activities	23 919	7 236	(117)	31 038
Financial income	87	361	192	640
Financial expenses	(14 702)	(55)	(1 061)	(15 818)
Share in profit (loss) of entities recognised at equity	-	(129)	-	(129)
Gross profit/(loss)	9 304	7 413	(986)	15 731
Income tax (tax charge)	(976)	(1 748)	50	(2 674)
Net profit/ (loss)	8 328	5 665	(936)	13 057
Other comprehensive income subject to reclassification as profit or loss in subsequent reporting periods				
Cash flow hedges	457	-	-	457
Income tax on other comprehensive income components	(32)	-	-	(32)
Other comprehensive income (net)	425	-	-	425
Total income	8 753	5 665	(936)	13 482

At 31 March 2023	Rental services	Developer's activities	Activities of holding companies (other)	TOTAL
Assets and liabilities				
Current assets, of which:	672 375	2 108 179	370 611	3 151 165
<i>Non-current receivables</i>	2 618	6 373	-	8 991
<i>Investment in joint ventures measured at equity</i>	-	82 966	-	82 966
<i>Investment property</i>	130 506	-	-	130 506
<i>Inventories</i>	-	1 648 562	-	1 648 562
<i>Assets due to derivative instruments</i>	426	-	-	426
<i>Short-term securities</i>	-	7 500	44 965	52 465
<i>Other financial assets</i>	-	57 756	1 188	58 944
<i>Cash and cash equivalents</i>	17 066	262 586	295 084	574 736
<i>Fixed assets classified as assets held for sale</i>	510 022	22 082	-	532 104
Total payables, of which:	280 480	1 131 478	244 244	1 656 202
<i>Loans and bonds payable</i>	212 607	317 049	191 869	721 525
<i>Other payables due to derivative instruments</i>	-	-	-	-
<i>Accrued expenses and deferred income</i>	168	511 557	7 900	519 625

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At 31 December 2022	Rental services	Developer's activities	Activities of holding companies (other)	TOTAL
Assets and liabilities				
Current assets, of which:	725 779	2 020 205	202 948	2 948 932
<i>Non-current receivables</i>	2 459	7 047	168	9 674
<i>Investment in joint ventures measured at equity</i>	-	83 688	-	83 688
<i>Investment property</i>	129 791	-	-	129 791
<i>Inventories</i>	985	1 656 231	-	1 657 216
<i>Assets due to derivative instruments</i>	770	-	-	770
<i>Short-term securities</i>	-	-	35 049	35 049
<i>Other financial assets</i>	-	67 728	26 692	94 420
<i>Cash and cash equivalents</i>	56 032	172 066	124 021	352 119
<i>Fixed assets classified as assets held for sale</i>	512 842	22 056	-	534 898
Total payables, of which:	309 885	1 147 928	56 196	1 514 009
<i>Loans and obligation and financial instruments payable</i>	219 571	357 050	6 619	583 240
<i>Other payables due to derivative instruments</i>	-	-	-	-
<i>Accrued expenses and deferred income</i>	564	525 571	12 948	539 083

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

STATEMENT OF FINANCIAL POSITION

	Note	31 March 2023	31.12.2022
Assets			
A. Fixed assets		994 489	989 221
1. Intangible assets		414	420
2. Tangible fixed assets		6 427	7 179
3. Long-term loans and non-current receivables	3.11	90 408	87 350
4. Long-term investments	3.12	896 239	892 998
5. Long-term prepayments		1 001	1 274
6. Deferred tax assets	3.17	-	-
B. Current assets		1 712 180	1 496 766
1. Inventories	3.13	1 311 172	1 290 299
2. Trade and other receivables	3.14	17 354	11 104
3. Income tax receivables		795	614
4. Short-term securities	3.15	44 965	35 049
5. Other financial assets	3.15	40 163	44 448
6. Cash and cash equivalents	3.16	294 605	112 786
7. Short-term prepayments		3 126	2 466
C. Fixed assets classified as assets held for sale		-	-
Total assets		2 706 669	2 485 987
Equity and liabilities			
A. Shareholders' equity		1 266 506	1 228 017
1. Initial (share) capital		447 558	447 558
2. Called-up share capital not paid		-	-
3. Supplementary capital		457 973	457 973
4. Other reserve capitals		16 369	16 369
5. Other capitals		11 318	9 419
6. Retained profits/ (Uncovered losses)		333 288	296 698
B. Non-current payables		637 015	499 841
1. Non-current financial liabilities	3.27	612 518	482 775
2. Long-term lease payables	3.27.6	1 369	1 690
3. Provisions	3.28	420	420
4. Deferred tax reserve	3.17	22 708	14 956
C. Current payables		803 148	758 129
1. Current financial liabilities	3.27	258 841	242 862
2. Short-term lease payables	3.27.6	42 755	42 669
3. Short-term trade and other payables	3.27.7	133 215	120 568
4. Income tax payables		-	-
5. Provisions	3.28	637	436
6. Accrued expenses and deferred income		367 700	351 594
Total equity and liabilities		2 706 669	2 485 987

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STATEMENT OF COMPREHENSIVE INCOME

	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022
Operating revenues		
Revenue from sales of services, products and goods	153 407	42 495
Revenue from interest and discounts	5 920	1 108
Revenue from dividends	-	81 959
Other financial revenues	3 241	8 152
Other operating income	141	546
Total operating expenses	162 709	134 260
Operating expenses		
Costs of operating activities, value of products and goods sold	(113 124)	(45 763)
Cost of interest and discounts	(3 860)	(2 994)
Other financial expenses	(857)	(660)
Other operating expenses	(262)	(284)
Total operating expenses	(118 103)	(49 701)
Gross profit/(loss)	44 606	84 559
Income tax (tax charge)	(8 016)	335
Net profit /(Loss) from continuing activities	36 590	84 894
Discontinued operations		
Profit/(loss) from discontinued operations for the financial year	-	-
Net profit/ (loss)	36 590	84 894
Other comprehensive income		
Other components of comprehensive income	-	-
Income tax on other comprehensive income components	-	-
Other comprehensive income (net)	-	-
Total income	36 590	84 894
	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022
Net profit/(loss) (kPLN)	36 590	84 894
Weighted average number of equity shares (units)	447 558 311	447 558 311
Net earnings/ (Loss) per share (in PLN)	0,08	0,19
Net earnings (loss) per share (in PLN) - diluted	0,08	0,19

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STATEMENT OF CHANGES IN EQUITY

	<i>Initial (share) capital</i>	<i>Called-up share capital not paid</i>	<i>Supplementary capital</i>	<i>Other reserve capitals</i>	<i>Other capitals</i>	<i>Retained profits/ (Uncovered losses)</i>	<i>Total</i>
At 1 January 2023	447 558	-	457 973	16 369	9 419	296 698	1 228 017
<i>Net profit/(loss) for the period of 3 months ended 31 March 2023</i>	-	-	-	-	-	36 590	36 590
<i>Other comprehensive income for the period of 3 months ended 31 March 2023</i>	-	-	-	-	-	-	-
Comprehensive income for the period of 3 months ended 31 March 2023	-	-	-	-	-	36 590	36 590
<i>- allocation to supplementary and supplementary/reserve capital</i>	-	-	-	-	-	-	-
<i>Dividend payment</i>	-	-	-	-	-	-	-
<i>Valuation of the incentive programme</i>	-	-	-	-	1 899	-	1 899
At 31 March 2023	447 558	-	457 973	16 369	11 318	333 288	1 266 506

	<i>Initial (share) capital</i>	<i>Called-up share capital not paid</i>	<i>Supplementary capital</i>	<i>Other reserve capitals</i>	<i>Other capitals</i>	<i>Retained profits/ (Uncovered losses)</i>	<i>Total</i>
As at 1 January 2022	447 558	-	417 696	100 205	6 303	157 843	1 129 605
<i>Net profit/(loss) for the period of 3 months ended 31 March 2022</i>	-	-	-	-	-	84 894	84 894
<i>Other comprehensive income for the period of 3 months ended 31 March 2022</i>	-	-	-	-	-	-	-
Comprehensive income for the period of 3 months ended 31 March 2022	-	-	-	-	-	84 894	84 894
<i>Valuation of the incentive programme</i>	-	-	-	-	2 906	-	2 906
As at 31 March 2022	447 558	-	417 696	100 205	9 209	242 737	1 217 405

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	<i>Initial (share) capital</i>	<i>Called-up share capital not paid</i>	<i>Supplementary capital</i>	<i>Other reserve capitals</i>	<i>Other capitals</i>	<i>Retained profits/ (Uncovered losses)</i>	<i>Total</i>
As at 1 January 2022	447 558	-	417 696	100 205	6 303	157 843	1 129 605
Net profit for 2022	-	-	-	-	-	296 698	296 698
Other comprehensive income for 2022	-	-	-	-	-	-	-
Comprehensive income for 2022	-	-	-	-	-	296 698	296 698
Allocation of profit to supplementary and reserve capital	-	-	40 277	-	-	(40 277)	-
Dividend payment	-	-	-	(83 836)	-	(117 565)	(201 401)
Valuation of the incentive programme	-	-	-	-	3 116	-	3 116
At 31 December 2022	447 558	-	457 973	16 369	9 419	296 698	1 228 017

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CASH FLOW STATEMENT

	Period of 3 months ended 31 March 2023	Period of 3 months ended 31 March 2022
A. Cash flow from operating activities		
I. Gross profit/(loss)	44 606	84 559
II. Total adjustments	6 817	25 004
1. Movements in fixed assets and intangible assets	758	188
2. Movements in reserves	201	(2)
3. Movements in inventories	(20 873)	(67 520)
4. Movements in receivables	(6 029)	(60 188)
5. Movements in liabilities, except credits and loans	12 647	(423)
6. Movements in prepayments and accruals	15 719	104 948
7. Movements in financial liabilities	14 586	12 466
8. Movements in financial assets	(13 963)	68 506
9. Movements in financial assets due to shares	(3 241)	(8 152)
10. Income tax	(444)	(1 396)
11. Other adjustments	7 456	(23 423)
III. Net cash flow from operating activities (I+II)	51 423	109 563
B. Cash flows from financing activities		
I. Receipts	180 000	1 029
1. Issuance of debt securities	180 000	-
2. Credits and loans	-	1 029
II. Expenditure	(49 604)	(50 015)
1. Redemption of debt securities	(37 890)	(34 796)
2. Repayment of credits and loans	(180)	(10 865)
3. Repayment of financial lease payables	(673)	(675)
4. Interest	(10 861)	(3 679)
5. Dividends and payments to shareholders	-	-
III. Net cash flows from financing activities (I+II)	130 396	(48 986)
C. Total net cash flows (A.III+B.III)	181 819	60 577
D. Movements in cash balance, of which:	181 819	60 577
E. Cash at the beginning of the period	112 786	73 792
F. Cash at the end of the period (F+D)	294 605	134 369
- at limited disposal	20	20

CONSOLIDATED QUARTERLY REPORT**ADDITIONAL INFORMATION AND EXPLANATORY NOTES****3.1 General information regarding the Issuer**

Develia S.A. (the "Issuer", the "Company"), formerly LC Corp S.A., was established by way of a notarial deed on 3 March 2006. The Company's head office is located in Wrocław, Poland, at Powstańców Śląskich 2-4. The Company is entered into the register of businesses of the National Court Register (KRS) maintained by the District Court for Wrocław-Fabryczna in Wrocław, 4th Commercial Division of the National Court Register under KRS number 0000253077.

At 31 March 2023, the shares of Develia S.A. are publicly traded.

The company was assigned statistical business number (REGON) 020246398 and taxpayer's identification number (NIP) 8992562750.

The Company was established for an unspecified period of time. The core business areas of the Company are:

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

As at the date of the statements there was no parent company controlling Develia S.A.

The condensed interim financial statements of Develia S.A. cover a period of 3 months ended 31 March 2023. A detailed description of elements of the financial statements is presented in Note 3.2.

3.2 Principles adopted for the preparation of the quarterly report

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

- the statement of financial position at 31 March 2023 and comparative data at 31 December 2022;
- the statement of comprehensive income for the first quarter of 2023, i.e. the period of 3 months incrementally from 1 January 2023 to 31 March 2023 and comparative data for the corresponding period of the previous year, i.e., from 1 January 2022 to 31 March 2022;
- the cash flow statement for the first quarter of 2023, i.e. the period of 3 months incrementally from 1 January 2023 to 31 March 2023 and comparative data for the corresponding period of the previous year, i.e., from 1 January 2022 to 31 March 2022;
- the statement of changes in equity at 31 March 2023 and comparative data at 31 March 2022 and at 31 December 2022;
- explanatory notes to the financial statements.

Additional information and other information within the scope defined in article 66 of the Regulation of the Minister of Finance of 29 March 2018 concerning current and interim reporting by issuers of securities and the terms and conditions of harmonisation of the information required under regulations applicable in non-member states, forming part of this Consolidated Quarterly Report for Q1 2023 is given in section 4.

The accompanying condensed financial statements of Develia S.A. have been prepared in compliance with the International Financial Reporting Standards ("IFRS"), and in particular with IAS 34 (on preparation of interim statements) and IFRS as adopted by the EU.

As at the date of approval of these statements for publication, taking into account the IFRS implementation pending in the EU and the activities of the Group, to the extent of accounting principles applied by the Group, the International Financial Reporting Standards differ from the International Financial Reporting Standards as adopted by the EU.

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The IFRS include standards and interpretations approved by the International Accounting Standards Committee (IASC) and the International Financial Reporting Interpretations Committee (IFRIC).

The interim condensed financial statements of Develia S.A. do not include all information and disclosures required in separate annual financial statements and should be read in connection with the annual financial statements of Develia S.A. for the year ended 31 December 2022.

The condensed interim financial statements are presented in thousands of Polish zloty ("PLN"), and all values in tables and descriptions are given in thousands of Polish zloty ("PLN") unless specified otherwise.

The condensed interim financial statements of Develia S.A. have been prepared on a going-concern basis for the foreseeable future. As at the date of approval of these statements no circumstances exist indicating any risk to the Company's continuation as a going concern.

Information on the accounting principles adopted by the Issuer was presented in the annual consolidated financial statements of Develia S.A. for the year ended 31 December 2022 published on 30 March 2023.

Information on new standards and interpretations is provided in 3.5.

3.3 Approval of the condensed interim financial statements

These interim condensed financial statements of Develia S.A. were approved for publication by the Management Board on 17 May 2023.

3.4 Information concerning significant estimates and professional judgement

The management board of the Company used the best of its knowledge concerning the applied standards and interpretations as well as methods and rules of valuation of respective items of the accompanying financial statements. In order to prepare the financial statements in compliance with the IFRS, the Management Board of the Company was required to make certain estimates and assumptions as reflected in these statements. Actual results can differ from these estimates. The presented financial data for the first quarter (Q1) of 2023 were not audited.

Professional judgement

In the process of applying the accounting principles (policy) to terms indicated below, apart from the accounting estimates, the most important was the professional judgement of the management.

Classification of lease contracts

The Company follows lease classification rules according to IFRS 16.

Estimation uncertainty

Basic assumptions regarding the future and other key sources of uncertainty at the end of the reporting period connected with a substantial risk of a significant adjustment in the carrying values of assets and liabilities in the following reporting period are discussed below.

Deferred tax asset

The Company recognizes the deferred tax asset based on an assumption that in the future it will achieve tax profit that will make it possible to utilize it. Worse tax results in the future could make this assumption unreasonable. Deferred income tax is presented in 3.17.

Impairment losses on the shares in subsidiaries

At the end of each reporting period the Management Board will assess whether any conditions for impairment of shares in subsidiaries exist.

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Should any conditions for impairment of shares be identified, the Management Board will apply impairment losses to such assets bringing them to the level of their recoverable value. The recoverable value was determined as the higher of: fair value less cost of sale or usable value of the specific asset.

The usable value is estimated using DCF or mixed approach: net assets and discounted revenues (discounted dividends). The DCF method is based on discounted cash flows generated with the adopted project schedules and receipts from the sale of premises taking into account the selling price of 1 m² of the usable area of the residential building according to the current market situation and arm's length prices. The discounting rate is based on the weighted average cost of third party and equity capital (WACC).

The recoverable amount and revaluation expenses on shares were estimated at 31 March 2023 and can change depending on the fluctuations of arm's length prices of land, sales of apartments, costs of construction, project schedules and calculation of the discount rate in the future.

Actual results can differ from estimates calculated according to data available at the date of their preparation. This is also connected with an uncertainty regarding estimation of market conditions in subsequent years. As a consequence, the values of impairment losses can change in subsequent financial periods. Impairment losses on shares are presented in 3.8.

Impairment losses on loans granted to subsidiaries

At the end of each reporting period, the Management Board will analyse whether the granted loans meet the model of maintaining assets to achieve agreed cash flows. Depending on the result of SPPI test, loans are classified as financial assets measured at amortised cost or as financial assets measured at fair value through profit or loss.

The following table presents estimates at 31 March 2023 and at 31 December 2022.

	31 March 2023	31 December 2022
Deferred tax asset	-	-
Deferred tax reserve	22 708	14 956
Revaluation expense on shares	129 636	132 877

Tax treatment uncertainty

Regulations concerning goods and services tax, corporate income tax and social insurance burdens are often subject to change. These frequent changes result in the lack of adequate points of reference, inconsistent interpretations and few established precedents which could be applicable. The regulations in force also contain ambiguities causing difference of opinions regarding legal interpretation of fiscal regulations both between different state authorities and between state authorities and businesses.

Tax settlements and other (for instance customs or currency) areas can be subject to audit by authorities empowered to impose high penalties and fines and any additional tax payables determined as a result of the audit must be paid along with high interest. These events make the tax risk in Poland higher than compared to risk in countries with a more mature tax system.

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

As of 15 July 2016, changes were implemented in the Act on the Rules for Taxation incorporating the provisions of the General Anti-Abuse Rule (GAAR). The function of GAAR is preventing the formation and use of artificial legal structures created for the avoidance of tax payment in Poland. GAAR defines tax avoidance as an action aiming, in the first place, to achieve tax advantage, which in specific circumstances is contrary to the object and purpose of the act on taxation. According to GAAR such an action does not result in tax advantage if the manner of action was artificial. Any (i) unjustified splitting of operations, (ii) involvement of intermediaries despite the lack of financial or economic reasons, (iii) elements offsetting or cancelling each other out, and (iv) other elements operating similar to the above-mentioned

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can be treated as a condition for artificial actions subject to GAAR. New regulations will require considerably more judgement in the evaluation of the tax effects of respective transactions.

GAAR must be applied with reference to transactions taking place after its effective date and transactions preceding the effective date of GAAR but with regard to which advantages were or have still been achieved after the effective date of GAAR. The implementation of the above-mentioned provisions will make it possible for Polish tax audit authorities to challenge the provisions and agreements implemented by taxpayers including restructuring and reorganisation of the group.

The Company recognises and measures current and deferred income tax assets and liabilities applying the provisions of IAS 12 Income taxes based on taxable profit (tax loss), taxable base, accumulated tax losses, unused tax credits and tax rates, while considering assessment of tax treatment uncertainty.

3.5 Significant accounting principles (policy)

The accounting principles (policy) applied in preparing these financial statements are consistent with those applied in preparing the Company's consolidated financial statements for the year ended 31 December 2022, except the principles described below.

The following amendments to IFRS were applied to these consolidated financial statements as of their effective date:

- **IFRS 17 "Insurance Contracts"** with subsequent amendments to IFRS 17 published by IASB in June 2020 and in December 2021 – as adopted by the EU on 19 November 2021 (applicable to annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 "Presentation of Financial Statements"** – disclosures regarding the applied accounting policy as adopted by the EU on 2 March 2022 (applicable with reference to annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of estimates as adopted by the EU on 2 March 2022 (applicable with reference to annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 12 "Income Taxes"** – Deferred Tax related to assets and liabilities arising from a single transaction (applicable with reference to annual periods beginning on or after 1 January 2023),

The implementation of the above-mentioned standards and amendments to the existing standards had no material impact on the financial statements of Develia S.A.

New standards and amendments to existing standards issued by IASB but not yet adopted by the EU

The IFRS, as adopted by the EU, show no material differences in comparison to the regulations issued by the International Accounting Standards Board (IASB), except the below-mentioned new standards and amendments to standards which, at the date of publication of these financial statements, were not yet adopted for use by the EU (the following effective dates refer to full versions of standards):

- **Amendments to IAS 1 "Presentation of Financial Statements"** – Classification of liabilities as current or non-current (applicable with reference to annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 "Presentation of Financial Statements"** – Non-current liabilities with covenants (applicable with reference to annual periods beginning on or after 1 January 2024),
- **Amendments to IFRS 16 "Leases"** – Lease liabilities related to sale and leaseback (applicable with reference to annual periods beginning on or after 1 January 2024),
- **IFRS 14 "Regulatory Deferral Accounts"** (applicable to annual periods beginning on or after 1 January 2016) – the European Commission decided not to commence the procedure for adopting this interim standard in the EU before the final version of IFRS 14 is released,
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures"** – Sale or contribution of assets between the investor and its associate or joint venture and subsequent amendments (effective date deferred until the end of research works on the equity method).

The Company is verifying the impact of the above-mentioned standards on the financial situation, the Company's operating results and the scope of information presented in the financial statements.

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The Company estimates that the above-mentioned standards and amendments to existing standards would not have had any material impact on the financial statements if they had been adopted by the Company at the balance sheet date.

Still, the regulations adopted by the EU do not include hedge accounting of financial assets and liabilities since related rules have not been approved by the EU.

The Company estimates that the application of hedge accounting to the portfolio of financial assets or liabilities according to IAS 39 "Financial Instruments: Recognition and Measurement" would not have a material impact on the financial statements if it was adopted for application at the balance sheet date.

The Company is verifying the impact of the above-mentioned other standards on the financial situation, the Company's operating results and the scope of information presented in the financial statements.

The Company estimates that the above-mentioned standards and amendments to existing standards would not have had any material impact on the financial statements if they had been adopted by the Company at the balance sheet date.

3.6 Seasonal or cyclic operations of the Issuer

The operations of the Company are not seasonal. Its activities are connected with investment cycles of developer projects, in particular it is visible in recognition of revenue from the sale of residential and service premises that according to IFRS 15 is recognised only after generally all risks and benefits connected with the specific premises are transferred onto the customer and the revenue can be measured in a reliable manner. As a consequence, the profit or loss from sale in the specific period depends on the value of premises handed over to customers as defined above.

3.7 Information about impairment losses on inventories bringing them to the recoverable value and reversal of the corresponding provisions

In the period of 3 months ended 31 March 2023, an impairment loss on inventories amounting to PLN 94,000 bringing them to net recoverable value was created.

3.8 Information about impairment losses on financial assets, tangible fixed assets, intangible assets or other assets and reversal of the corresponding expenses

As regards impairment losses on tangible fixed assets, intangible assets, financial assets, receivables and other assets in the period of 3 months ended 31 March 2023, no significant changes in relation to the previous year occurred except changed in impairment losses on shares as presented in the table below:

	Period of 3 months ended 31 March 2023	Year ended 31 December 2022
At the beginning of the reporting period	(132 877)	(137 365)
Increase	(332)	(43 255)
Utilised	-	3 322
Decrease	3 573	44 421
As at the end of the reporting period	(129 636)	(132 877)

3.9 Information on significant tangible fixed assets purchasing and selling transactions

In the period of 3 months ended 31 March 2023, the Company purchased tangible fixed assets with the value of PLN 55,000 (PLN 492,000 in the period of 3 months ended 31 March 2022).

In the period of 3 months ended 31 March 2023, the Company did not sign any new contracts for the lease of passenger cars.

In the period of 3 months ended 31 March 2023, the Company did not carry out any significant transactions involving the sale of tangible fixed assets (property, plant and equipment).

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At 31 March 2023, no significant liabilities occurred due to purchasing property, plant and equipment.

At 31 March 2023 and 31 December 2022, no fixed asset was a collateral, was pledged or mortgaged.

3.10 Information on significant liabilities due to purchasing tangible fixed assets

At 31 March 2023, no significant liabilities occurred due to purchasing property, plant and equipment.

3.11 Long-term loans and non-current receivables

	31 March 2023	31 December 2022
Long-term loans (including accrued interest)	86 118	82 839
Deposits, long-term collaterals	4 290	4 511
Total	90 408	87 350

In the period of 3 months ended 31 March 2023, the Company granted loans to its subsidiaries and co-subsidiaries for the financing of investment projects.

3.12 Long-term investments**Shares and stocks**

At 31 March 2023 and 31 December 2022, the Company held the following interests and shares in the companies:

Company name	Registered office	31 March 2023		31 December 2022	
		Balance sheet value in kPLN	Share in equity	Balance sheet value in kPLN	Share in equity
Arkady Wrocławskie S.A.	Wrocław	128 652	100%	128 652	100%
Develia Wrocław S.A.	Wrocław	231 198	100%	231 198	100%
Develia Warszawa Sp. z o.o.	Wrocław	46 367	100%	46 367	100%
Kraków Zielony Złocię Sp. z o.o.	Wrocław	29 963	100% (indirectly and directly)	29 963	100% (indirectly and directly)
LC Corp Invest I Sp. z o.o.	Wrocław	1	100% (indirectly and directly)	1	100% (indirectly and directly)
LC Corp Invest II Sp. z o.o.	Wrocław	91 788	100%	91 788	100%
LC Corp Invest VII Sp. z o.o.	Wrocław	12 234	100%	12 234	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	Wrocław	42 710	100% (indirectly and	42 710	100% (indirectly and

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22 Sp.k			directly)		directly)
			100% (indirectly and directly)		100% (indirectly and directly)
LC Corp Service S.A.	Wrocław	1 116		1 116	
Develia Invest Sp. z o.o.	Wrocław	13 345	100%	13 345	100%
			80% (indirectly and directly)		80% (indirectly and directly)
Projekt Ciszewskiego Sp. z o.o. Sp. K ^{o)}	Warszawa	37 327		37 327	
Projekt Ciszewskiego Sp. z o.o.	Warszawa	5	80% (directly)	5	80% (directly)
			80% (indirectly and directly)		80% (indirectly and directly)
Projekt Lizbońska sp. z o.o. Sp.k	Warszawa	45 491		45 491	
Projekt Lizbońska sp. z o.o.	Warszawa	6	80% (directly)	6	80% (directly)
			80% (indirectly and directly)		80% (indirectly and directly)
Projekt Myśluborska sp. z o.o. sp.k	Warszawa	2 962		2 962	
Projekt Myśluborska sp. z o.o.	Warszawa	5	80% (directly)	5	80% (directly)
			80% (indirectly and directly)		80% (indirectly and directly)
Flatte Sp. z o.o.		1 507	100%	1 507	100%
Malin Development 1 sp. z o.o.	Warszawa	-	25% (directly)	-	-
		1 025 875		1 025 875	
Impairment loss on shares		(129 636)		(132 877)	
Total		896 239		892 998	

On 20 January 2023, according to the investment agreement of 24 October 2022, Develia S.A. acquired 25% of shares of Malin Development 1 sp. z o.o. in Warsaw, with the share capital of PLN 5,000, from Hillwood Malin Development Logistics, LLC in the USA, the total value of which was PLN 1,250.

In the period of 3 months ended 31 March 2023, no changes other the described above occurred in interests and shares held by the Company.

At 31 March 2023, the Management Board reassessed the impairment losses on shares to their recoverable value. The total value of impairment losses on shares at 31 March 2023 was PLN 129,636,000 (PLN 132,877,000 at 31 December 2022).

The following table presents changes in impairment losses on the shares in particular companies:

Company	Year ended 31 December 2022	Created/ increased	Reversed	Utilised	Period ended 31 March 2023
LC Corp Invest II Sp. z o.o.	(12 840)	(315)			(13 155)
LC Corp Invest XV Sp. z o.o.					
Investments SKA	-				-
LC Corp Service SKA	(1 116)				(1 116)
Arkady Wrocławskie S.A.	(14 488)		1 367		(13 121)
Develia Wrocław S.A.	(91 516)		683		(90 833)
LC Corp Invest III Sp. z o.o.	-				-
LC Corp Invest VIII Sp. z o.o.	-				-
LC Corp Invest XI Sp. z o.o.	(4 406)		1 419		(2 987)
LC Corp Invest XII Sp. z o.o.	(8 389)	(17)			(8 406)
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.	(6)				(6)
Projekt Myśluborska Sp. z o.o.	(6)				(6)

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(132 877)	(332)	3 573	-	(129 636)
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The changes in the impairment losses on the shares in subsidiaries and co-subsidiaries in the reporting period ended 31 March 2023 are mainly due to revised plans for the companies' ongoing development projects and, in the case of Arkady Wrocławskie S.A., to revised estimates of future performance.

The Company recognises the value of the created/reversed expense in the statement of comprehensive income under Other financial revenues/Other financial expenses.

The recoverable value of investments corresponds to their usable value.

In tests for the period ended 31 March 2023, the discount rate was assumed as 10.45% (for the period ended 31 December 2022 it was 10.45%).

3.13 Inventories

	31 March 2023	31 December 2022
Merchandise and work in progress	1 215 404	1 160 481
Finished products	85 169	119 125
Impairment losses on inventories	(225)	(131)
Payments for the purchase of land	10 824	10 824
Total inventories	1 311 172	1 290 299

The change in the Inventories item in the reporting period ended 31 March 2023, compared to the balance at 31 December 2022, is mainly a result of construction and financing expenditures on housing developments on the land owned and the sale of finished goods (residential and commercial premises, parking spaces, and appurtenant premises) under the development projects completed to date. In addition, in the period of 3 months ended 31 March 2023, the Company completed the construction and obtained licence to use the buildings in the completed housing development projects: *Mist House* at Mglista Street in Wrocław and *Marinus* at Gdańska Street in Gdańsk.

At 31 March 2023, the value of inventories included capitalised borrowing costs of PLN 86,585,000 (PLN 77,514,000 at 31 December 2022).

3.14 Trade and other receivables

	31 March 2023	31 December 2022
Trade receivables	16 268	10 327
Budget receivables (w/o income tax)	3	3
Receivables from blocked amounts, including allocated to the purchase of real estates	723	593
Other receivables from third parties	360	181
Total receivables (net)	17 354	11 104
Impairment loss on receivables	(245)	(88)
Gross receivables	17 599	11 192

Changes in impairment losses on receivables:

	31 March 2023	31 December 2022
Beginning of the period	88	21
Increase	157	270
Utilised	0	(203)
Reversed	0	-

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End of the period	245	88
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The ageing of trade receivables with maturity up to one year, at 31 March 2023, is presented below by maturity date:

	<1 month	1-3 months	3-12 months	Total up to 1 year
Trade receivables *)	13 300	3 212	-	16 513
	13 300	3 212	-	16 513

*) gross value, that is, without the write-off

The ageing of trade receivables with maturity up to one year, at 31 December 2022, is presented below by maturity date:

	<1 month	1-3 months	3-12 months	Total up to 1 year
Trade receivables *)	7 736	2 679	-	10 415
	7 736	2 679	-	10 415

*) gross value, that is, without the write-off

3.15 Current financial assets

Short-term securities

	Rate of interest	Maturity	31 March 2023	31 December 2022
Commercial bonds (Factoring Santander sp. z o.o.)	1 M WIBOR + 0.1%	27.01.2023	-	15 000
Commercial bonds (Factoring Santander sp. z o.o.)	1 M WIBOR + 0.1%	15.08.2023	15 044	-
Commercial bonds (mLeasing sp. z o.o.)	zero-coupon bonds	14-04-2023	9 867	-
Treasury bonds (WZ1122)			-	-
Covered bonds (PLPKOHP00066)	3M WIBOR + 0.6%	27.06.2023	14 051	14 049
Bonds of PKO BP Bank Hipoteczny PLO2192000360	3M WIBOR + 0.3%	19.05.2023	6 003	6 000
			44 965	35 049

The following table presents changes in the value of purchased commercial and treasury bonds in the period ended 31 March 2023:

	31.12.2022	Purchase	Redemption	Measurement	31 March 2023
Commercial bonds (Factoring Santander sp. z o.o.)	15 000	15 000	(15 000)	44	15 044
Commercial bonds (mLeasing sp. z o.o.)	-	9 867			9 867
Covered bonds (PLPKOHP00066)	14 049	-	-	2	14 051
Bonds of PKO BP Bank Hipoteczny PLO2192000360	6 000	-	-	3	6 003
	35 049	24 867	(15 000)	49	44 965

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Other financial assets

	31 March 2023	31 December 2022
Short-term loan receivables	181	167
Participation units of open-end debt investment funds:	22 544	21 790
• QUERCUS Short-Term Debt Sub-Fund	4 301	4 134
• QUERCUS Capital Protection Sub-Fund	2	2
• Allianz Specialised Open-End Investment Fund / Allianz Trezor	3 142	3 054
• Allianz Specialised Stable Income Open-End Investment Fund (formerly Aviva)	5 224	5 084
• GAMMA PARASOL BIZNES Specialised Umbrella Open-End Investment Fund	9 875	9 516
Cash in escrow accounts	17 438	22 423
Other financial assets	-	68
	40 163	44 448

At the balance sheet date the participation units of investment funds are measured at arm's length (market price). The effects of increase or decrease in the participation units of investment funds measured at market price (value) are presented in financial revenues or expenses, respectively. Participation units of open-end debt investment funds have no specified maturity and can be redeemed any time.

Cash in open-end escrow accounts is generated in the process of sale and completion of developer's projects in compliance with the developer's act. An open-end escrow account makes it possible for the developer to disburse the accumulated funds in the course of construction works. The following tranches are paid out according to the project schedule, that is, after the completion of subsequent stages of the construction.

The following table presents changes in the value of participation units of open-end debt investment funds in the period ended 31 March 2023:

Participation units of open-end debt investment funds:	31 December 2022	Purchase	Redemption	Profit/loss in the period	31 March 2023
• QUERCUS Short-Term Debt Sub-Fund	4 134	-	-	167	4 301
• QUERCUS Capital Protection Sub-Fund	2	-	-	-	2
• Allianz Specialised Open-End Investment Fund / Allianz Trezor	3 054	-	-	88	3 142
• Allianz Specialised Stable Income Open-End Investment Fund (formerly Aviva)	5 084			140	5 224
• GAMMA PARASOL BIZNES Specialised Umbrella Open-End Investment Fund	9 516			359	9 875
	21 790	-	-	754	22 544

The following table presents changes in escrow accounts in the period ended 31 December 2022:

	31 December 2022	Payments from customers	Funds released	31 December 2023
Cash in escrow accounts	22 423	143 466	(148 451)	17 438

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22 423	143 466	(148 451)	17 438
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3.16 Cash and cash equivalents

	31 March 2023	31 December 2022
Cash at hand and at banks	27 177	19 393
Short-term deposits	266 586	92 741
Cash in investment accounts	842	652
	294 605	112 786

The Company invests its financial surpluses in short-term bank deposits and additionally invests in short-term financial instruments by purchasing participation units in open-end debt investment funds and subscribing to bonds of leading commercial banks, and bonds of commercial companies from banking groups with stable financial investment ratings. The company diversifies the liquidity risk by varying the maturities of individual instruments - from liquid TFI units to short-term bonds with maturities of three to nine months.

3.17 Information about deferred tax reserves and assets

Deferred income tax follows from the following items:

	Statement of financial position			Deferred tax charge for the period ended	
	31 March 2023	31 December 2022	1 January 2022	31 March 2023	31 December 2022
Deferred tax reserve					
Accrued interest and discounts	(2 431)	(1 669)	(1 752)	(762)	83
Difference in the value of fixed assets (tax and balance sheet depreciation)	(84)	(92)	(95)	8	3
Interim differences referring to sales of finished products	(92 130)	(87 339)	(18 212)	(4 791)	(69 126)
Other	(958)	(944)	(575)	(14)	(369)
Gross deferred tax reserve	(95 603)	(90 044)	(20 634)		
Deferred tax assets					
Provisions, liabilities and accruals	3 717	4 620	3 314	(903)	1 306
Accrued interest and discounts	6 235	5 726	4 680	509	1 046
Interim differences referring to the cost of finished products sold	59 657	57 076	14 147	2 581	42 929
Losses deductible from future taxable income	3 272	7 666	4 957	(4 393)	2 709
Other	14	-	-		
Gross deferred tax assets	72 895	75 088	27 098		
Charge due to deferred income tax				(7 752)	(21 419)

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Net deferred tax asset	-	-	6 464
Net deferred tax reserve	(22 708)	(14 956)	-

3.18 Information on significant litigation accounts

At 31 March 2023, no significant court litigation, arbitration or administrative proceedings were pending with regard to liabilities or claims of Develia S.A. the value of which would be significant from the point of view of the financial position of the Company. The Company is a party to court and administrative proceedings the value of which has no material impact on its business operations or financial condition. Each case is considered individually in terms of significance for the company.

3.19 Adjustments due to errors from previous periods

In the period of 3 months ended 31 March 2023, there were no adjustments due to errors from the preceding periods.

3.20 Information on changes in the economic situation and conditions of business activity having a significant impact on the fair value of the Issuer's financial assets and financial liabilities, irrespective of whether such assets and liabilities are recognised at fair value or at adjusted purchasing price (amortised cost)

See description in 2.24.

3.21 Adjustments due to errors from previous periods

In the period of 3 months ended 31 March 2023, there were no adjustments due to errors from the preceding periods.

3.22 Information on failure to repay credits or loans or infringement of material provisions of the credit or loan agreement, with reference to which no remedial measures were undertaken until the end of the reporting period

None.

3.23 Information concerning a single or multiple transactions concluded by the Issuer or its subsidiary with related parties if concluded otherwise than at arm's length

In the period of 3 months ended 31 March 2023, the Issuer did not enter into any transactions with related parties otherwise than at arm's length.

Transactions between Develia S.A. and its related parties are presented in 3.24.

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3.24 Transactions between Develia S.A. and related parties

Related party	01.01.2023 – 31.03.2023				31.03.2023			
	Sale	Purchases	Financial income (interest, dividends)	Financial expenses (interest, discounts)	Trade and other receivables	Payables Trade and other payables	Long-term loans and receivables and short-term financial assets	Financial liabilities
Shareholders								
Subsidiaries and joint subsidiaries								
Arkady Wrocławskie S.A.	643	841	452	85	568	19	31 010	6 961
Develia Wrocław S.A.	485	-	-	-	265	-	-	-
Develia Warszawa Sp. z o.o.	32	-	-	2 372	-	-	-	140 489
Kraków Zielony Złocię Sp. z o.o.	278	-	-	-	138	-	-	-
LC Corp Invest I Sp. z o.o.	14	-	-	-	5	-	-	-
LC Corp Invest II Sp. z o.o.	104	-	86	-	74	-	3 547	-
LC Corp Invest VII Sp. z o.o.	284	-	-	-	128	33	-	-
LC Corp Invest IX Sp. z o.o.	260	-	480	-	123	-	19 576	-
LC Corp Invest X Sp. z o.o.	176	-	-	568	89	-	-	21 044
LC Corp Invest XI Sp. z o.o.	8	-	-	284	2	-	-	11 593
LC Corp Invest XII Sp. z o.o.	72	-	-	795	34	-	-	29 527
LC Corp Invest XV Sp. z o.o.	11	-	-	-	4	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 2 Sp.k	61	20	-	593	25	-	-	23 179
LC Corp Invest XV Sp. z o.o. Projekt 4 Sp.k	33	50	-	-	13	20	-	-
LC Corp Invest XV Sp. z o.o. Projekt 7 Sp.k	561	17	-	-	376	6	-	-
LC Corp Invest XV Sp. z o.o. Projekt 8 Sp.k	29	-	-	-	19	-	-	-
LC Corp Invest XV Sp. z o.o. Investments S.K.A.	500	-	-	-	286	-	-	-
4resident Sp. z o.o.	8	-	4	-	-	-	204	-
LC Corp Invest XVII Sp. z o.o.	8	-	-	-	2	-	-	-
LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k	17	-	-	2 343	6	-	-	97 597
LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp.k	8	-	-	-	7	-	-	-
LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k	401	285	-	-	535	3	-	-
LC Corp Invest Service S.A.	155	-	-	-	56	-	-	-
Develia Invest Sp. z o.o.	34	-	745	-	105	-	31 781	-
Projekt Mysliborska Sp. z o.o. Sp.k.	-	-	13	-	-	-	181	-
Entities related through shareholders								
Management Board and Supervisory Board								
Management Board *)		1 090 (*) 19 (**)				5 (**)		
Supervisory Board *)		209						

(*) Remuneration paid

(**) Other purchases

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Related party	01.01.2022 – 31.12.2022				31.12.2022			
	Sale	Purchases	Financial income (interest, dividends)	Financial expenses (interest, discounts)	Trade and other receivables	Payables Trade and other payables	Long-term loans and receivables and short-term financial assets	Financial liabilities
Shareholders	-	-	-	-	-	-	-	-
Subsidiaries								
Arkady Wrocławskie S.A.	2 637	2 826	1 271	230	1 051	19	30 422	6 876
Develia Wrocław S.A.	37 879	27	57 747	6	504	-	-	-
Develia Warszawa Sp. z o.o.	317	-	5 149	7 471	755	-	-	138 379
Kraków Zielony Złocię Sp. z o.o.	1 923	-	87 856	-	407	-	-	-
LC Corp Invest I Sp. z o.o.	53	-	14	-	-	5	-	-
LC Corp Invest II Sp. z o.o.	246	-	223	-	56	-	3 104	-
LC Corp Invest III Sp. z o.o.	-	-	-	-	-	-	-	-
LC Corp Invest VII Sp. z o.o.	1 716	-	4 595	-	917	-	-	-
LC Corp Invest VIII Sp. z o.o.	-	-	-	-	-	-	-	-
LC Corp Invest IX Sp. z o.o.	905	-	4 629	-	94	-	18 756	-
LC Corp Invest X Sp. z o.o.	1 015	-	16 020	752	202	-	-	20 579
LC Corp Invest XI Sp. z o.o.	36	-	15 076	842	12	-	-	11 381
LC Corp Invest XII Sp. z o.o.	469	78	15 381	832	52	-	-	28 796
LC Corp Invest XV Sp. z o.o.	40	-	1 219	-	4	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 2 Sp.k	749	69	-	2 085	109	-	-	22 817
LC Corp Invest XV Sp. z o.o. Projekt 4 Sp.k	339	113	-	-	90	11	-	-
LC Corp Invest XV Sp. z o.o. Projekt 6 Sp.k	-	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 7 Sp.k	1 921	75	-	-	641	8	-	-
LC Corp Invest XV Sp. z o.o. Projekt 8 Sp.k	269	-	-	-	6	30	-	-
LC Corp Invest XV Sp. z o.o. Investments S.K.A.	5 675	1 590	-	-	961	-	-	-
4resident Sp. z o.o.	35	-	1	-	11	-	99	-
LC Corp Invest XVII Sp. z o.o.	29	-	-	-	-	-	-	-
LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k	97	-	5 208	6 948	488	-	-	95 961
LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp.k	36	-	420	-	426	-	-	-
LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k	1 325	1 035	156	-	754	2	-	-
LC Corp Service S.A.	821	8	19 322	694	8	10	-	-
Develia Invest Sp. z o.o.	280	-	2 233	-	6	81	30 457	-
Projekt Mysliborska Sp. z o.o. Sp.k.	140	-	64	-	140	-	166	-
Management Board	-	81	-	-	-	5	-	-
Entities related through shareholders								
Management Board and Supervisory Board								
Management Board	-	8 572 *)	-	-	-	-	-	-
The Supervisory Board	-	768 *)	-	-	-	-	-	-

(*) Remuneration paid

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Related party	01.01.2022 – 31.03.2022				31.03.2022			
	Sale	Purchases	Financial income (interest, dividends)	Financial expenses (interest, discounts)	Trade and other receivables	Payables Trade and other payables	Long-term loans and receivables and short-term financial assets	Financial liabilities
Shareholders	-	-	-	-	-	-	-	-
Subsidiaries and joint subsidiaries								
Arkady Wrocławskie S.A.	507	633	142	85	1 088	33	26 190	6 731
Develia Wrocław S.A.	937	-	357	-	718	-	2	-
Develia Warszawa Sp. z o.o.	26	-	-	-	10	-	-	131 865
Kraków Zielony Złocię Sp. z o.o.	394	-	81 959	-	107	-	-	-
LC Corp Invest I Sp. z o.o.	14	-	-	-	6	-	-	-
LC Corp Invest II Sp. z o.o.	50	-	29	-	17	-	2 479	-
LC Corp Invest III Sp. z o.o.	18	-	-	-	5	-	2	-
LC Corp Invest VII Sp. z o.o.	219	-	-	-	95	-	-	-
LC Corp Invest VIII Sp. z o.o.	111	-	-	-	62	-	-	-
LC Corp Invest IX Sp. z o.o.	230	-	224	-	145	-	18 985	-
LC Corp Invest X Sp. z o.o.	270	-	-	-	92	-	-	-
LC Corp Invest XI Sp. z o.o.	7	-	-	137	2	-	-	10 630
LC Corp Invest XII Sp. z o.o.	170	18	-	-	45	8	-	-
LC Corp Invest XV Sp. z o.o.	11	-	-	-	4	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 2 Sp.k	241	12	-	1 517	117	5	-	35 636
LC Corp Invest XV Sp. z o.o. Projekt 4 Sp.k	60	17	-	-	12	13	-	-
LC Corp Invest XV Sp. z o.o. Projekt 6 Sp.k	41	-	-	-	22	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 7 Sp.k	279	19	-	-	186	8	-	-
LC Corp Invest XV Sp. z o.o. Projekt 8 Sp.k	101	-	-	-	30	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 10 Sp.k	-	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o. Projekt 11 Sp.k	-	-	-	-	-	-	-	-
LC Corp Invest XV Sp. z o.o. Investments S.K.A.	341	-	-	-	197	-	-	-
4resident Sp. z o.o.	6	-	-	-	2	-	-	-
LC Corp Invest XVII Sp. z o.o.	8	-	-	-	2	-	-	-
LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k	42	-	-	523	18	-	-	89 761
LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp.k	14	-	-	-	5	-	-	-
LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k	275	244	-	1 133	189	2	-	-
LC Corp Invest Service S.A.	75	-	-	-	26	-	-	-
Develia Invest Sp. z o.o.	118	-	340	-	47	-	26 559	-
Entities related through shareholders	-	-	-	-	-	-	-	-
Management Board and Supervisory Board								
Management Board	-	2 622 (*) 9 (**)	-	-	-	-	-	-
The Supervisory Board	-	181 (*)	-	-	-	-	-	-

(*) Remuneration paid

(**) Other purchases

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3.25 Information on changes in the method of determining the fair value for financial instruments measured at fair value

None.

3.26 Information on changes in the classification of financial assets due to a change in the purpose or use of such assets

None.

3.27 Financial liabilities**3.27.1 Interest-bearing bank loans, borrowings and debt securities**

Non-current (long-term)	Maturity	Rate of interest	31 March 2023	31 December 2022
Bond scheme (a)	22-05-2023	3M WIBOR + margin	-	-
Bond scheme (b)	06-10-2023	3M WIBOR + margin	-	-
Bond scheme (c)	10-05-2024	3M WIBOR + margin	119 880	149 473
Bond scheme (d)	08-10-2024	3M WIBOR + margin	99 607	99 542
Bond scheme (e)	20-12-2025	3M WIBOR + margin	15 169	15 144
Bond scheme (f)	27-03-2026	3M WIBOR + margin	178 626	-
Investment bills (g)		IRS 2Y of 08.03.2012 +margin	-	-
Investment bills (h)		1M WIBOR of 07.12.2010 + margin	-	-
Loan (i)	unspecified	1M EURIBOR + margin	26 632	26 232
Loan (j)	unspecified	6M WIBOR + margin	97 597	95 961
Loan (k)	unspecified	6M WIBOR + margin	28 594	28 039
Loan (l)	unspecified	6M WIBOR + margin	34 819	34 186
Loan (m)	unspecified	6M WIBOR + margin	11 593	11 381
Loan (n)	unspecified	6M WIBOR + margin	-	22 817
Loan (o)	unspecified	6M WIBOR + margin	-	-
Loan (p)	unspecified	6M WIBOR + margin	-	-
Loan (q)	unspecified	6M WIBOR + margin	-	-
Bank loan (r)	28-11-2024	1M WIBOR + margin	-	-
Bank loan (sv)	28-04-2024	3M WIBOR + margin	-	-
Bank loan (t)	12-04-2024	1M WIBOR + margin	-	-
Bank loan (u)	15-12-2024	3M WIBOR + margin	-	-
			612 518	482 775

Current (short-term)	Maturity	Rate of interest	31 March 2023	31 December 2022
Bond scheme (a)	22-05-2023	3M WIBOR + margin	60 625	60 650
Bond scheme (b)	07-04-2023 / 06-10-23	3M WIBOR + margin	63 131	71 580
Bond scheme (c)	11-02-2023	3M WIBOR + margin	1 533	2 125
Bond scheme (d)	08-01-2023	3M WIBOR + margin	2 155	2 285
Bond scheme (e)	20-03-2023	3M WIBOR + margin	46	51
Bond scheme (f)	27-06-2023	3M WIBOR + margin	197	-
Investment bills (g)	31-12-2023	IRS 2Y of 08.03.2012 +margin	6 961	6 876
Investment bills (h)	31-12-2023	1M WIBOR of 07.12.2010 + margin	50 443	49 921
Loan (i)	unspecified	1M EURIBOR + margin	-	-
Loan (j)	unspecified	6M WIBOR + margin	-	-

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Loan (k)	unspecified	6M WIBOR + margin	-	-
Loan (l)	unspecified	6M WIBOR + margin	-	-
Loan (m)	unspecified	6M WIBOR + margin	-	-
Loan (n)	unspecified	6M WIBOR + margin	23 179	-
Loan (o)	unspecified	6M WIBOR + margin	10 700	10 437
Loan (p)	unspecified	6M WIBOR + margin	10 344	10 141
Loan (q)	unspecified	6M WIBOR + margin	29 527	28 796
Bank loan (r)	31-03-24	1M WIBOR + margin	-	-
Bank loan (s)	31-03-24	3M WIBOR + margin	-	-
Bank loan (t)	31-03-24	1M WIBOR + margin	-	-
Bank loan (u)	31-03-24	3M WIBOR + margin	-	-
			258 841	242 862

- a) Coupon bonds – issue of 22 May 2019, 60,000 four-year uncollateralised coupon bonds with the value of PLN 1,000 each and total par value of PLN 60,000,000 under the Bond Issue Programme Agreement signed with mBank S.A. in Warsaw, to be redeemed on 22 May 2023.
- b) Coupon bonds – issue of 7 October 2020, 70,000 uncollateralised 3-year coupon bonds with the value of PLN 1,000 each and total par value of PLN 70,000,000 under the Bond Issue Scheme agreement signed with mBank S.A. in Warsaw to be redeemed on 6 October 2023. On 14 March 2023, Develia S.A. acquired 8200 bonds for redemption. The amount of bonds for redemption at 6 October 2023 is PLN 61,800,000.
- c) Coupon bonds – issue of 11 May 2021, 150 000 uncollateralised 3-year coupon bonds with the value of PLN 1 000 each and total par value of PLN 150 000 000 under the Bond Issue Scheme agreement signed with mBank S.A. in Warsaw, to be redeemed on 10 May 2024. On 16 March 2023, Develia S.A. acquired 26,690 bonds for redemption. The amount of bonds for redemption at 10 May 2024 is PLN 120,310,000.
- d) Coupon bonds – issue of 8 October 2021, 100 000 uncollateralised 3-year coupon bonds with the value of PLN 1 000 each and total par value of PLN 100 000 000 under the Bond Issue Scheme agreement signed with mBank S.A. in Warsaw, to be redeemed on 8 October 2024.
- e) Coupon bonds – issue of 20 December 2022, 15 442 uncollateralised 3-year coupon bonds with the value of PLN 1 000 each and total par value of PLN 15 442 000 under the Bond Issue Scheme organisation agreement signed with Michael / Ström Dom Maklerski S.A. in Warsaw, to be redeemed on 20 December 2025.
- f) Coupon bonds – issue of 27 March 2023, 180 000 uncollateralised 3-year coupon bonds with the value of PLN 1 000 each, totalling PLN 180,000,000, under the Bond Issue Programme Agreement signed with mBank S.A. in Warsaw, to be redeemed on 27 March 2026.
- g) Investment bills – issue of 9 March 2012 comprising seven investment bills with a par value of PLN 2 000 000 each, subscribed by the subsidiary Arkady Wrocławskie S.A. On 31 January 2014, an annex was signed changing the bills redemption date from 31 January 2014 to 31 January 2017. On 30 January 2017, an annex was signed postponing the bills redemption date from 31 January 2017 to 30 November 2017. On 30 November 2017, an annex was signed postponing the bills redemption date from 30 November 2017 to 30 November 2019. On 27 November 2019, an annex was signed changing the bills redemption date to 30 November 2021. On 4 November 2021, an annex was signed changing the bills redemption date to 30 June 2022. On 24 May 2022, an annex was signed changing the bills redemption date to 31 December 2022. On 7 December 2022, an annex was signed changing the bills redemption date to 31 December 2023.
- h) Investment bills – issue of 9 December 2010 comprising thirty investment bills with a par value of PLN 1 000 000 each, subscribed by the subsidiary Warszawa Przyokopowa Sp. z o.o. On 9 December 2013, an annex was signed deferring the bills redemption date from 9 December 2013 to 9 December 2016. On 28 November 2016, an annex was signed deferring the bills redemption date to 9 December 2019. On 27 November 2019, an annex was signed changing the bills redemption date to 9 December 2022. On 24 November 2022, an annex was signed changing the bills redemption date to 31 December 2023.

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- i) Loan – on 27 February 2019, Develia S.A. and Warszawa Przyokopowa Sp. z o.o. concluded a loan agreement amounting to EUR 5 million for an unspecified period of time.
- j) Loan - on 18 December 2019, Develia S.A. and LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. concluded a loan agreement amounting to PLN 82.5 million for an unspecified period of time. The outstanding principal amount (for repayment) at 31 March 2023 is PLN 82.415 million.
- k) Loan – on 24 February 2020, Develia S.A. and Warszawa Przyokopowa Sp. z o.o. concluded a loan agreement amounting to PLN 25 million for an unspecified period of time.
- l) Loan – on 20 April 2021, Develia S.A. and Warszawa Przyokopowa Sp. z o.o. concluded a loan agreement amounting to PLN 30 million for an unspecified period of time.
- m) Loan – on 30 April 2021, Develia S.A. and LC Corp Invest XI Sp. z o.o. concluded a a loan agreement amounting to PLN 10 million for an unspecified period of time.
- n) Loan – on 2 November 2021, Develia S.A. and LC Corp Invest XV Sp. z o.o. Projekt 20 Sp. k. concluded a loan agreement amounting to PLN 40 million for an unspecified period of time. The outstanding principal amount (for repayment) at 31 March 2023 is PLN 20.565 million.
- o) Loan – on 27 July 2022, Develia S.A. and LC Corp Invest X Sp. z o.o. concluded a a loan agreement amounting to PLN 10.0 million for an unspecified period of time.
- p) Loan – on 20 September 2022, Develia S.A. and LC Corp Invest X Sp. z o.o. concluded a loan agreement amounting to PLN 10.0 million for an unspecified period of time.
- q) Loan – on 20 September 2022, Develia S.A. and LC Corp Invest XII Sp. z o.o. concluded a loan agreement amounting to PLN 30.0 million for an unspecified period of time. At 31 March 2023, the released amount of the loan is PLN 28.0 million.
- r) Revolving credit from mBank S.A. under a revolving loan agreement of 3 December 2020, amounting to PLN 35 million, for financing the running operations of the company. After the balance sheet date, on 1 April 2021, Develia S.A. and mBank S.A. concluded an annex to the revolving loan agreement of 3 December 2020 which supplemented the list of loan repayment collaterals and allowed the Company utilising the full credit amount up to PLN 35 million. On 2 December 2022, Develia S.A. concluded annex no. 2, in which the amount of the loan was increased to PLN 50 million and the term of utilisation was extended until 28 November 2024. On 1 February 2023, Develia S.A. concluded annex no. 3 extending the list of repayment collaterals. On 7 March 2023, Develia S.A. concluded annex no. 4 changing the list of loan collaterals maintaining the maximum utilisable loan amount at PLN 50 million. On 3 April 2023, Develia S.A. and mBank S.A. concluded annex no. 5 to the revolving loan agreement of 3 December 2020, which changed the list of loan repayment collaterals utilising the full credit amount up to PLN 45.7 million. At the date of this report the credit was not released.
- s) Revolving credit from PKO BP - on 29 April 2021, Develia S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. entered into an overdraft facility agreement under which the bank granted a credit of PLN 20 million to the company for financing its current obligations due to business operations, including costs of investment (including purchase of land). The credit was granted to the company for a period from the date of the loan agreement until 28 April 2022. On 27 April 2022, Develia S.A. and PKO BP S.A. concluded Annex No. 1 to the overdraft facility agreement of 29 April 2021 extending the lending term until 28.04.2023, increasing the credit amount up to PLN 50 million and changing the credit repayment collaterals. On 3 August 2022, Develia S.A. and PKO BP S.A. concluded Annex No. 2 to the overdraft facility agreement of 29 April 2021 making amendments to the provisions regarding repayment collaterals. On 28 November 2022, Develia S.A. and PKO BP S.A. concluded Annex No. 3 amending the provisions regarding repayment collaterals. On 24 November 2022, Develia S.A. and PKO BP S.A. concluded Annex No. 4 amending the provisions regarding repayment collaterals. On 1 March 2023, Develia S.A. and PKO BP S.A. concluded Annex No. 5 extending the term of utilisation of the credit until 28 April 2024. On 26 April 2023, Develia S.A. and PKO BP S.A. concluded Annex No. 6 extending the term for establishing mortgage. At the date of this report the credit was not released.
- t) Credit from Santander Bank Polska S.A. - contracted on 12 April 2022 from Santander Bank Polska S.A. under a credit facility agreement of up to PLN 30 million, allocated to current financing of its operations, including developer's activity. The final repayment date was appointed as 12 April 2024. On 11 October 2022, Develia

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S.A. and Santander Bank Polska S.A. concluded Annex No. 1 to the credit facility agreement of 12 April 2022 specifying the provisions regarding some definitions and collaterals for credit transactions. As at the date of this report the credit was not released.

- u) Credit from Alior Bank S.A. - on 23 December 2022 the Company and Alior Bank S.A. concluded a loan agreement up to PLN 79.83 million for financing or refinancing costs incurred in connection with the developer's project "Aleje Praskie Stage II Phase 6" in Warsaw. At the date of this report the credit was not released.

The average weighted rate of interest in the period ended 31 March 2023 was, respectively: 0.00% for credits, 10.61% for bonds, 5.77% for investment bills, and 10.88% for loans (in the period ended 31 December 2022: 5.70% for credits, 8.10% for bonds, 5.77% for investment bills, and 8.49% for loans).

The following table presents the value of financial liabilities due to credits, bonds, loans and bills by maturity.

	<1 month	1-3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Loans	-	-	73 750	-	-	-	-	199 236	272 986
Bills	-	-	57 404	-	-	-	-	-	57 404
Bonds (variable rate of interest) *)	3 630	62 487	61 800	220 310	195 442	-	-	-	543 669
Bank loan (WIBOR)	-	-	-	-	-	-	-	-	-
	3 630	62 487	192 954	220 310	195 442	-	-	199 236	874 059

*) the presented amounts are not inclusive of balance sheet date valuation

3.27.2 Information on failure to repay credits or loans or infringement of material provisions of the credit or loan agreement, with reference to which no remedial measures were undertaken until the end of the reporting period

Such events did not occur in the period ended 31 March 2023.

3.27.3 Liquidity

The Company aims to maintain balance between the continuity and flexibility of financing by making use of various sources of financing such as bank loans and bonds. The Company has its own funds to secure its ongoing activities and investments but in order to expand its activity it must obtain further financing by concluding bank loans or issuing bonds. The Company aims at aligning the dates of repayment of subsequent instalments with proceeds from the sale of respective projects.

The Company's liquidity is very good – cash and current financial assets ensure timely repayment of current financial payables. The realised investment proceeds from the sales of apartments are a source of repayment for bonds financing the Company's housing segment.

Respective notes to the financial statements referring to these categories analyse the maturity of financial assets and liabilities.

3.27.4 Information on the issue, redemption and repayment of debt and capital securities

On 14 March 2023, the Issuer acquired 8200 three-year unsecured, dematerialised coupon bonds of LCC1023OZ4 series, ISIN code PLO112300010, each with a par value of PLN 1,000, out of 70,000 bonds issued on 7 October 2020, to be redeemed on 6 October 2023 as indicated in the terms and conditions of issue.

On 14 March 2023, the Issuer and mBank S.A. concluded an annex to the programme agreement of 2 October 2018 (as amended) ("Programme Agreement") in which the amount of the multiple bonds issue programme under the Programme Agreement was increased from PLN 400,000,000.00 to PLN 600,000,000.00 ("Issue Programme"). With the above-described annex, the brokerage office Biuro Maklerskie mBank S.A. acceded to the Programme Agreement as a dealer in addition to mBank S.A. The annex to the Programme Agreement also aligns the Programme Agreement

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and the documentation of the Issue Programme with the amended provisions of laws applicable to Bonds issued under the Programme. Bonds issued under the amended Issue Programme will be offered for purchase according to article 33 paragraph 1 or 2 of the Act on Bonds of 15 January 2015.

On 16 March 2023, the Issuer acquired 29,690 three-year unsecured, dematerialised coupon bonds of DVL100524 series, ISIN code PLO112300028, each with a par value of PLN 1,000, out of 150,000 bonds issued on 11 May 2021, to be redeemed on 11 May 2024 as indicated in the terms and conditions of issue.

On 20 March 2023, the Management Board resolved to issue 180,000 unsecured ordinary bearer bonds of DVL0326OZ7 series, each with a par value of PLN 1,000 and the maximum total par value of PLN 180,000,000, issued under the Bond Issue Programme Agreement, signed with mBank S.A. and Biuro Maklerskie mBank S.A., up to the total (par) value of issued and non-redeemed bonds amounting to PLN 600,000,000. On 27 March 2022, the Company issued 180,000 three-year uncollateralised coupon bonds, each with a par value of PLN 1,000, totalling PLN 180,000,000, to be redeemed on 27 March 2026.

On 27 March 2023, the Issuer issued 180,000 three-year uncollateralised coupon bonds with a par value of PLN 1,000 each, totalling PLN 180,000,000, under the Bond Issue Programme Agreement signed with mBank S.A. in Warsaw, to be redeemed on 27 March 2026.

3.27.5 Incurring, repayment of bank credits and loans

On 3 January 2023, Develia S.A. repaid a portion of the loan, contracted under a loan agreement with LC Corp Invest XV Projekt 2 Sp. kom., amounting to PLN 95,000. The outstanding principal amount (for repayment) at 31 March 2023 is PLN 20.565 million.

On 31 March 2023, Develia S.A. repaid a portion of the loan, contracted under a loan agreement with LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom., amounting to PLN 85,000. The outstanding principal amount (for repayment) at 31 March 2023 is PLN 82.415 million.

3.27.6 Lease payable

The discounted lease payments at 31 March 2023 are presented below by maturity:

	31 March 2023	31 December 2022
up to 1 month	212	209
from 1 to 3 months	2 789	2 444
from 3 to 12 months	1 482	1 800
from 1 year to 2 years	3 151	3 228
from 2 to 3 years	2 517	2 742
from 3 to 4 years	1 996	2 019
from 4 to 5 years	1 859	1 834
above 5 years	30 118	30 083
Total	44 124	44 359

3.27.7 Trade and other payables

	31 March 2023	31 December 2022
Trade payables	115 470	104 564
Budget payables (w/o income tax)	3 886	3 837
Security deposits payable (including payments for the reservation of premises)	13 134	12 095
Other payables	725	72

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133 215

120 568

The ageing of financial liabilities with maturity up to one year, at 31 March 2023, is presented below by maturity date:

	<1 month	1-3 months	3-12 months	Total up to 1 year
Trade payables	60 985	14 485	40 000	115 470
	60 985	14 485	40 000	115 470

The ageing of financial liabilities with maturity up to one year, at 31 December 2022, by maturity date:

	<1 month	1-3 months	3-12 months	Total up to 1 year
Trade payables	47 243	17 321	40 000	104 564
	47 243	17 321	40 000	104 564

Budget payables refer mainly to personal income tax, national social insurance contribution, VAT and civil law taxes. Budget payables are settled within statutory terms.

Deposits payable refer mainly to amounts retained in connection with the performance of developer's projects, and amounts paid by way of reservation of residential premises under the Company's housing investments.

Other liabilities include ECP contributions payable within up to 1 month and contributions to the Company Social Welfare Fund (ZFŚS).

3.28 Information on created, increased, utilised and reversed provisions

The amounts of reserves and provisions and reconciliation representing movements during the year/period are presented in the table below:

	<i>Severance payments, health pensions, death benefits</i>	<i>Remedying defects and construction faults</i>	<i>Penalties and damages</i>	<i>Other</i>	<i>Total</i>
At 1 January 2023	420	24	3	409	856
Created during the financial year	-	-	-	201	201
Utilised	-	-	-	-	-
Reversed	-	-	-	-	-
At 31 March 2023	420	24	3	610	1 057
Current (short-term) at 31 March 2023	-	24	3	610	637
Non-current (long-term) at 31 March 2023	420	-	-	-	420

3.29 Collaterals

At 31 March 2023, the main collaterals for the repayment of credits and loans were:

- 1) Collaterals to the agreement of a bank loan contracted by Arkady Wrocławskie S.A.:

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- pledge on the shares of Arkady Wrocławskie S.A. held by Develia S.A – up to EUR 37 500 000,
 - Issuer's credit repayment surety for the company up to EUR 10,812,500.00 and declaration of submission to enforcement up to the above-indicated amount.
- 2) Collaterals to the agreement of a bank loan contracted by LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp.k. for the benefit of mBank S.A., which expired on 27 April 2023 in connection with the sale of the Wola Retro building and full repayment of the loan:
- subordination agreement concluded by the borrower, the Issuer and other subsidiaries of the Issuer (LC Corp Invest and Sp. z o.o. and LC Corp Invest XVII Sp. z o.o.) as subordinated creditors with the lender as the senior creditor, including transfer to secure all subordinated debt claims,
 - registered pledges on the rights and receivables of the general partner and the limited partner of the borrower's partnership having the pari passu status (subject to seniority of pledges established in connection with the refinanced debt), each up to EUR 51,280,500, including submission to enforcement according to article 777 paragraph 1 point 6 of the Civil Procedure Code,
 - support agreement with the Issuer containing the Issuer's commitment to provide financial support to the borrower, including to create and reinstitute the Debt Service Reserve after the release of funds, including the Issuer's declaration of voluntary submission to enforcement by the lender in relation to the support agreement up to EUR 560,000.00, according to article 777 paragraph 1 point 5 of the Civil Procedure Code,
- 3) Collaterals to the revolving loan agreement concluded on 3 December 2020 by Develia S.A. with mBank S.A.
- contractual mortgage up to PLN 75,000,000 on real estates owned or perpetually used by Develia S.A. and its subsidiary - LC Corp Invest XV Sp. z o.o. Investments S.K.A.
 - declaration of Develia S.A. on voluntary submission to enforcement according to article 777 paragraph 1 point 5 of the Civil Procedure Code up to PLN 75,000,000,
 - declaration of LC Corp Invest XV Sp. z o.o. Investments S.K.A. on voluntary submission to enforcement from the mortgaged real estates according to article 777 paragraph 1 point 6 of the Civil Procedure Code,
 - blank promissory note with a declaration as a legal security of the guarantee amounting to PLN 28 million, granted by Bank Gospodarstwa Krajowego, to secure repayment of the loan granted by mBank SA until 1 March 2023,
- 4) Collaterals to the revolving loan agreement concluded on 29 April 2021 by Develia S.A. with Powszechna Kasa Oszczędności Bank Polska S.A.
- joint mortgage up to PLN 75,000,000 on real estates owned or perpetually used by Develia S.A. and its subsidiary - LC Corp Invest XV Sp. z o.o. Investments S.K.A.,
 - declaration of voluntary submission to enforcement to be conducted by PKO BP SA up to PLN 75,000,000 according to article 777 paragraph 1 point 5 of the Civil Procedure Code in the form of a notarial deed,
 - financial pledge and registered pledge with the maximum collateral amount of PLN 75,000,000 on cash in the current account.
- 5) Collaterals to the revolving loan agreement concluded on 12 April 2022 by Develia S.A. with Santander Bank Polska S.A.:
- mortgage up to PLN 45,000,000 on real estates owned or perpetually used by Develia S.A. and its subsidiary - Develia Wrocław S.A.,
 - declaration of voluntary submission to enforcement according to article 777 paragraph 1 point 5 of the Civil Procedure Code up to PLN 45,000,000,
 - financial and registered pledge up to the maximum collateral amount of PLN 45,000,000 on the rights to cash in the borrower's bank accounts maintained with Santander Bank Polska S.A.,
 - power of attorney granted by the Company to the bank to collect cash from the borrower's bank accounts,
 - declaration of voluntary submission to enforcement from encumbered assets, that is, mortgaged real estate, according to article 777 paragraph 1 point 6) of the Civil Procedure Code, up to PLN 45,000,000.
- 6) Collaterals to the non-revolving loan agreement concluded on 23 December 2022 by Develia S.A. with Alior Bank S.A.:
- blank promissory note, including promissory note agreement,

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- mortgage up to PLN 119,745,000 on the real estate in Warsaw at ul. Podskarbińska 32-34, plot reg. no. 2/4, land and mortgage register (KW) number WA6M/00530452/6, including assignment from the construction risk insurance policy, and upon completion of the project, including an assignment of rights from the real property insurance policy,
 - declaration of voluntary submission to enforcement according to article 777 paragraph 1 point 5 of the Civil Procedure Code up to PLN 159,660,000 PLN
 - authorisation granted by the Company to the bank to collect cash from the borrower's bank accounts
 - transfer agreement as a collateral of cash receivable under agreements linked to the project,
 - financial and registered pledge on all bank accounts of the borrower and registered pledge on receivables from the housing escrow account
 - notarised authorisation to the Bank to sell the premises under the financed project if the loan is not repaid, in order to satisfy credit claims,
 - allocate the present and future loans granted for the project purposes to repayment.
- 7) Collaterals for the agreement of a bank loan contracted by Projekt Lizbońska Sp. z o.o. Sp. kom. for the benefit of Alior Bank S.A.:
- registered pledges on the pre-emptive rights and receivables of the limited partner in the borrower's company, each up to PLN 247,455,982.00,
 - agreement concerning the guarantee of coverage of excess budget costs referring to the project comprising the construction of a complex of residential multi-family buildings with services, underground garage, standalone transformer station, development of land and necessary technical and road infrastructure, including slip roads at Lizbońska Street, Praga-Południe district in Warsaw, up to PLN 12,770,985.68.

3.30 Information on dividends paid (or declared), in total and per share, for equity and preference shares

At the date of publication of this report, the Issuer did not pay or declare a dividend for 2022.

3.31 Identification of events occurring after 31 March 2023, not included in these statements, and likely to significantly affect the future financial performance of the Issuer.

Significant events after 31 March 2023 are described in 2.35

3.32 Information on changes in contingent liabilities or contingent assets since the end of the last financial year

In addition to contingent liabilities collateralising bank loans detailed in Note 32.3, at 31 December 2022 and 31 December 2021 the Company had contingent liabilities due to the agreed contingent fee of PLN 187,000 for tree cutting in connection with the conducted investment projects.

Apart from the aforementioned, in performing the contracts of sale of real property including Silesia Star in Katowice and Retro Office House in Wrocław, described in article 2.1 of the Contract, the Company granted 5-year rent guarantees (including surface that was not rented) to the buyers - Ingadi spółka z ograniczoną odpowiedzialnością ("Ingadi") and Artigo spółka z ograniczoną odpowiedzialnością ("Artigo") - collateralised by sureties granted by the Company (as guarantor for 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 Sellers and debtors). Based on the following sureties the Company will guarantee:

- (i) that P20 and P21 will fulfil the obligations and liabilities of P20 and P21 under the Promised Agreements, and
- (ii) that P20 and P21 will fulfil the obligations and liabilities of P20 and P21 related to the finish works of tenants indicated in the Promised Agreements, and
- (iii) that P20 and P21 will fulfil the obligations and liabilities of P20 and P21 under rent guarantee agreements referred to in Pre-Sale Contracts, and

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- (iv) that the Company will accede to the debts of P20 and P21 following from the obligations and liabilities of P20 and P21 under the Promised Agreements and rent guarantee agreements, in case of discontinuation of activities, liquidation or dissolution of the Sellers' business as described in the sureties.

In performing the contract of sale of the Wola Center real estate in Warsaw by a subsidiary, as described in Note 37 to the financial statements for the period ended 31 December 2020, the Company granted a surety to the Buyer for the Seller - Warszawa Przyokopowa Spółka z ograniczoną odpowiedzialnością and debtor, under which the Company guaranteed that:

- (i) the Seller will fulfil the obligations and liabilities of Warszawa Przyokopowa as seller under agreements concerning the object of the Transaction, and
- (ii) the Company will accede to the debts of WP following from the obligations and liabilities of WP under the Promised Contract in case of discontinuation of activities. liquidation or dissolution of the Seller's business as described in the surety,
- (iii) contractual penalty will be paid for the Buyer's withdrawal from the pre-sale contract for reasons attributable to the Seller.

In performing the contract of sale of 79.55% of the shares in the ownership of land with the multifunctional building Sky Tower in Wrocław, concluded on 15 March 2022 between the Issuer's subsidiary Sky Tower S.A. as seller and Olimp Investment Sp. o.o. in Warsaw as buyer, the Issuer granted a corporate guarantee up to EUR 2,438,481.95 to secure the performance of the seller's (Develia Wrocław S.A., formerly: Sky Tower S.A.) liabilities under the sales contract.

On 18 July 2022, Develia S.A. granted a surety to Kraków Zielony Złocień Sp. z o.o., amounting up to PLN 922,500.00, by way of a bank guarantee granted by mBank S.A. to the City of Katowice on behalf of that company, as a performance bond for the agreement of 2 November 2020 regarding a road investment related to the Katowice Ceglana project.

In connection with the annex of 29 December 2022 to the loan agreement concluded on 28 February 2008 between Arkady Wrocławskie S.A. and Santander Bank Polska S.A., Develia S.A. as the sole shareholder of Arkady Wrocławskie S.A., on 23 January 2023, granted a credit repayment surety for the Company to the bank up to EUR 10,812,500.00 and submitted itself to enforcement up to the above-indicated amount.

In performing the contract of sale of the Wola Retro real estate in Warsaw concluded on 27 April 2023, the Issuer granted to the buyer, WR Office Sp. z o.o., a collateral in the form of a corporate guarantee up to EUR 6,000,000 as a performance bond of P22's obligations under the rent guarantee agreement, the main portion of the collateral being a deposit paid from the selling price, amounting of EUR 4,000,000, released to P22 by three instalments in annual periods without increasing the corporate guarantee limit indicated in the preceding sentence. The guarantee period according to the rent guarantee agreement is three (3) years (no longer than until 30 April 2026).

The surety granted by Develia S.A. to Kraków Zielony Złocień Sp. z o.o. to the amount of PLN 922,500.00 for a bank guarantee granted by mBank S.A. to the City of Katowice on behalf of that company, as a performance bond for the agreement of 2 November 2020 regarding a road investment related to the Katowice Ceglana project, expired on 31 January 2023.

In addition to the above-described contingent liabilities collateralising bank loans, contingent payments for tree cutting and liabilities in connection with the concluded real estate sale agreements, at 31 March 2023 the Company has no other significant contingent liabilities.

3.33 Other information that, in the Issuer's opinion, is significant in order to evaluate its human resources, property and financial standing, financial performance and changes thereof, and information considered significant in order to evaluate the chances of fulfilment of the Issuer's obligations.

See section 4.9 of this report.

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3.34 Revenues and results according to operating segments

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

- developer's activities segment
- (other) holding activities segment

The following tables present data referring to revenues and costs from respective segments of the Company for the period of 3 months ended 31 March 2023 and 31 March 2022.

Period of 3 months ended 31 March 2023	Developer's activities	Activities of holding companies (other)	TOTAL
Operating revenues			
Revenue from sales of services, products and goods	149 094	4 313	153 407
Revenue from interest and discounts		5 920	5 920
Revenue from dividends		0	0
Other financial revenues		3 241	3 241
Other operating income		141	141
Total operating expenses	149 094	13 615	162 709
Operating expenses			
Costs of operating activities, value of products and goods sold	(109 781)	(3 343)	(113 124)
Cost of interest and discounts		(3 860)	(3 860)
Other financial expenses		(857)	(857)
Other operating expenses		(262)	(262)
Total operating expenses	(109 781)	(8 322)	(118 103)
Gross profit/(loss)	39 313	5 293	44 606
Income tax (tax charge)	(7 469)	(547)	(8 016)
Net profit/(Loss) from continuing activities	31 844	4 746	36 590
Discontinued operations			
Profit/(loss) from discontinued operations for the financial year	-	-	-
Net profit/ (loss)	31 844	4 746	36 590
Other comprehensive income			
Other components of comprehensive income	-	-	-
Income tax on other comprehensive income components	-	-	-
Other comprehensive income (net)	-	-	-
Total income	31 844	4 746	36 590

Period of 3 months ended 31 March 2022	Developer's activities	Activities of holding companies (other)	TOTAL
Operating revenues			
Revenue from sales of services, products and goods	38 225	4 270	42 495
Revenue from interest and discounts	-	1 108	1 108
Revenue from dividends	-	81 959	81 959
Other financial revenues	-	8 152	8 152
Other operating income	-	546	546

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Total operating expenses	38 225	96 035	134 260
Operating expenses			
Costs of operating activities, value of products and goods sold	(40 841)	(4 922)	(45 763)
Cost of interest and discounts	-	(2 994)	(2 994)
Other financial expenses	-	(660)	(660)
Other operating expenses	-	(284)	(284)
Total operating expenses	(40 841)	(8 860)	(49 701)
Gross profit/(loss)	(2 616)	87 175	84 559
Income tax (tax charge)	497	(162)	335
Net profit/(Loss) from continuing activities	(2 119)	87 013	84 894
Discontinued operations			
Profit/(loss) from discontinued operations for the financial year	-	-	-
Net profit/ (loss)	(2 119)	87 013	84 894
Other comprehensive income			
Other components of comprehensive income	-	-	-
Income tax on other comprehensive income components	-	-	-
Other comprehensive income (net)	-	-	-
Total income	(2 119)	87 013	84 894

3.34.1 Revenue from sales

	Period ended 31 March 2023	Period ended 31 March 2022
Revenues from the sale of services	4 313	4 270
Revenues from the sale of finished products	149 094	38 225
Revenues from the sale of goods	-	-
Total revenues from sales (IFRS 15)	153 407	42 495

3.34.2 Operating expenses

	Period ended 31 March 2023	Period ended 31 March 2022
Depreciation/amortisation	886	780
Consumption of materials and energy	260	232
Outsourced services, of which:	3 140	2 519
• IT and communications services	483	314
• Rental and lease services	524	307
• Legal and tax consultancy services	364	561
• Real property auditing, market surveys and consulting services	724	904
Taxes and levies	478	238
Payroll	9 480	11 720
Social insurance and other benefits	1 615	1 751
Other costs according to type	1 567	1 554
Movements in products	(931)	(1 419)

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Value of products, work in progress and goods sold	96 629	28 389
Total	113 124	45 764

Employee share schemes

In the period ended 31 December 2021, the Company launched an incentive scheme for members of the Management Board and the key personnel of the (parent) Company. The scheme will cover the years from 2021 to 2024. Under this scheme, every year the Management Board and the Supervisory Board will allocate the relevant part of capital instruments (warrants) to key personnel and to members of the Management Board, respectively, exchangeable to the (parent) Company's shares provided that relevant terms and conditions of entitlement are met.

In the period ended 31 March 2023, the Company recognised PLN 1,899,000 in the cost of payroll due to the incentive scheme granted, as set out in IFRS 2 (PLN 3,116,000 in the period ended 31 December 2022).

3.35 Financial instruments

The following table presents the balance sheet value of all the Company's financial instruments by categories of assets and liabilities in compliance with IFRS 9:

	Balance sheet value	
	31 March 2023	31 December 2022
<i>Assets measured at fair value through profit or loss:</i>		
Loans granted	86 299	83 006
Participation units of open-end debt investment funds	22 544	21 790
	108 843	104 796
<i>Assets measured at amortised cost:</i>		
Bonds of commercial and treasury companies	44 965	35 049
Cash in open trust accounts	17 438	22 423
Cash and cash equivalents	294 605	113 142
Trade and other receivables (<i>except budget receivables</i>)	17 599	11 189
	374 607	181 803
<i>Financing payables measured at amortised cost:</i>		
Trade and other payables (<i>except budget payables</i>)	115 470	116 731
Interest-bearing credits, bonds and loans with a variable rate of interest	813 955	668 840
Credits, bonds, loans and bills with a fixed rate of interest	57 404	56 797
	986 829	842 368

The following table presents the balance sheet values and the fair values of the Company's financial instruments at 31 December 2022:

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	Balance sheet value	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:					
Loans granted	86 299	86 299	-	86 299	-
Participation units of open-end debt investment funds	22 544	22 544	-	22 544	-
	108 843	108 843	-	108 843	-
Assets measured at amortised cost:					
Bonds	44 965	44 991	44 991	-	-
Cash in open-end escrow accounts	17 438	17 438	-	17 438	-
Cash and cash equivalents	294 605	294 605	-	294 605	-
	357 008	357 034	44 991	312 043	-
Financial liabilities measured at amortised cost:					
Loans with a variable rate of interest	272 986	256 525	-	256 525	-
Credits with a variable rate of interest	-	-	-	-	-
Bonds a variable rate of interest	540 969	545 256	123 071	422 185	-
Bills with a fixed rate of interest	57 404	55 409	-	55 134	-
	871 359	857 190	-	311 659	-

According to IFRS 13, the levels of hierarchy are:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities,
- level 2 – techniques of measurement with directly or indirectly observable inputs
- level 3 – techniques of measurement with non-observable inputs.

In comparison with the preceding reporting period, the Company did not change the financial instruments classification and measurement methods. In the reporting period there were no movements between the fair value hierarchy levels.

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4. COMMENTARY OF THE MANAGEMENT BOARD ON THE ACTIVITIES OF THE CAPITAL GROUP AND THE ISSUER

4.1 Major successes and failures of Develia S.A. Capital Group

The Company operates for its subsidiaries and also is an independent real estate developer. The Company operates in Poland only.

The Capital Group operates in Poland and its key locations are big Polish cities: Warsaw, Wrocław, Kraków, Gdańsk, Łódź and Katowice.

Revenues in the period of 3 months ended 31 March 2023 were from the developer's activities of the Group's companies on the domestic market in respective cities.

In total, 533 residential and service premises (pre-sale contracts: including rescissions, w/o reservation agreements) were sold in the period of 3 months ended 31 March 2023 – which corresponded to a decrease by 12% compared to the analogous period of the preceding year, and 441 residential and service premises were handed over by way of notarial deeds – increase by 137% compared to the 3-month period ended 31 March 2022.

The Group has consistently followed a strategy for diversifying the location of projects and expanding its activities in the housing market in Warsaw, Wrocław, Kraków and Gdańsk, which is reflected in the structure of sales in 2023.

The table below shows the number of pre-sold residential/business premises in respective cities (pre-sale agreements, taking withdrawals into account, excluding preliminary contracts for premises):

pre-sale

city	Q1 2022	Q1 2023	01.01-31.03.2022	01.01- 31.03.2023	01.01-30.04.2022	01.01-30.04.2023
Warsaw	113	166	113	166	126	212
Wrocław	12	75	12	75	15	119
Kraków	197	180	197	180	228	250
Gdańsk	220	63	220	63	268	84
Łódź	0	0	0	0	0	0
Katowice	61	25	61	25	69	39
TOTAL DEV	603	509	603	509	706	704
TOTAL JV	0	24	0	24		41
		-12%		-12%		+6%

delivered

city	Q1 2022	Q1 2023	01.01-31.03.2022	01.01- 31.03.2023	01.01-30.04.2022	01.01-30.04.2023
Warsaw	60	11	60	11	70	12
Wrocław	3	74	3	74	3	85
Kraków	101	140	101	140	104	144
Gdańsk	21	122	21	122	21	164
Łódź	0	0	0	0	0	0
Katowice	1	94	1	94	1	98
TOTAL DEV	186	441	186	441	199	503
TOTAL JV	0	0	0	0		
		+137%		+137%		+153%

In addition, at 31 March 2023, as many as 2663 residential and service premises were on offer (326 JV and 2337 DEV)

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	completed 16782		construction started 3143		construction not started 777		bank of land 7850
<i>offered</i> city	sold	on offer	sold	on offer	sold	on offer	new launches
Warsaw	5949	2	540	377	1	321	2557
Wrocław	3801	21	103	281	1	76	1072
Kraków	3951	10	672	473		0	2347
Gdańsk	2500	28	233	266	3	375	1037
Łódź	60	0	0	0		0	275
Katowice	435	25	116	82		0	562
TOTAL DEV	16 696	86	1 664	1 479	5	772	7 850
TOTAL JV			68	145	3	181	

The following section describes the Group's projects that are both completed, in progress and under preparation at 31 March 2023.

4.1.1 Completed developer's projects

Commercial projects

Project name	City	District	Segment	End of construction	Area (m²)
Arkady Wrocławskie	Wrocław	Krzyki	Office, shopping and service	2Q'2007	38 439
Wola Retro *	Warsaw	Wola	Office and service	3Q'2019	25 601
Sky Tower *	Wrocław	Krzyki	Office, shopping and service	1Q'2013	53 654
Wola Center *	Warsaw	Wola	Office and service	3Q'2013	33 283
Retro Office House *	Wrocław	Stare Miasto	Office and service	1Q'2018	21 914
Silesia Star * (Building A)	Katowice	Bogucice Zawodzie	Office and service	4Q'2014	14 969
Silesia Star * (Building B)	Katowice	Bogucice Zawodzie	Office and service	3Q'2016	14 210

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* real estates including Retro Office House in Wrocław and Silesia Star Building A and B in Katowice were sold by the Group's companies in 2019, Wola Center in Warsaw in 2020, Sky Tower in Wrocław in 2022, Wola Retro in Warsaw in 2023

The following table presents NOI for the Company's commercial real estates in Q1 2023 and Q1 2022 and WALT at 31 March 2023:

NOI for commercial real estates (mEUR)	Q1 2022	Q1 2023	WALT
Arkady Wrocławskie	0,21	0,67	Office space – 0.8 Commercial space – 1.2
Wola Retro (*)	0,90	1,09	Office space – 6.3 Commercial space – 7.7

(*) Wola Retro real estate sold after the balance sheet date

The following table shows the value of commercial estates appraised by professional real property experts or by the Management Board of the Company at 31 March 2023:

Real estate	31.03.2023	
	Yield	Value in EUR
Arkady Wrocławskie	8,30 %	38.200.000
Wola Retro	5,62 % *	69.285.919

(*) Yield calculated based on NOI 2022

Housing projects

Project name	City	District	Segment	End of construction	Number of residential and business premises
Przy Promenadzie (stages I-III)	Warsaw	Praga-Południe	Apartments, services	4Q'2010	730
Przy Promenadzie (stage IV)	Warsaw	Praga-Południe	Apartments, services	3Q'2016	202
Rezydencja Kaliska	Warsaw	Śródmieście-Ochota	Apartments, services	1Q'2011	101
Powstańców 33 (stages I-IV)	Żąbki k/Warszawy		Apartments, services	4Q'2012	114
				3Q'2014	229
				3Q'2016	230
				3Q'2018	165
				2Q'2019	123
				4Q'2014	192
Na Woli (stages I-IX)	Warsaw	Wola	Apartments, services	4Q'2015	112
				1Q'2018	157
				4Q'2018	150
				1Q'2019	147
				2Q'2019	147
				4Q'2019	301

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				3Q'2020	177
				3Q'2021	305
Poborzańska	Warsaw	Targówek	Apartments, services	2Q'2016	91
				2Q'2016	140
				3Q'2017	217
Mała Praga (stages I-V)	Warsaw	Praga Południe	Apartments, services	1Q'2018	158
				1Q'2019	235
				1Q'2022	48
Korona Pragi (stages I-III)	Warsaw	Praga Południe	Apartments, services	4Q'2017	170
				3Q'2018	171
				4Q'2018	173
Krzemowe (stages I-III)	Warsaw	Mokotów	Apartments	2Q'2017	159
				4Q'2017	244
				4Q'2018	130
Mały Grochów (stages I-II)	Warsaw	Grochów	Apartments, services	1Q'2021	105
				1Q'2021	137
Rokokowa Residence	Warsaw	Bielany	Apartments, houses	1Q'2021	29
Prestovia House	Warsaw	Praga Północ	Apartments	4Q'2022	162
Maestro (stages I-III)	Wrocław	Krzyki-Jagodno	Apartments	3Q'2012	176
				3Q'2013	160
				3Q'2017	125
Potokowa (stages I-III)	Wrocław	Maślice	Apartments and houses	2Q'2013	72
				3Q'2013	42
				2Q'2014	73
				3Q'2013	173
				3Q'2014	179
Graniczna (stages I-VI)	Wrocław	Fabryczna	Apartments	4Q'2015	187
				2Q'2016	125
				4Q'2016	168
				3Q'2017	168
Nowalia	Wrocław	Klecina	Terraced houses	1Q'2014	44
Brzeska 5	Wrocław	Krzyki	Apartments, services	4Q'2014	167
Stąblowicka 77 (stages I-II)	Wrocław	Fabryczna	Apartments	3Q'2014	73
				1Q'2015	60
Dolina Piastów	Wrocław	Fabryczna	Apartments	2Q'2016	176

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Nowa Tęczowa	Wrocław	Stare Miasto	Apartments, services	1Q'2018	212
Sołtysowicka	Wrocław	Sołtysowice	Apartments	1Q'2018	165
Między Parkami (stages I-II)	Wrocław	Klecina	Apartments	1Q'2019	164
				3Q'2022	202
Małe Wojszyce	Wrocław	Wojszyce	Apartments	2Q'2020	63
Nowa Raclawicka	Wrocław	Krzyki	Apartments	2Q'2021	231
Kamienna (stages I-II)	Wrocław	Huby	Apartments, services	3Q'2021	253
				3Q'2021	186
Kaskady Różanki	Wrocław	Różanka	Apartments, services	4Q'2022	132
Mist House	Wrocław	Krzyki	Apartments	1Q'2023	46
Słoneczne Miasteczko (stages I-XIII)	Kraków	Bieżanów-Prokocim	Apartments	4Q'2011	120
				4Q'2012	164
				3Q'2014	42
				4Q'2015	120
				2Q'2017	108
				4Q'2018	108
				1Q'2019	108
				3Q'2020	108
				1Q'2021	102
				3Q'2021	123
				1Q'2022	102
				3Q'2022	108
				4Q'2022	108
Okulickiego 59	Kraków	Mistrzejowice	Apartments, services	4Q'2012	146
Grzegórzecka (stages I-V)	Kraków	Śródmieście	Apartments, services	2Q'2015	164
				4Q'2015	149
				1Q'2016	85
				1Q'2017	242
				4Q'2022	94
Centralna Park (stages I-VII)	Kraków	Czyżyny	Apartments	2Q'2017	150
				1Q'2018	130
				4Q'2018	264
				4Q'2019	151
				1Q'2020	103
				4Q'2022	270
				4Q'2022	224

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5 Dzielnica (stages I-II)	Kraków	Krowodrza	Apartments, services	1Q'2017	190
				3Q'2017	113
Przy Mogiłskiej (stage I)	Kraków	Prądnik Czerwony	Apartments	2Q'2021	65
Przy Srebrnej (stages I-IV)	Gdańsk	Łostowice	Apartments, services	4Q'2012	72
				3Q'2014	28
				4Q'2014	46
				3Q'2016	32
Świętokrzyska Park (stages I-VII)	Gdańsk	Łostowice	Apartments	1Q'2018	65
				4Q'2018	65
				2Q'2019	65
				4Q'2019	65
				3Q'2020	108
				4Q'2020	54
				3Q'2021	54
				4Q'2021	54
Przy Alejach (stages I-III)	Gdańsk	Zaspa	Apartments	2Q'2016	110
				2Q'2017	97
				4Q'2022	48
Mała Praga (stages I-IV)	Gdańsk	Śródmieście	Apartments	4Q'2017	230
				4Q'2018	230
				4Q'2020	140
				4Q'2020	115
Osiedle Łatarników (stages I-II)	Gdańsk	Letnica	Apartments, services	4Q'2021	135
				4Q'2022	218
Baltea Apartments	Gdańsk	Przymorze	Apartments, services	4Q'2022	239
Szmaragdowy Park (stage I)	Gdańsk	Orunia Górna - Gdańsk Południe	Apartments	4Q'2022	175
Marinus	Gdańsk	Brzeźno	Apartments, services	1Q'2023	83
Dębowa Ostoja (stage I)	Łódź	Bałuty	Terraced houses	3Q'2011	22
Pustynna 43 (stage I)	Łódź	Góra	Apartments	4Q'2012	38
Ceglana Park (stages I-III)	Katowice	Brynów	Apartments, services	4Q'2020	86
				3Q'2022	178
				4Q'2022	196
Total (31.03.2023)					16 782

At 31 March 2023, the Group delivered 263 flats from the above-presented completed investments.

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4.1.2 Developer's projects in progress

Housing projects

Project name	City	District	Segment	Planned construction end date	Number of residential and business premises
Aleje Praskie (stages, II, IV- VI)	Warsaw	Praga Południe	Apartments, services	2Q'2023	143
				4Q'2023	182
				3Q'2024	157
				1Q'2024	239
Toruńska Vita	Warsaw	Targówek	Apartments	3Q'2023	196
Reja	Wrocław	Olbin	Apartments, services	2Q'2023	61
Cynamonowa Vita	Wrocław	Lipa Piotrowska	Apartments	1Q'2024	114
Ślężna Vita	Wrocław	Krzyk	Apartments, services	4Q'2024	209
Słoneczne Miasteczko (stage XIV)	Kraków	Bieżanów-Prokocim	Apartments	4Q'2023	136
Przy Mogiłskiej (stages II-III)	Kraków	Prądnik Czerwony	Apartments	4Q'2023	137
				4Q'2023	136
Centralna Park (stages VIII-X)	Kraków	Czyżyny	Apartments, services	4Q'2023	139
				1Q'2024	154
				3Q'2024	145
Grzegórzecka 77 (stages VI-VIII)	Kraków	Grzegórzki	Apartments, services	4Q'2023	126
				2Q'2024	92
				3Q'2024	80
Via Flora (stages I-II)	Gdańsk	Chelm	Apartments	3Q'2023	68
				4Q'2023	88
Osiedle Łatarników (stage III)	Gdańsk	Letnica	Apartments, services	4Q'2023	159
Ujeścisko Vita	Gdańsk	Południe	Apartments	1Q'2024	184
Ceglana Park (stages IV-V)	Katowice	Brynów	Apartments, services	2Q'2024	170
				2Q'2024	28
Total (31.03.2023)					3 143

At 31 March 2023, the Group sold 1 664 premises under construction.

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4.1.3 Developer's projects under preparation (in land bank)

Commercial projects

Project name	City	District	Segment	Planned start of construction
Kolejowa	Wrocław	Stare Miasto	Office and hotel/ temporary stay	bank of land

Housing projects

Project name	City	Number of residential and business premises
Trzciniowa	Warsaw	161
Aleje Praskie	Warsaw	863
Aroniowa	Warsaw	1 448
Strzelecka	Warsaw	48
Drwęcka	Warsaw	37
Krakowska Vita	Warsaw	322
Reszelska	Wrocław	83
Orawska	Wrocław	644
Vratislavia Residence (Malin)	Wrocław	- (*)
Krzemieniecka	Wrocław	37
Ogrody Wojszyce	Wrocław	114
Legnicka	Wrocław	271
Słoneczne Miasteczko	Kraków	188

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Centralna Park	Kraków	2 159
Szmaragdowy Park	Gdańsk	44
Południe Vita	Gdańsk	792
Przemyska Vita	Gdańsk	382
Zamojska Vita	Gdańsk	89
Niepolomicka	Gdańsk	108
Ceglana Park	Katowice	562
Pustynna 43	Łódź	114
Dębowa Ostoja	Łódź	161
Total (31.03.2023)		8 627

Premises on offer for which the construction has not started yet

Krakowska Vita	Warsaw	-322
Ogrody Wojszyce	Wrocław	-77
Południe Vita (stages I-II)	Gdańsk	-111
		-121
Przemyska Vita (stage I)	Gdańsk	-146
Total (31.03.2023)		7 850

Land purchased and secured after the balance sheet date

Adama Bochenka	Kraków	140
Tadeusza Brzozy	Wrocław	338
Total (08.05.2023)		8 328

(*) Malin project not included at 31.03.2023 in the land bank calculation

CONSOLIDATED QUARTERLY REPORT**4.2 Description of factors and events, in particular extraordinary ones, significantly affecting financial performance**

No special or atypical events affecting financial performance were recorded.

4.3 Position of the Management Board concerning options of implementing previously published profit/loss forecasts for a specific year, in the light of the profit/loss presented in the quarterly report in relation to forecast profit/loss.

The Issuer did not publish financial forecasts for 2023.

4.4 Ownership of the Issuer's significant blocks of shares

At 31 March 2023, the share capital of Develia S.A. amounted to PLN 447 558 311 and was divided into 447 558 311 ordinary bearer shares each going with one vote at the General Meeting, with the par value of PLN 1 each.

Ownership of significant blocks of shares at the date of submission of these consolidated interim financial statements according to information available to the Issuer:

Shareholder	Number of shares held	No. of votes	% of share capital	% of votes at the general meeting
Otwarty Fundusz Emerytalny PZU "Złota Jesień"	85.289.660	85.289.660	19,06 %	19,06 %
Nationale-Nederlanden Otwarty Fundusz Emerytalny	83.470.921	83.470.921	18,65 %	18,65 %
Allianz Polska Otwarty Fundusz Emerytalny ¹⁾	81.588.202	81.588.202	18,23 %	18,23%
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⁾ on 12.05.2023 the share in the total number of votes of the Issuer in excess of 15% changed due to the liquidation of the Second Open-End Pension Fund Allianz Polska (Drugi Allianz OFE) by transferring its assets to Allianz Polska Open-End Pension Fund.

²⁾ including the open-end pension fund NNLife Otwarty Fundusz Emerytalny (formerly: MetLife OFE) holding 36,290,859 shares, representing 8.11%

Ownership of significant blocks of shares at the date of submission of the annual report for 2022 according to information available to the Issuer:

Shareholder	Number of shares held	No. of votes	% of share capital	% of votes at the general meeting
Otwarty Fundusz Emerytalny PZU "Złota Jesień"	85.289.660	85.289.660	19,06 %	19,06 %
Nationale-Nederlanden Otwarty Fundusz Emerytalny	83.470.921	83.470.921	18,65 %	18,65 %

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Drugi Allianz Polska Otwarty Fundusz Emerytalny, Allianz Polska Otwarty Fundusz Emerytalny oraz 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⁾ including Drugi Allianz OFE holding 65,543,679 shares, representing 14.64%

²⁾ including the open-end pension fund NNLife Otwarty Fundusz Emerytalny (formerly: MetLife OFE) holding 36,290,859 shares, representing 8.11%

In the period from the submission of the annual report for 2022 until the date of these statements, the structure of ownership of significant blocks of the Issuer's shares did not materially change.

4.5 Statement of changes in the Issuer's shareholding status or title to shares (options) held by managerial and supervisory personnel of the Issuer, at the date of publication of the report for Q1 2023, including an indication of changes in the shareholding status, in the period from the submission of the previous quarterly report.

Full name	Function	Issuer's shares held at 30.03.2023	Decrease	Increase	Issuer's shares held at 17.05.2023
Members of supervisory bodies					
Jacek Osowski	Chairperson of the Supervisory Board	-	-	-	-
Filip Gorczyca	Member of the Supervisory Board	-	-	-	-
Michał Hulbój	Member of the Supervisory Board	-	-	-	-
Piotr Kaczmarek	Member of the Supervisory Board	-	-	-	-
Robert Pietruszyn	Member of the Supervisory Board	-	-	-	-
Piotr Pinior	Member of the Supervisory Board	-	-	-	-
Piotr Borowiec	Member of the Supervisory Board	-	-	-	-
Members of managerial bodies					
Andrzej Oślizło	President of the Management Board	-	-	-	-
Paweł Ruszczak	Vice-President of the Management Board	46.800	-	-	46.800
Mariusz Poławski	Vice President of the Management Board	-	-	-	-

4.6 Information about proceedings pending in courts, arbitration courts or before public administration authorities

In the period of 3 months ended 31 March 2023, no significant court litigation, arbitration or administrative proceedings were pending and are not pending now with regard to liabilities or receivables of Develia S.A. or its subsidiaries the

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value of which would be significant from the point of view of the financial position of the Group's companies. The subsidiaries of Develia S.A. are a party to court and administrative proceedings the value of which has no material impact on their business operations or financial condition. Other litigation mostly refers to claims of the subsidiaries of Develia S.A. sought from their debtors. Provisions for litigation are presented in Notes 2.17 and 3.28 to the financial statements.

4.7 Information concerning a single or multiple transactions concluded by the Issuer or its subsidiary with related parties if concluded otherwise than at arm's length

In the discussed reporting period, the Issuer and its subsidiaries did not enter into any transactions with related parties otherwise than at arm's length.

4.8 Information about sureties for credits or loans or guarantees granted by the Issuer or its subsidiary

In connection with the annex of 29 December 2022 to the loan agreement concluded on 28 February 2008 between Arkady Wrocławskie S.A. and Santander Bank Polska S.A., Develia S.A. as the sole shareholder of Arkady Wrocławskie S.A., on 23 January 2023, granted a credit repayment surety for the Company to the bank up to EUR 10,812,500.00 and submitted itself to enforcement up to the above-indicated amount.

In the reporting period ended 31 March 2023, the Issuer and its subsidiaries did not grant significant sureties and guaranties to other entities except as described above.

4.9 Other information that, in the Group's opinion, is significant in order to evaluate its human resources, property and financial standing, financial performance and changes thereof, and information considered significant in order to evaluate the chances of fulfilment of the Group's obligations

In the reporting period ended 31 March 2023, the Capital Group did not record any other events significant for the evaluation of its human resources, property and financial standing and any events significant for the evaluation of the chances of fulfilment of the Issuer's obligations, except as presented in this report.

4.10 Identification of factors which, in the Issuer's opinion, will continue to influence its financial results at least in the following quarter

The macroeconomic situation, in particular with reference to availability of mortgage loans to potential clients and the development of financial and economic situation in connection with the war in Ukraine will be very significant for the financial performance of Develia S.A. Capital Group. These are the factors that mostly determine the demand for new flats as well as the structure and prices of the apartments sold. Another factor that could affect the demand for housing is an increase in the price of general contracting, the price of apartments, the availability of land to develop them and the uncertainty surrounding the global economy, which can also translate into customers holding back on their decision to purchase apartments.

According to IFRS 15, Develia S.A. Capital Group recognizes revenue from the sale of residential and service premises upon the transfer of control to the customer. As a consequence, in the following quarter the result on sales will be dependent on the value of premises delivered in this period to clients as described above.

The Group's operating results will also be affected by the level of income from the rental of commercial space in Arkady Wrocławskie shopping centre (closing planned on 29 February 2023) and Wola Retro (the real estate was sold on 27 April 2023) depending on the EUR exchange rate. The exchange rate of EUR will also determine the valuation of loans denominated in foreign exchange and investment property such as Arkady Wrocławskie and Wola Retro.

The Management Board evaluates that in the long-term perspective the results of the Group will also be affected by:

- implementation of the strategy of purchasing land for housing development to increase the Group's offer adequately to market demand,
- change in approach to commercial real estates in the portfolio of Develia Group, by offering a possibility to sell selected assets,

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- growing contractors' costs for new developer's projects which can be directly reflected in future margins,
- growing costs of bond financing and impeded access to the bond financing market in connection with the current situation on the capital market and potentially stricter regulations
- continued uncertainty about the consequences of war in Ukraine.

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Andrzej Oślizło
President of the Management Board

Paweł Ruszczak
Vice President of the Management Board

Mariusz Poławski
Vice President of the Management Board

Wrocław, on 17 May 2023