



# HALF YEAR REPORT FOR I HALF OF 2020



**CPD S.A.**

**HALF YEAR REPORT FOR 1<sup>st</sup> HALF OF 2020**

**TRANSLATORS' EXPLANATORY NOTE**

The following document is a free translation of the 1 H 2020 report of CPD S.A. published on 28 September 2020.

In Poland statutory accounts must be prepared and presented in accordance with Polish legislation and in accordance with the accounting principles and practices generally used in Poland. The accompanying translated financial statements have not been reclassified or adjusted in any way to conform to accounting principles generally accepted in countries other than in Poland, but certain terminology current in Anglo-Saxon countries has been adapted to the extent practicable.

In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

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**I. OPERATING REPORT****1. INFORMATION OF CPD CAPITAL GROUP**

CPD Group started its activities in Poland in 1999 from the foundation of Celtic Asset Management Sp. z o.o. In subsequent years, 1999-2005, the activities of the company focused on building and managing a real estate portfolio for external institutions in Poland, Czech Republic, Lithuania, Romania, Hungary and Germany. In 2005 Celtic Asset Management Sp. z o.o started development activity in cooperation with several funds managed by Laxey Partners. In 2007 the consolidation of the group under the name Celtic Property Developments SA (BVI) was performed and in 2008 the listing of the company Celtic Property Developments SA (BVI) began on a deregulated market (Freiverkehr) in Frankfurt. In the period from 2005 to 2010 the Company's main market of activity was Poland. At the same time, the Group conducted and managed projects in Montenegro, Hungary, Italy, Belgium, the United Kingdom, the Netherlands, Germany and Spain. International experience and practical knowledge of experts and managers of CPD Group contributed to creation of a strong and stable Capital Group, which debuted on the Warsaw Stock Exchange on 23 December 2010. 17<sup>th</sup> of September 2014 the Company changed its name from Celtic Property Developments S.A. to CPD S.A.

Today, CPD S.A., is the holding company controlling a group of 28 subsidiaries and two jointly controlled companies, carrying on activities in the office and residential segments. The Group's current plans focus on continuation of residential development, mainly through the implementation of its leading project in the Warsaw district of Ursus, as well as the monetization of its land bank in the same district.

## **2. CAPITAL GROUP'S STRUCTURE**

As of the day of publication hereof, the CPD Group (hereinafter referred to as "the Group", "CPD Group", "the Capital Group") was composed of the parent company – CPD S.A. (hereinafter referred to as "the Company") and 28 subsidiaries and two jointly controlled companies, with one of the companies being in liquidation. The Group's development activities are conducted via investment companies, direct subsidiaries of Challenge Eighteen sp. z o.o. and Lakia Enterprises Ltd (Cyprus). The parent company - CPD S.A. - coordinates and supervises the activities of particular subsidiaries and at the same time is the centre for making decisions on the development strategy. CPD S.A. performs actions aiming at optimising the operating costs of the Capital Group, designs the Group's investment and marketing policies and serves as the coordinator of this activity.

In the reporting period, the following changes took place in the structure of the CPD Group:

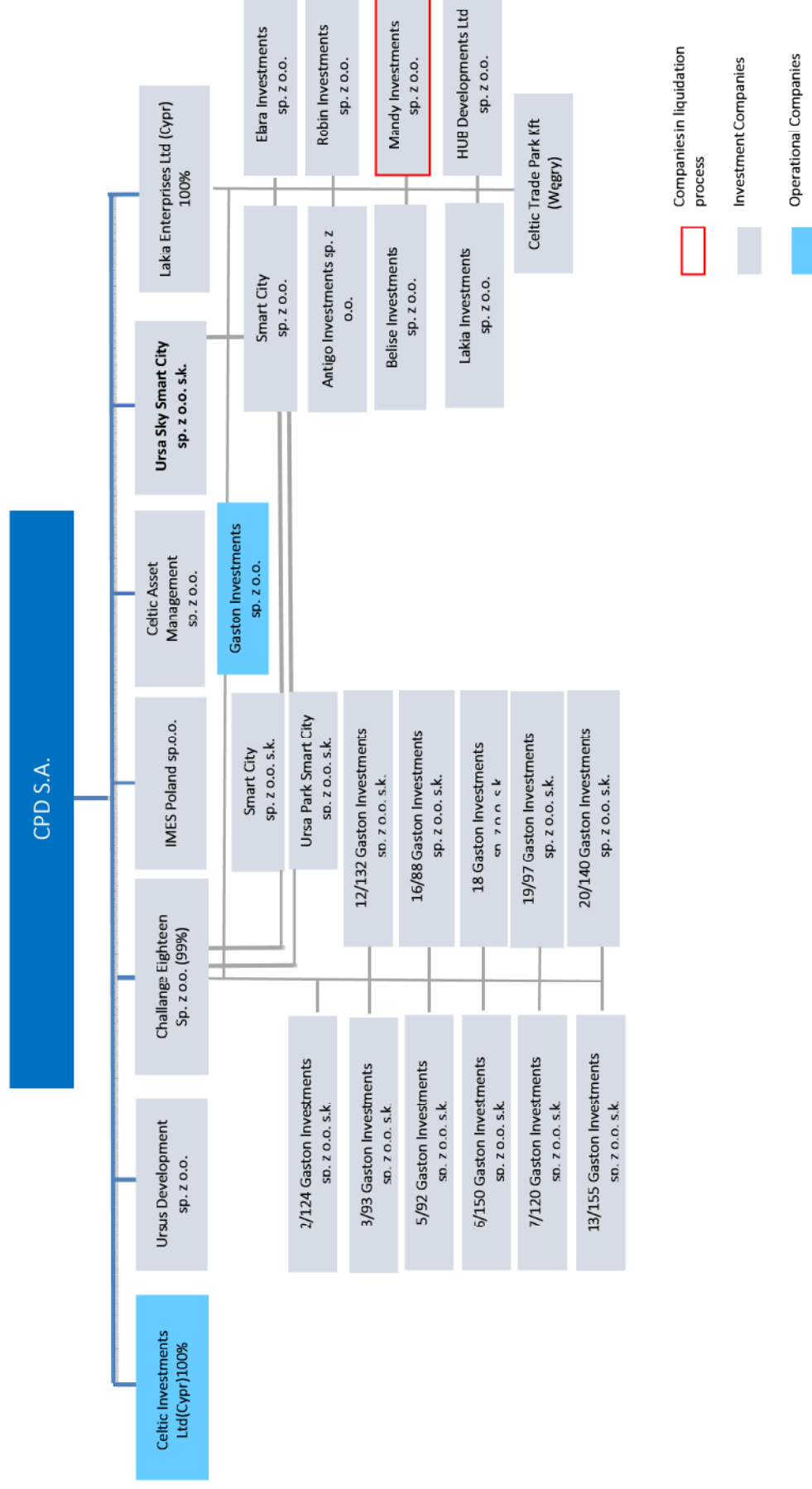
- On 25 June 2020 Ursus Development spółka z ograniczoną odpowiedzialnością was established;
- On 15 June 2020 Ursa Sky Smart City spółka z ograniczoną odpowiedzialnością spółka komandytowa was established.

All the Group companies are consolidated with the full method, except for three Group companies - Smart City spółka z ograniczoną odpowiedzialnością spółka komandytowa and Ursa Park Smart City spółka z ograniczoną odpowiedzialnością spółka komandytowa, which are consolidated with the equity method in accordance with the requirements of the International Financial Reporting Standards.

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CPD Group's structure as on 30 June 2020.



### 3. SELECTED FINANCIAL DATA

#### Selected items of the consolidated statement of comprehensive income

|   | 6 months period                                  |  | Change<br>(%) |
|---|--|--|---------------|
|   | From 01.01.2020<br>to 30.06.2020<br>(PLN thous.) | From 01.01.2019<br>to 30.06.2019<br>(PLN thous.) |               |
| Revenue   | 9 604  | 9 968  | -3,7%         |
| Cost of sales   | -2 264   | -1 366   | 65,7%         |
| <b>Sales profit</b>   | <b>7 340</b>                                     | <b>8 602</b>                                     | <b>-14,7%</b> |
| Administrative expenses - property related  | -6 032   | -5 036   | 19,8%         |
| Other administrative expenses   | -2 566   | -3 495   | -26,6%        |
| Selling and marketing costs   | -125   | -116   | 7,8%          |
| Gain (loss) on disposal of investment properties  | 74   | 0  |               |
| Other income  | 1 047  | 2 338  | -55,2%        |
| Gain (loss) on revaluation of investment properties   | 4 608  | -2 604   |               |
| Gain (loss) on revaluation of assets held for sale  | 2 060  | 25 834   | -92,0%        |
| Post-tax share of the profit or loss of the joint-venture accounted for using the equity method | 4 309  | 10 911   | -60,5%        |
| Impairment of receivables   | 68   | -193   |               |
| <b>Profit from operations</b>   | <b>10 783</b>                                    | <b>36 241</b>                                    | <b>-70,2%</b> |
| Finance income  | 548  | 1 448  | -62,2%        |
| Finance costs   | -12 844  | -2 126   | 504,1%        |
| <b>Profit/loss before tax</b>   | <b>-1 513</b>                                    | <b>35 563</b>                                    |               |
| Income tax  | -10 423  | 2 671  |               |
| <b>Profit/loss for the period</b>   | <b>-11 936</b>                                   | <b>38 234</b>                                    |               |

In the first half of 2020 CPD SA Group generated a profit from operations in the amount of PLN 10.78 M. After taking account of finance income, finance costs and income tax, the result turned into a net loss of PLN 11.94 M. Gross profit amounted to PLN 7.34 M. It dropped by 15% in comparison with the analogous period of 2019.

There was one factor that had a positive impact on CPD Group's financial results in the first half of 2020 in comparison with the first half of 2019. The gain on revaluation of investment properties amounted to PLN 4.61 M.

The gain on revaluation of investment properties resulted from fluctuations in EUR/PLN foreign exchange rate in the first half of 2020 (the EUR/PLN exchange rate amounted to 4.4660 at the end of June 2020 in comparison with only 4.2585 at the end of December 2019).

On the other hand, a growth in finance costs in the amount of PLN 10.72 M, high income tax cost of PLN 10.42 M, a drop in share of the profit of the joint-venture in the amount of PLN 6.6 M and a

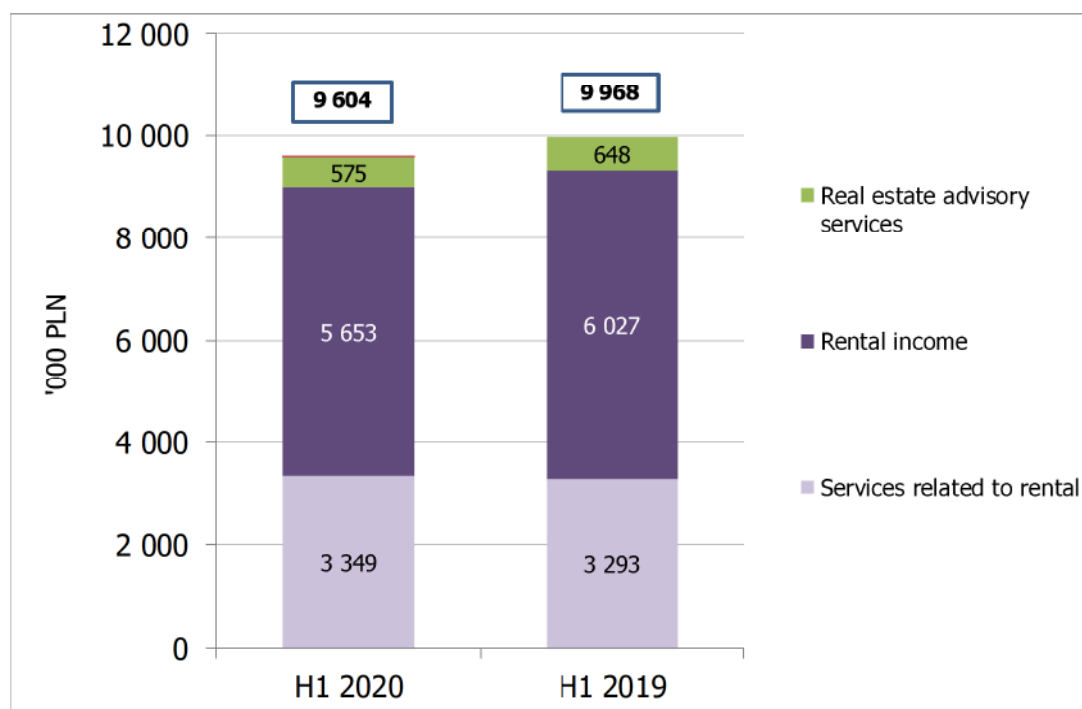
decrease in sales profit of PLN 1.26 M were the main factors that had a negative impact on CPD Group's financial results in the first half of 2020 in comparison with the first half of 2019.

The increase in income tax resulted from the fact that in May 2020 a related company Challenge Eighteen Sp. z o.o. paid an income tax for 2012 in the amount of PLN 9.1 M. Further details of the tax issue were presented in section no. 12 of this document. The rise in finance costs was a consequence of paying late payment interest linked to the income tax in the amount of PLN 6.5 M as well as unfavourable foreign exchange differences in the amount of PLN 4.6 M, which resulted from fluctuations in EUR/PLN exchange rate in the first half of 2020. The decrease in sales profit stemmed from substantial fit-out costs incurred in the first half of 2020 in relation to office buildings.

**The following table shows the selected items of the consolidated statement of comprehensive income translated into euro. The figures for the first half of 2020 assumed an fx rate published by the National Bank of Poland as at June 30, 2020, i.e. 4.4660. The figures for the first half of 2019 assumed an fx rate published by the National Bank of Poland as at June 28, 2019, i.e. 4.2520.**

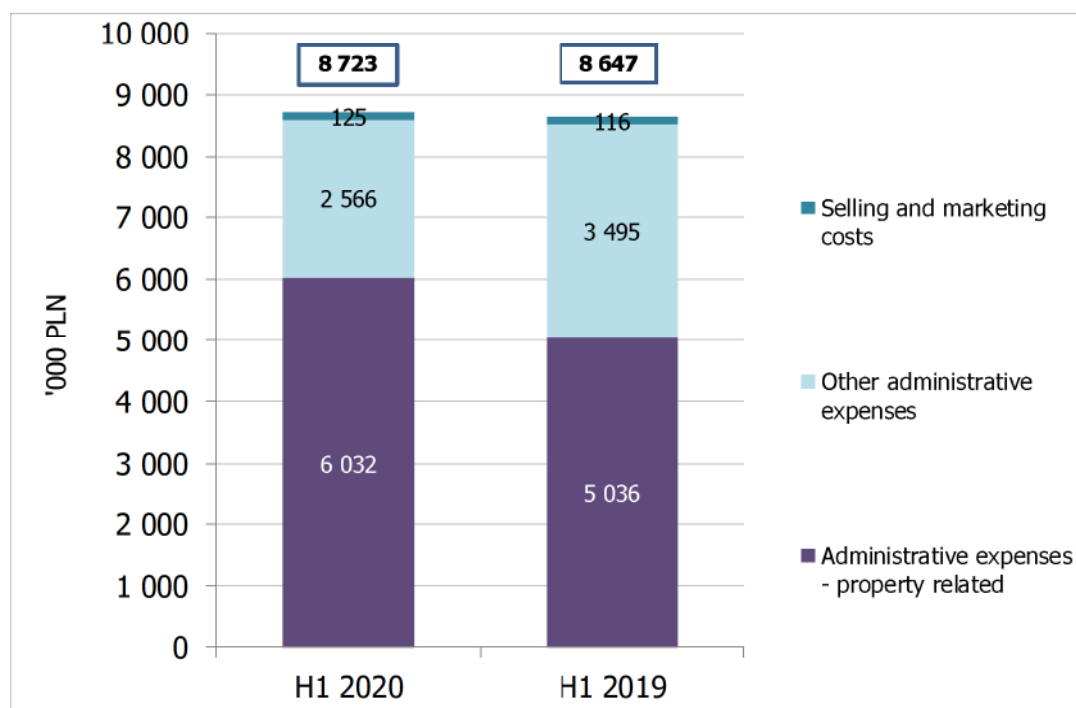
|   | 6 months period                  |                                  | Change<br>(%) |
|---|----------------------------------|----------------------------------|---------------|
|   | From 01.01.2020<br>to 30.06.2020 | From 01.01.2019<br>to 30.06.2019 |               |
|   | (EUR thous.)                     | (EUR thous.)                     |               |
| Revenue   | 2 150                            | 2 344                            | -8,3%         |
| Cost of sales   | -507                             | -321                             | 57,8%         |
| <b>Sales profit</b>   | <b>1 644</b>                     | <b>2 023</b>                     | <b>-18,8%</b> |
| Administrative expenses - property related  | -1 351                           | -1 184                           | 14,0%         |
| Other administrative expenses   | -575                             | -822                             | -30,1%        |
| Selling and marketing costs   | -28                              | -27                              | 2,6%          |
| Gain (loss) on disposal of investment properties  | 17                               | 0                                |               |
| Other income  | 234                              | 550                              | -57,4%        |
| Gain (loss) on revaluation of investment properties   | 1 032                            | -612                             |               |
| Gain (loss) on revaluation of assets held for sale  | 461                              | 6 076                            | -92,4%        |
| Post-tax share of the profit or loss of the joint-venture accounted for using the equity method | 965                              | 2 566                            | -62,4%        |
| Impairment of receivables   | 15                               | -45                              |               |
| <b>Profit from operations</b>   | <b>2 414</b>                     | <b>8 523</b>                     | <b>-71,7%</b> |
| Finance income  | 123                              | 341                              | -64,0%        |
| Finance costs   | 2 876                            | 500                              | 475,2%        |
| <b>Profit/loss before tax</b>   | <b>-339</b>                      | <b>8 364</b>                     |               |
| Income tax  | -2 334                           | 628                              |               |
| <b>Profit/loss for the period</b>   | <b>-2 673</b>                    | <b>8 992</b>                     |               |

The following chart shows the structure of revenue in the first half of 2020 and 2019:



Revenue went down by 3.7% in comparison with the first half of 2019.

The following chart shows the structure of operating costs in the first half of 2020 and 2019:



The value of operating costs rose by 0.9% in comparison with the first half of 2019.

**Selected items of the consolidated statement of financial position**

|  | As at:                     |                            | Change<br>(%) |
|--|----------------------------|----------------------------|---------------|
|  | 30.06.2020<br>(PLN thous.) | 31.12.2019<br>(PLN thous.) |               |
| <b>TOTAL ASSETS</b>  | <b>421 557</b>             | <b>526 585</b>             | <b>-19,9%</b> |
| <b>Non-current assets, including:</b>                                      | <b>141 446</b>             | <b>132 856</b>             | <b>6,5%</b>   |
| <i>Investment properties</i>   | <i>104 840</i>             | <i>100 214</i>             | <i>4,6%</i>   |
| <i>Investments in joint ventures accounted for using the equity method</i> | <i>36 324</i>              | <i>32 015</i>              | <i>13,5%</i>  |
| <b>Current assets, including:</b>  | <b>280 111</b>             | <b>393 729</b>             | <b>-28,9%</b> |
| <i>Assets held for sale</i>  | <i>190 333</i>             | <i>242 705</i>             | <i>-21,6%</i> |
| <i>Inventory</i>   | <i>3 547</i>               | <i>3 594</i>               | <i>-1,3%</i>  |
| <i>Trade and other receivables</i>   | <i>7 609</i>               | <i>8 395</i>               | <i>-9,4%</i>  |
| <i>Cash and cash equivalents</i>   | <i>78 622</i>              | <i>139 035</i>             | <i>-43,5%</i> |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>421 557</b>             | <b>526 585</b>             | <b>-19,9%</b> |
| <b>Equity, including:</b>  | <b>257 016</b>             | <b>343 858</b>             | <b>-25,3%</b> |
| <i>Share capital</i>   | <i>2 637</i>               | <i>2 637</i>               | <i>0,0%</i>   |
| <i>Reserve capital</i>   | <i>987</i>                 | <i>987</i>                 | <i>0,0%</i>   |
| <i>Own shares for redemption</i>   | <i>-117 396</i>            | <i>-43 010</i>             | <i>173,0%</i> |
| <i>Fair value of capital element at inception date</i>                     | <i>-27 909</i>             | <i>-27 909</i>             | <i>0,0%</i>   |
| <i>Translation reserve</i>   | <i>-6 051</i>              | <i>-5 531</i>              | <i>9,4%</i>   |
| <i>Retained earnings</i>   | <i>404 748</i>             | <i>416 684</i>             | <i>-2,9%</i>  |
| <b>Total liabilities, including:</b>                                       | <b>164 541</b>             | <b>182 727</b>             | <b>-10,0%</b> |
| <i>Non-current liabilities</i>   | <i>24 614</i>              | <i>82 909</i>              | <i>-70,3%</i> |
| <i>Current liabilities</i>   | <i>139 927</i>             | <i>99 818</i>              | <i>40,2%</i>  |

At the end of June 2020 the value of assets was 19,9% lower compared to December 2019. This decline resulted from a significant drop in current assets.

The value of current assets went down by 28.9% due to, among other factors, two buybacks of shares in the total amount of PLN 74.4 M, paying income tax as well as late payment interest in the total amount of PLN 15.6 M (details of the tax issue were presented in section no. 12 of this document) and paying output VAT in the amount of PLN 15 M.

The value of investment properties was 4.6% higher because the Polish currency weakened considerably in the first half of 2020.

At the end of June 2020 the value of equity amounted to PLN 257 M, which accounted for 61% of total assets. Total liabilities accounted for 39% of total assets. These ratios changed in comparison with December 2019, when they amounted to 65.3% and 34.7% respectively.

The value of liabilities fell by 10% (PLN 18.19 M) in the first half of 2020 as a consequence of, among other things, a drop in the balance of VAT and other tax liabilities in the amount of PLN 14.95 M.

The following table shows the selected items of the consolidated statement of financial position translated into euro. The figures for 30 June 2020 assumed an fx rate published by the National Bank of Poland as at June 30, 2020, i.e. 4.4660. The figures for 31 December 2019 assumed an fx rate published by the National Bank of Poland as at December 31, 2019, i.e. 4.2585.

|  | As at:                     |                            | Change<br>(%) |
|--|----------------------------|----------------------------|---------------|
|  | 30.06.2020<br>(EUR thous.) | 31.12.2019<br>(EUR thous.) |               |
| <b>TOTAL ASSETS</b>  | <b>94 393</b>              | <b>123 655</b>             | <b>-23,7%</b> |
| <b>Non-current assets, including:</b>                                      | <b>31 672</b>              | <b>31 198</b>              | <b>1,5%</b>   |
| <i>Investment properties</i>   | 23 475                     | 23 533                     | -0,2%         |
| <i>Investments in joint ventures accounted for using the equity method</i> | 8 133                      | 7 518                      | 8,2%          |
| <b>Current assets, including:</b>  | <b>62 721</b>              | <b>92 457</b>              | <b>-32,2%</b> |
| <i>Assets held for sale</i>  | 42 618                     | 56 993                     | -25,2%        |
| <i>Inventory</i>   | 794                        | 844                        | -5,9%         |
| <i>Trade and other receivables</i>   | 1 704                      | 1 971                      | -13,6%        |
| <i>Cash and cash equivalents</i>   | 17 605                     | 32 649                     | -46,1%        |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>94 393</b>              | <b>123 655</b>             | <b>-23,7%</b> |
| <b>Equity, including:</b>  | <b>57 549</b>              | <b>80 746</b>              | <b>-28,7%</b> |
| <i>Share capital</i>   | 590                        | 619                        | -4,6%         |
| <i>Reserve capital</i>   | 221                        | 232                        | -4,6%         |
| <i>Own shares for redemption</i>   | -26 287                    | -10 100                    | 160,3%        |
| <i>Fair value of capital element at inception date</i>                     | -6 249                     | -6 554                     | -4,6%         |
| <i>Translation reserve</i>   | -1 355                     | -1 299                     | 4,3%          |
| <i>Retained earnings</i>   | 90 629                     | 97 848                     | -7,4%         |
| <b>Total liabilities, including:</b>                                       | <b>36 843</b>              | <b>42 909</b>              | <b>-14,1%</b> |
| <i>Non-current liabilities</i>   | 5 511                      | 19 469                     | -71,7%        |
| <i>Current liabilities</i>   | 31 332                     | 23 440                     | 33,7%         |



The following table shows the structure of liabilities as at June 2020 and December 2019:

|  | 30.06.2020   | 31.12.2019   |
|--|--------------|--------------|
| <b>Liabilities to total assets</b>             | <b>39,0%</b> | <b>34,7%</b> |
| <b>Non-current liabilities to total assets</b> | <b>5,8%</b>  | <b>15,7%</b> |
| Borrowings including leases                    | 0,8%         | 12,0%        |
| Deferred income tax liabilities                | 4,4%         | 3,3%         |
| Trade and other payables                       | 0,6%         | 0,4%         |
| <b>Current liabilities to total assets</b>     | <b>33,2%</b> | <b>19,0%</b> |
| Borrowings including leases                    | 15,6%        | 0,9%         |
| Trade and other payables                       | 6,3%         | 8,3%         |
| Payables linked to assets held for sale        | 11,3%        | 9,8%         |

The structure of liabilities changed considerably in the first half of 2020. The share of non-current liabilities in total assets went down from 15.7% as at December 31, 2019 to 5.8% as at June 30, 2020. The share of current liabilities in total assets increased from 19% to 33.2%.

At the end of June 2020 non-current liabilities accounted for 15% of total liabilities, whereas at the end of December 2019 the ratio amounted to 45%.

The aforementioned changes resulted from the reclassification of the Santander loan from long-term liabilities into short-term ones.

#### **4. IMPORTANT ACHIEVEMENTS, FAILURES, AND THE MOST IMPORTANT EVENTS CONCERNING THE COMPANY IN THE REPORTING PERIOD**

- **CONCLUSION OF SALE AGREEMENTS BY SUBSIDIARIES OF THE COMPANY**

On 28 January 2020 the Issuer's subsidiaries concluded agreements for the sale of the right of perpetual usufruct of real estate, i.e.:

1. 6/150 Gaston Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, plots no. 161/2 and 150/3, no. 2-09-09, located in Warsaw, Ursus district, to Aurec Capital Development Poland sp. z o.o. with its registered office in Warsaw. The total sale price for these two plots was set at 19.3 million zł.
2. 7/120 Gaston Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, plots No. 120/6, 120/13, 120/7, 120/8 and 120/12, District No. 2-09-09, located in Warsaw, Ursus district, to Aurec Capital Development Poland sp. z o.o. with its registered office in Warsaw. The total net sale price for these five plots was set at approx. 19 million zł.
3. 18 Gaston Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, plots No. 160 and 120/9 District No. 2-09-09, located in Warsaw, Ursus district, to Agra Development sp. z o.o. with its registered office in Warsaw. The net sale price for these two plots was set at 151 thousand zł.
4. 19/97 Gaston Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, plot no. 97, district number 2-09-09, located in Warsaw, Ursus district, to Agra Development sp. z o.o. with its registered office in Warsaw. The net sale price for this plot was set at approximately 8.3 million zł.
5. 20/140 Gaston Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, plot No. 140, District No. 2-09-09, located in Warsaw, Ursus district, to Agra Development sp. z o.o. with its registered office in Warsaw. The sale price for this plot was set at approx. 3.8 million zł.

Other provisions of Agreements concluded by the Selling Companies do not diverge from the standards commonly used for this type of agreements.

- **ESTABLISHMENT OF SECURITY**

On 29 January 2020 the Issuer's subsidiaries granted collateral to secure claims for repayment of advances paid by UDI Ursus II sp. z o.o. with its registered office in Warsaw, in connection with preliminary sale agreements for a total amount of PLN 79,698,412, leading to the sale of the right to land located in Warsaw in the Ursus district.

This collateral includes the following:

- a contractual mortgage up to the amount of PLN 9,197,046.68 established by 12/132 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k. on perpetual usufruct of an undeveloped plot of land no. 132/2 located in Warsaw, described in the land and mortgage

register no. WA5M / 00477860/2 kept by the District Court for Warsaw-Mokotów in Warsaw, XIII Land and Mortgage Register Division,

- a contractual mortgage up to the amount of PLN 833 397.58 established by 13/155 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k. on perpetual usufruct of an undeveloped plot of land no. 158/2 located in Warsaw, described in the land and mortgage register no. WA5M / 00477864/0 kept by the District Court for Warsaw-Mokotów in Warsaw, XIII Land and Mortgage Register Division,
- a contractual mortgage up to the amount of PLN 3,107,072.74 established by 13/155 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k. on perpetual usufruct of developed land plot no. 155/2 located in Warsaw, described in the land and mortgage register no. WA5M / 00477861/9 kept by the District Court for Warsaw-Mokotów in Warsaw, 13th Land and Mortgage Register Division,
- a contractual mortgage up to the amount of PLN 1,466,711.90 established by 13/155 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k. on perpetual usufruct of developed land plot no. 147 located in Warsaw, described in the land and mortgage register no. WA1M / 00338198/6 kept by the District Court for Warsaw-Mokotów in Warsaw, 13th Land and Mortgage Register Division,
- a contractual mortgage up to the amount of PLN 1,334,453.50 established by 13/155 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k. on perpetual usufruct of an undeveloped plot of land no. 134 located in Warsaw, described in the land and mortgage register No. WA1M / 00233102/1 kept by the District Court for Warsaw-Mokotów in Warsaw, 13th Land and Mortgage Register Division.

#### **• INFORMATION ON THE INVITATION TO SUBMIT OFFERS TO SELL SHARES IN CPD S.A.**

On 3 March 2020 the Management Board of the Company invited the Company's shareholders to submit Offers to Sell Shares on the terms specified in the Invitation to Submit Sale Offers.

The full text of the Invitation to Submit Sale Offers has been published on the website of CPD S.A.

#### **• INFORMATION ON ACCEPTANCE OF OFFERS TO SELL SHARES**

Pursuant to the Invitation to Submit Offers to Sell Shares of the Company announced on 3 March 2020, by which the Company proposed to acquire up to 5,393,950 ordinary bearer shares under ISIN code PLCELPD00013, in the period for receipt of the Offers to Sell Shares from 13 to 20 March 2020, 3 valid offers amounting to a total of 614 385 shares of the Company were submitted.

On 24 March 2020, the Company decided to accept all the valid offers to sell Shares.

#### **• BUYBACK OF TREASURY STOCK FOR REDEMPTION**

On 26 March 2020, as a result of the Invitation to Submit Proposals for Sales of Shares of the Company announced by the Company on 3 March 2020, purchased through the brokerage house Pekao Investment Banking S.A. with its registered seat in Warsaw, CPD S.A. acquired 614,385 of the Company's shares (own shares).

The shares were bought back pursuant to Resolution No. 3 adopted by the Extraordinary General Meeting of CPD S.A. held on 28 February 2019 to acquire Company shares for the purpose of

redemption, amended by Resolution no 3 adopted by the Extraordinary General Meeting of CPD S.A. held on 2 March 2020 on the amendment of resolution no 3 adopted by the Extraordinary General Meeting held on 28 February 2019 to acquire Company shares for the purpose of redemption, pursuant to art. 362 § 1 point 5) of the Code of Commercial Companies.

The buyback price per share was 5,00 zł.

All the reacquired shares are ordinary shares with a nominal value of 0.10 zł each. CPD S.A.'s treasury shares (614,385 shares) represent 2.33% of the Company's share capital and 614,385 votes at the General Meeting of the Company (2.33% of the total number of votes at the General Meeting of the Company), although under applicable regulations the Company is not allowed to exercise the voting rights attached to treasury stock.

Prior to this buyback of 614,385 treasury shares, the Company already held another 3,305,886 treasury shares representing 12.54 % of the Company's share capital and 3,305,886 votes at the General Meeting of the Company (12.54 % of the total number of votes at the General Meeting of the Company).

Therefore, on 31 March 2020 the Company held a total of 3,920,271 treasury shares representing a total of 14.87% of the share capital of the Company, although under applicable regulations the Company is not allowed to exercise the voting rights attached to its own shares.

#### • APPOINTMENT OF THE MANAGEMENT BOARD FOR THE NEXT TERM

On 24 April 2020, the Supervisory Board decided that the Company's Management Board would consist of four members and appointed the following persons to serve on the Management Board in its fourth joint term of office:

1. Mr. Colin Kingsnorth,
2. Ms. Elżbieta Wiczowska,
3. Ms. Iwona Ewa Makarewicz,
4. Mr. John Purcell.

Moreover, the Supervisory Board appointed Colin Kingsnorth to continue serving in his capacity as the President of the Management Board.

This resolution entered into force on the date when the Annual General Meeting approving the Company's financial statements for 2019 was held.

#### • INFORMATION ON THE INVITATION TO SUBMIT OFFERS TO SELL SHARES IN CPD S.A.

On 2 June 2020 the Management Board of the Company invited the Company's shareholders to submit Offers to Sell Shares on the terms specified in the Invitation to Submit Sale Offers.

The full text of the Invitation to Submit Sale Offers has been published on the website of CPD S.A.

#### • INFORMATION ON ACCEPTANCE OF OFFERS TO SELL SHARES

Pursuant to the Invitation to Submit Offers to Sell Shares of the Company announced on 2 June 2020, by which the Company proposed to buy back up to 4,779,565 ordinary bearer shares under ISIN code PLCELPD00013, in the period for receipt of Offers to Sell Shares from 8 to 22 June 2020, 60 valid offers amounting to a total of 19,224,181 shares of the Company were submitted.

On 24 June 2020, the Company decided to accept all the valid offers to sell the Shares.

- **BUYBACK OF TREASURY SHARES FOR REDEMPTION**

On 25 June 2020, as a result of the Invitation to Submit Offers to Sell Shares of the Company announced by the Company on 2 June 2020, acquired through a brokerage house Pekao Investment Banking S.A. with its registered seat in Warsaw, CPD SA bought back 4,779,565 shares in the Company (treasury shares).

The shares were bought back pursuant to Resolution no. 3 adopted by the Extraordinary General Meeting of CPD S.A. held on 28 February 2019 to buy back the Company's shares for the purpose of redemption, which has been amended twice, i.e. in Resolution no. 3 adopted by the Extraordinary General Meeting of CPD S.A. held on 2 March 2020 and Resolution no. 18 adopted by the Ordinary General Meeting of CPD S.A. held on 27 May 2020 pursuant to art. 362 § 1 point 5) Code of Commercial Companies.

The buyback price per share was 14.92 zł.

All the buyback shares are ordinary shares with a nominal value of 0.10 zł each. CPD S.A.'s treasury shares (numbering 4,779,565 shares) represent 18.12% of the Company's share capital and represent 4,779,565 votes at the General Meeting of the Company (18.12% of the votes at the General Meeting of the Company).

Prior to the above mentioned buyback of 4,779,565 treasury shares, the Company already held 3,920,271 treasury shares representing 14.87% of the Company's share capital and representing 3,920,271 votes at the General Meeting of the Company (14.87% of the votes at the General Meeting of the Company).

In connection with the above, the Company holds a total of 8,699,836 treasury shares, representing jointly 32.99% of the share capital of the Company, except that in accordance with applicable regulations, the Company is not allowed to exercise the voting rights attached to the treasury shares.

## **5. IMPORTANT ACHIEVEMENTS, FAILURES, AND THE MOST IMPORTANT EVENTS CONCERNING THE COMPANY AFTER THE REPORTING PERIOD**

- **CONCLUSION OF SALE AGREEMENT BY THE SUBSIDIARY OF THE COMPANY**

29 July 2020 the Issuer's subsidiary ie. 5/92 Gaston Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, concluded agreement for the sale of the right of perpetual usufruct of real property, covering a plots no. 92/2, 92/4 and 92/5, geodetic district no. 2-09-09, located in Warsaw, Ursus district, for UDI Tau spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw. The Agreement was concluded as the implementation of preliminary agreement. The sale price was set at PLN 50.3 million net.



- **CONCLUSION OF GENERAL CONSTRUCTION AGREEMENT**

2 September 2020 subsidiary of the Issuer i.e. Ursa Sky Smart City spolka z ograniczona odpowiedzialnoscia sp. k. as the Ordering Party, concluded a general construction contract with Unibep S.A. in the role of the Contractor. The contract will be carried out in the general contracting system under the project called Ursa Sky, located on the land surveying plot No. 113/8, between the streets: Silnikowa, Herbu Oksza and Quo Vadis in Warsaw.

The investment is a joint construction project which is the implementation of a complex of multi-family buildings with services and accompanying infrastructure, i.e. a housing estate including the construction of 2 residential buildings with an underground garage and land development.

The works will be performed in two stages. The 8-storey buildings under construction will include a total of 384 apartments, 12 commercial premises and 376 parking spaces.

The commencement date of the 1st stage is planned for the 3rd quarter of 2020 and the completion for the 4th quarter of 2021. The commencement date of the 2nd stage is planned for the 1st quarter of 2021 and the completion for the 3rd quarter of 2022.

The net remuneration for the 1st stage is PLN 47,3 mln net. The remuneration for the implementation of the second stage was set at PLN 46,9 mln net.

In the event of withdrawal from the Agreement due to the fault of the Ordering Party, the Agreement provides Contractor possibility of charging a contractual penalty in the amount of 10% of the net remuneration for the performance of a given stage. The reservation of contractual penalties does not deprive the Contractor of the possibility to claim damages in excess of the value of the contractual penalty on general terms.

In the event of withdrawal from the Agreement due to the Contractor's fault, the Agreement provides Ordering Party possibility of charging a contractual penalty in the amount of 10% of the net remuneration for the performance of a given stage. The reservation of contractual penalties does not deprive the Ordering Party of the possibility to claim damages in excess of the value of the contractual penalty on general terms.

## **6. FACTORS AND EVENTS OF AN UNUSUAL NATURE HAVING AN IMPORTANT INFLUENCE ON THE FINANCIAL STATEMENT**

In the Management Board's opinion, in the I half of 2020 there was an unusual event – epidemic Covid -19 but it did not affected significantly the Group's results in the reporting period.

The property development business is characterized by a long production cycle, which means that the effects of negative events are felt in the long term. Financial information from the statement of comprehensive income of the development joint venture is presented in explanatory note no. 8 to the condensed consolidated financial statements. Revenues from the sale of apartments, service premises and parking spaces for the first half of 2020 amounted to PLN 2.2 million and were generated by purchase transactions from approx. 1 year earlier with payment dates spread over instalments. Because of that the events of I half of 2020 will be visible in the income statement of subsequent periods.

Due to the global pandemic, the company assumes that its effects may affect the business of development companies in the following areas:

- the level and dynamics of sales of flats, in particular in the event of a decrease in demand for flats and a potential tightening of mortgage lending criteria by banks or other disruptions on the housing or banking market,
- decrease in revenues from office space rents,
- demand for office rent and investment demand for office buildings,
- timeliness of implementation of projects by companies from the CPD capital group and its related entities, i.e. resulting from the pace of issuing administrative decisions leading to obtaining building permits and admission of ready facilities for use,
- process of extracting and transferring ownership of premises to buyers and selling real estate,
- availability and terms of new financing if banks and other lenders are severely affected by protracted economic downturn,
- level and deadline for meeting contractors' financial obligations

CPD S.A. and its subsidiaries have taken intensive measures to adapt their activities to the existing conditions, while maintaining common recommendations given by sanitary services and WHO guidelines.

Considering the progress of construction works on projects carried out this year and the level of sales on these projects, the Management Board of CPD S.A. expects the completion of construction projects in accordance with the schedule in 2021 and as of the date of publication of the report not observe resignation from already signed development contracts.

The Company's Management Board regularly monitors and analyses the situation of the CPD capital group in connection with the spread of the SARS-CoV-2 virus and undertakes multiple actions to minimize the impact of the negative effects exerted by the pandemic on the CPD group's activities.

## **7. ACQUISITION AND SALE OF PROPERTY, PLANT AND EQUIPMENT**

During the reporting period the Group did not make any significant acquisitions or disposals of property, plant or equipment.

## **8. TRANSACTIONS WITH RELATED PARTIES CONCLUDED ON OTHER THAN MARKET CONDITIONS**

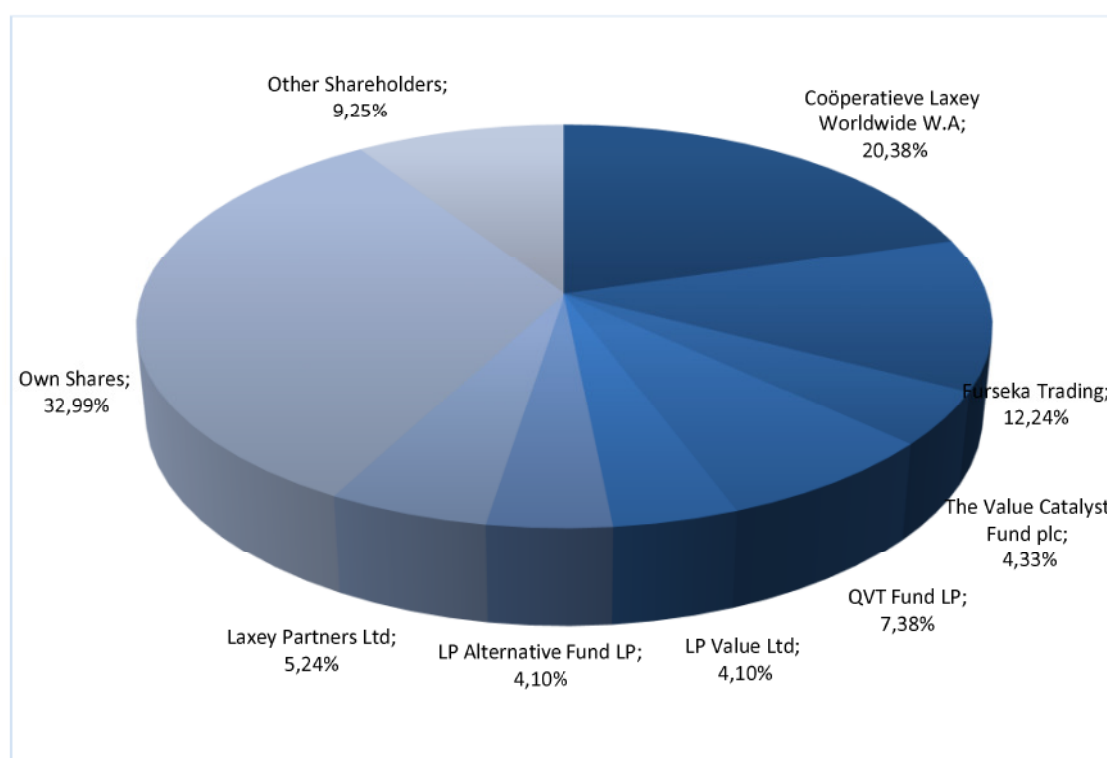
During the reporting period, the Company did not conclude any transactions with related parties on terms other than the market.

## 9. THE MANAGEMENT BOARD'S POSITION ON PREVIOUSLY PUBLISHED FINANCIAL FORECASTS

Neither the CPD Group nor its parent company – CPD S.A. – has published any forecasts of financial results.

## 10. SHAREHOLDERS ENTITLED TO AT LEAST 5% OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS

According to the Company's information in reporting period, shareholders who own, either directly or indirectly through subsidiaries, at least 5 % of the total votes at the General Meeting of Shareholders (number of shares on the basis of notices provided by shareholders pursuant to art. 69 of the Act on Public Offering or the information contained in the prospectus).



| Shareholder                      | Number of held shares | Type of shares | Number of held votes | Shareholding structure by held votes | Shareholding structure by held shares |
|----------------------------------|-----------------------|----------------|----------------------|--------------------------------------|---------------------------------------|
| Coöperatieve Laxey Worldwide W.A | 5 373 309             | bearer shares  | 5 373 309            | 30.41 %                              | 20.38 %                               |
| Furseka Trading                  | 3 229 069             | bearer shares  | 3 229 069            | 18.27 %                              | 12.24 %                               |
| The Value Catalyst Fund plc      | 1 142 604             | bearer shares  | 1 142 604            | 6.47 %                               | 4.33 %                                |
| QVT Fund LP                      | 1 945 031             | bearer shares  | 1 945 031            | 11.01 %                              | 7.38 %                                |



**CPD S.A.**  
**QUARTERLY REPORT FOR 1st HALF 2020**

|                               |           |               |           |         |         |
|-------------------------------|-----------|---------------|-----------|---------|---------|
| <b>LP Value Ltd</b>           | 1 081 505 | bearer shares | 1 081 505 | 6.12 %  | 4.10 %  |
| <b>LP Alternative Fund LP</b> | 1 080 708 | bearer shares | 1 080 708 | 6.12 %  | 4.10 %  |
| <b>Laxey Partners Ltd</b>     | 1 380 765 | bearer shares | 1 380 765 | 7.81 %  | 5.24 %  |
| <b>Other</b>                  | 2 438 304 | bearer shares | 2 438 304 | 13.80 % | 9.25 %  |
| <b>Own shares</b>             | 8 699 836 | bearer shares | 0 %       | 0 %     | 32.99 % |

The above shareholding structure has been presented in relation to the total number of shares, amounting to 26 371 131 shares and covering series AA shares which constitute 100% of votes at the General Meeting of the Company.

## 11. COMPANY SHARES HELD BY MANAGING AND SUPERVISING PARTIES

The table below presents the Company's shares held by Management Board members as at the date of this report according to the Company's information:

| Name               | Function  | No. of owned shares | Nominal value of shares (PLN) | % of total no. of shares | % of total no. of votes |
|--------------------|-----------|---------------------|-------------------------------|--------------------------|-------------------------|
| Elzbieta Wiczowska | Member    | 28 700              | 2 807                         | 0.11%                    | 0.11%                   |
| Iwona Makarewicz   | Member    | 4 734               | 473                           | 0.01%                    | 0.01%                   |
| Colin Kingsnorth   | President | 0                   | 0                             | 0                        | 0                       |
| John Purcell       | Member    | 0                   | 0                             | 0                        | 0                       |
| <b>RAZEM</b>       |           | <b>33 434</b>       | <b>3 280</b>                  | <b>0,12%</b>             | <b>0,12%</b>            |

\* To calculate the above, the total number of shares of 26 371 131 and the total number of votes of 17 671 295 were used

The Company does not hold any other information regarding the fact of holding shares in the Company by other persons being members of the management or supervisory bodies.

## 12. IMPORTANT COURT, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS

- On 6 February 2019, a custom and fiscal inspection was initiated against Celtic Investments Limited with its registered office in Cyprus belonging to the Group. The scope of this inspection includes the accuracy of the declared taxable income and the correctness of calculating and paying corporate income tax for 2016 by Blaise Investments sp. z o.o., which as a result of a cross-border merger ended on 31 December 2017 was taken over by Celtic Investments Limited. On 29 June 2020 Celtic Investments Limited received a decision to transform the customs and tax control into tax proceedings.

- CPD SA has informed investors about an ongoing tax issue carried out against Challenge Eighteen sp.z o.o. ie the Issuer's subsidiary. CPD does not agree that the case has merit and is taking all action available to it to refute this tax claim (and late payment penalty interest).

The Head of the Tax Office in Warsaw took security over Challenge Eighteen sp. z o.o. bank account as part of their procedure. This action was successfully appealed and the security has now been lifted.

The value of the hypothetical tax liability, in accordance with the security decision can be estimated at PLN 9,112,648.00 together with the amount of late payment interest due in the amount of PLN 6,525,405.00.

The company will provide further information on the outcome of the tax proceedings in question in current reports.

### **13. LOAN GUARANTEES**

As of 30 June 2020 CPD SA guaranteed to Santander Bank Polska SA payable and due amounts that are required (or may be required) to cover debt service or any other payments due to be paid to Bank Santander by its subsidiary doing business as Belise Investments sp. z o.o. based on a payment request up to a maximum of EUR 20,666,000.

On 30 June 2020 the balance of the secured loan was EUR 14,615,000.

The guarantee period ends on the day on which Bank Santander considers that the secured claims have been irrevocably, unconditionally and fully repaid and satisfied, but in any case not later 12 August 2022.

The remuneration of CPD SA for the guarantee granted is EUR 200,000 per year.

### **14. THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD**

At 30 June 2020, the composition of the Management Board of the Company was as follows:

- Mr. Colin Kingsnorth – President of the Management Board
- Mr. John Purcell – Member of the Management Board
- Mrs. Elżbieta Wiczowska – Member of the Management Board
- Mrs. Iwona Makarewicz - Member of the Management Board

At 30 June 2020, the composition of the Supervisory Board of the Company was as follows:

- Mr. Andrew Pegge – President of Supervisory Board
- Mr. Michael Haxby – Vice President of Supervisory Board
- Mr. Wiesław Oleś – Secretary of Supervisory Board
- Mr. Mirosław Gronicki - Supervisory Board Member

- Ms. Gabriela Gryger - Supervisory Board Member
- Mr. Alfonso Kalinauskas - Supervisory Board Member

At 30 June 2020, the composition of the Audit Committee of the Company was as follows:

- Mr. Alfonso Kalinauskas - Chairman of the Audit Committee
- Mr. Mirosław Gronicki - Member of the Audit Committee
- Mr. Andrew Pegge - Member of the Audit Committee.

## **15. OTHER IMPORTANT INFORMATION**

Nothing other than the information provided above.

## **16. FACTORS AFFECTING RESULTS OF THE FOLLOWING QUARTERS**

The most important factors which will affect the results of the following quarters are as follows:

- The situation on the financial markets which may affect the valuation of properties in the Group's portfolio.
- Start and conducting construction works in the subsequent phase of the Smart City Ursus project;
- Commercialization of the IRIS project;
- The economic trend in the housing market, on which the Company operates,
- The state of global financial markets and their impact on the Polish economy and the national banking system,
- Availability of mortgages, and in particular their attractiveness to potential customers,
- Timely, compliant with schedules, completion of the following phase of the Smart City Ursus project,
- The availability of external financing (loans, bonds) for real estate development entities,
- Changes in the legal and tax regulations that may influence the market demand for products offered by the Company in an uncontrollable manner;
- Maintaining a stable political situation and creating a positive economic climate by the government and local authorities,
- The economic situation affecting regular income from the rental of office space,
- Selling, general and administrative expenses,
- Quarterly revaluation at fair value of the Group's properties and receivables,
- Fluctuation in prices of construction work observed on the development market,
- Risk related to the COVID-19 epidemic in the world.

**II. MANAGEMENT BOARD STATEMENT**

The Management Board of CPD S.A. confirms that to the best of its knowledge condensed interim consolidated financial statements of the Group CPD S.A. for the first half ended 30 June 2020 and condensed interim financial statements of the Company for the first half ended 30 June 2020 as well as comparative figures have been prepared in accordance with applicable accounting principles and give a true and fair financial and asset situation of the Group and its financial results and that the Groups half-year activities report includes the true development and achievements description and Capital Group's situation, including threats and risks.

The Management Board of CPD S.A. confirms that the entity authorized to audit and review the condensed interim consolidated financial statements and the condensed interim financial statements of CPD S.A., which has reviewed Group's condensed interim consolidated financial statements and the Company's condensed interim financial statements was selected in accordance with the law, that entity as well as the auditor who has carried out the review fulfilled the conditions required by law to issue an independent and unbiased review condensed interim consolidated financial statements and the condensed interim financial statements report, in accordance with applicable regulations and professional standards. Financial reports of CPD S.A. and the Capital Group in 2020 were reviewed and audited by the audit company Grant Thornton Polska sp.z o.o. sp.k. based in Poznan.

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**COLIN KINGSNORTH**  
**PRESIDENT OF THE MANAGEMENT BOARD**

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**ELŻBIETA WICZKOWSKA**  
**MEMBER OF THE MANAGEMENT BOARD**

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**IWONA MAKAREWICZ**  
**MEMBER OF THE MANAGEMENT BOARD**

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**JOHN PURCELL**  
**MEMBER OF THE MANAGEMENT BOARD**

**CPD S.A.**

QUARTERLY REPORT FOR 1st HALF 2020

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**III. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2020 ALONG  
WITH CONDENSED FINANCIAL STATEMENTS OF CPD S.A.**

CPD S.A.

## Condensed interim consolidated financial statements

for the period of 6 months ended 30 June 2020

and the condensed financial statements of CPD S.A.

for the period of 6 months ended 30 June 2020

prepared in accordance with the International Financial Reporting Standards  
approved by the European Union concerning the interim reporting

(unaudited financial data, reviewed by an auditor)

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## CPD S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2020

(All amounts in PLN thousands unless otherwise stated)

### Condensed consolidated statement of comprehensive income

|   | Note | For the 6-month period ended |               | For the 3-month period ended        |               |
|---|------|------------------------------|---------------|-------------------------------------|---------------|
|   |      | 30-06-2020                   | 30-06-2019    | 30-06-2020                          | 30-06-2019    |
|   |      |                              |               | <i>(not reviewed by an auditor)</i> |               |
| Revenues  | 13   | 9 604                        | 9 968         | 4 701                               | 5 093         |
| Cost of sales, including:   | 14   | (2 264)                      | (1 366)       | (1 110)                             | ( 968)        |
| <i>cost of inventories sold</i>   |      | 0                            | ( 5)          | 0                                   | ( 5)          |
| <i>cost of the services sold</i>  |      | (2 264)                      | (1 361)       | (1 110)                             | ( 963)        |
| <b>PROFIT ON SALES</b>  |      | <b>7 340</b>                 | <b>8 602</b>  | <b>3 591</b>                        | <b>4 125</b>  |
| Administrative costs property related   | 15   | (6 032)                      | (5 036)       | (2 955)                             | (2 819)       |
| Administrative expenses - other   | 16   | (2 566)                      | (3 495)       | ( 920)                              | (1 426)       |
| Selling and marketing expenses  |      | ( 125)                       | ( 116)        | ( 88)                               | ( 54)         |
| Net profit (loss) from sale of investment property  |      | 74                           | 0             | 74                                  | 0             |
| Other income  | 17   | 1 047                        | 2 338         | 530                                 | 1 215         |
| Net profit (loss) from fair value adjustments on investment properties                          | 4    | 4 608                        | (2 604)       | 4 148                               | (3 064)       |
| Post-tax share of the profit or loss of the joint venture accounted for using the equity method | 8    | 4 309                        | 10 911        | ( 407)                              | 6 195         |
| Receivables valuation allowances  |      | 68                           | ( 193)        | 151                                 | ( 110)        |
| Net profit (loss) from assets held for sale valuation   |      | 2 060                        | 25 834        | 2 804                               | 26 578        |
| <b>OPERATING RESULT</b>   |      | <b>10 783</b>                | <b>36 241</b> | <b>6 928</b>                        | <b>30 640</b> |
| Financial income  | 18   | 548                          | 1 448         | 221                                 | 1 019         |
| Financial costs   | 18   | (12 844)                     | (2 126)       | (5 518)                             | ( 985)        |
| <b>RESULT BEFORE INCOME TAX</b>   |      | <b>(1 513)</b>               | <b>35 563</b> | <b>1 631</b>                        | <b>30 674</b> |
| Income tax  | 19   | (10 423)                     | 2 671         | (9 182)                             | 3 707         |
| <b>RESULT OF THE PERIOD</b>   |      | <b>(11 936)</b>              | <b>38 234</b> | <b>(7 551)</b>                      | <b>34 381</b> |
| Currency translation adjustment   |      | ( 520)                       | ( 40)         | ( 479)                              | 1             |
| <b>TOTAL COMPREHENSIVE INCOME</b>   |      | <b>(12 456)</b>              | <b>38 194</b> | <b>(8 030)</b>                      | <b>34 382</b> |
| <b>Result attributable to:</b>  |      |                              |               |                                     |               |
| Equity holders of the Group   |      | <b>(11 936)</b>              | <b>38 234</b> | <b>(7 551)</b>                      | <b>34 381</b> |
| Minority interest   |      | 0                            | 0             | 0                                   | 0             |
| <b>TOTAL COMPREHENSIVE INCOME</b>   |      |                              |               |                                     |               |
| Equity holders of the Group, including:   |      | <b>(12 456)</b>              | <b>38 194</b> | <b>(8 030)</b>                      | <b>34 382</b> |
| - continued operations  |      | (12 456)                     | 38 194        | (8 030)                             | 34 382        |
| <b>BASIC EARNINGS PER SHARE (PLN)</b>   | 23   | (0,53)                       | 1,56          | (0,34)                              | 1,49          |
| <b>DILUTED EARNINGS PER SHARE (PLN)</b>   | 23   | (0,53)                       | 1,56          | (0,34)                              | 1,49          |

Colin William Kingsnorth  
Chairman of the Board

John Purcell  
Board Member

Elżbieta Donata Wiczowska  
Board Member

Iwona Ewa Makarewicz  
Board Member

The notes are an integral part of these condensed interim consolidated financial statements



## CPD S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2020

(All amounts in PLN thousands unless otherwise stated)

### Condensed consolidated statement of financial position

|   | Note | 30-06-2020     | 31-12-2019     |
|---|------|----------------|----------------|
| <b>ASSETS</b>   |      |                |                |
| <b>Non-current assets</b>   |      |                |                |
| Investment properties   | 4    | 104 840        | 100 214        |
| Property, plant and equipment                                       |      | 282            | 364            |
| Investments in joint ventures accounted for using the equity method | 8    | 36 324         | 32 015         |
| Long-term receivables   | 5    | 0              | 263            |
|   |      | <b>141 446</b> | <b>132 856</b> |
| <b>Current assets</b>   |      |                |                |
| Inventories   | 6    | 3 547          | 3 594          |
| Trade receivables and other receivables                             | 5    | 7 609          | 8 395          |
| - receivables and loans   |      | 2 012          | 4 036          |
| - prepayments   |      | 5 597          | 4 359          |
| Cash and cash equivalents   | 7    | 78 622         | 139 035        |
| Current assets excluding assets held for sales                      |      | <b>89 778</b>  | <b>151 024</b> |
| Assets held for sale  | 27   | 190 333        | 242 705        |
| Current assets  |      | <b>280 111</b> | <b>393 729</b> |
| <b>Total assets</b>   |      | <b>421 557</b> | <b>526 585</b> |

## CPD S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2020

(All amounts in PLN thousands unless otherwise stated)

### Condensed consolidated statement of financial position - cont.

|  | Note | 30-06-2020     | 31-12-2019     |
|--|------|----------------|----------------|
| <b>EQUITY</b>  |      |                |                |
| <b>Equity attributable to owners of the parent company</b>     |      |                |                |
| Share capital  | 9    | 2 637          | 2 637          |
| Own shares for redemption                                      | 9    | (117 396)      | (43 010)       |
| Other reserves   |      | 987            | 987            |
| Embedded element at inception date                             |      | (27 909)       | (27 909)       |
| Translation reserve  |      | (6 051)        | (5 531)        |
| Retained earnings  |      | 404 748        | 416 684        |
| <b>Total equity</b>  |      | <b>257 016</b> | <b>343 858</b> |
| <b>LIABILITIES</b>   |      |                |                |
| <b>Non-current liabilities</b>                                 |      |                |                |
| Trade payables and other liabilities                           | 10   | 2 627          | 2 283          |
| Borrowings, including leasing                                  | 11   | 3 535          | 63 181         |
| Deferred tax liabilities                                       | 12   | 18 452         | 17 445         |
| <b>Non-current liabilities</b>                                 |      | <b>24 614</b>  | <b>82 909</b>  |
| <b>Current liabilities</b>                                     |      |                |                |
| Trade payables and other liabilities                           | 10   | 26 626         | 43 626         |
| Borrowings, including leasing                                  | 11   | 65 590         | 4 573          |
| <b>Current liabilities excluding liabilities held for sale</b> |      | <b>92 216</b>  | <b>48 199</b>  |
| Liabilities classified as held for sale                        | 27   | 47 711         | 51 619         |
| <b>Current liabilities</b>                                     |      | <b>139 927</b> | <b>99 818</b>  |
| <b>Total liabilities</b>                                       |      | <b>164 541</b> | <b>182 727</b> |
| <b>Total Equity and liabilities</b>                            |      | <b>421 557</b> | <b>526 585</b> |

Colin William Kingsnorth  
Chairman of the Board

John Purcell  
Board Member

Elżbieta Donata Wiczowska  
Board Member

Iwona Ewa Makarewicz  
Board Member

The notes are an integral part of these condensed interim consolidated financial statements

**Condensed consolidated statement of changes in equity**

|                                   | Share capital | Own shares for redemption | Embedded element at inception date | Translation reserve | Reserve capital | Retained earnings | Total equity   |
|-----------------------------------|---------------|---------------------------|------------------------------------|---------------------|-----------------|-------------------|----------------|
| <b>Balance as at 01-01-2019</b>   | <b>3 935</b>  | <b>( 160 110)</b>         | <b>( 27 909)</b>                   | <b>( 5 520)</b>     | <b>987</b>      | <b>515 496</b>    | <b>326 879</b> |
| <u>Transactions with owners</u>   |               |                           |                                    |                     |                 |                   |                |
| Share capital reduction           | ( 1 298)      | 160 110                   | 0                                  | 0                   | 0               | ( 158 812)        | 0              |
| Shares acquisition for redemption | 0             | (43 010)                  | 0                                  | 0                   | 0               | 0                 | (43 010)       |
|                                   | ( 1 298)      | 117 100                   | 0                                  | 0                   | 0               | ( 158 812)        | ( 43 010)      |
| <u>Comprehensive income</u>       |               |                           |                                    |                     |                 |                   |                |
| Currency translation adjustment   | 0             | 0                         | 0                                  | ( 40)               | 0               | 0                 | ( 40)          |
| Result of the period              | 0             | 0                         | 0                                  | 0                   | 0               | 38 234            | 38 234         |
|                                   | 0             | 0                         | 0                                  | ( 40)               | 0               | 38 234            | 38 194         |
| <b>Balance as at 30-06-2019</b>   | <b>2 637</b>  | <b>(43 010)</b>           | <b>(27 909)</b>                    | <b>(5 560)</b>      |                 | <b>394 918</b>    | <b>322 063</b> |
| <b>Balance as at 01-01-2020</b>   | <b>2 637</b>  | <b>( 43 010)</b>          | <b>( 27 909)</b>                   | <b>( 5 531)</b>     | <b>987</b>      | <b>416 684</b>    | <b>343 858</b> |
| <u>Transactions with owners</u>   |               |                           |                                    |                     |                 |                   |                |
| Shares acquisition for redemption | 0             | (74 386)                  | 0                                  | 0                   | 0               | 0                 | (74 386)       |
|                                   | 0             | ( 74 386)                 | 0                                  | 0                   | 0               | 0                 | (74 386)       |
| <u>Comprehensive income</u>       |               |                           |                                    |                     |                 |                   |                |
| Currency translation adjustment   | 0             | 0                         | 0                                  | ( 520)              | 0               | 0                 | ( 520)         |
| Result of the period              | 0             | 0                         | 0                                  | 0                   | 0               | (11 936)          | (11 936)       |
|                                   | 0             | 0                         | 0                                  | ( 520)              | 0               | (11 936)          | (12 456)       |
| <b>Balance as at 30-06-2020</b>   | <b>2 637</b>  | <b>( 117 396)</b>         | <b>( 27 909)</b>                   | <b>(6 051)</b>      | <b>987</b>      | <b>404 748</b>    | <b>257 016</b> |

The Group does not have the minority shareholders. All the equity is attributable to the shareholders of the parent company.

Colin William Kingsnorth  
Chairman of the Board

John Purcell  
Board Member

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Board Member

Iwona Ewa Makarewicz  
Board Member

The notes are an integral part of these condensed interim consolidated financial statements

## CPD S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2020

(All amounts in PLN thousands unless otherwise stated)

### Condensed consolidated statement of cash flows

|   | Note | For the 6-month period ended |                 |
|---|------|------------------------------|-----------------|
|   |      | 30-06-2020                   | 30-06-2019      |
| <b>Cash flow from operating activities</b>                  |      |                              |                 |
| Cash generated from operations                              | 20   | (20 208)                     | (8 996)         |
| Interest paid   |      | (1 157)                      | (1 106)         |
| Income tax paid   |      | (9 416)                      | 0               |
| <b>Net cash from operating activities</b>                   |      | <b>(30 781)</b>              | <b>(10 102)</b> |
| <b>Cash flows from investing activities</b>                 |      |                              |                 |
| Capital expenditure on investments property                 |      | ( 20)                        | (1 564)         |
| Capital expenditure on assets held for sale                 |      | ( 35)                        | (3 683)         |
| Purchase of property, plant and equipment                   |      | 0                            | ( 51)           |
| Proceeds from the sale of investment property               |      | 46 840                       | 0               |
| Loan repayments received                                    |      | 0                            | 319             |
| Interest received   |      | 418                          | 248             |
| Reduction of joint ventures contributions                   |      | 0                            | 18 129          |
| <b>Net cash from investing activities</b>                   |      | <b>47 203</b>                | <b>13 398</b>   |
| <b>Cash flows from financing activities</b>                 |      |                              |                 |
| Own shares acquisition                                      |      | (74 386)                     | (43 010)        |
| Repayment of borrowings                                     |      | (2 449)                      | (2 679)         |
| <b>Net cash from financing activities</b>                   |      | <b>(76 835)</b>              | <b>(45 689)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |      | <b>(60 413)</b>              | <b>(42 393)</b> |
| <b>Cash and cash equivalents at beginning of the year</b>   |      | <b>139 035</b>               | <b>102 405</b>  |
| <b>Cash and cash equivalents at the end of the period</b>   |      | <b>78 622</b>                | <b>60 012</b>   |

Colin William Kingsnorth  
*Chairman of the Board*

John Purcell  
*Board Member*

Elżbieta Donata Wiczowska  
*Board Member*

Iwona Ewa Makarewicz  
*Board Member*

The notes are an integral part of these condensed interim consolidated financial statements

## Notes to the interim condensed consolidated financial statements

### 1 General information

CPD S.A. ("Company", "CPD") with its registered office in Warsaw (02 677), Cybornetyki 7B str., was established on the basis of statute on 23 February 2007 (as Celtic Development Corporation S.A., then on 22 February 2008 the Company changed its name to Poen S.A.). On 23 March 2007 District Court in Cracow, XI Business Department of the National Court Register entered the Company into the Register of Businesses with the KRS number 0000277147. The Company's shares are quoted on the Warsaw Stock Exchange.

On September 2, 2010 the General Shareholder's Meeting adopted a resolution changing the Company's name from Poen S.A. to Celtic Property Developments S.A.

On May 29, 2014 the Extraordinary General Shareholder's Meeting adopted a resolution changing the Company's name from Celtic Property Developments S.A. to CPD S.A. The change of name was registered in the National Court Register on September 17, 2014.

The currency of the presentation of these consolidated financial statements is Polish Zloty.

#### *Information about the Capital Group*

As at balance sheet date CPD Group comprised CPD S.A. as a parent entity, 28 subsidiaries and 2 under common control.

### 2 The accounting principles

The accounting principles in these interim consolidated financial statements are consistent with those applied in the annual consolidated financial statements for the year ended 31 December 2019, except for the application of the following new or revised standards and interpretations applicable for annual periods beginning on or after 1 January 2020.

The interim consolidated financial statements as at 30 June 2020 have been prepared under going concern assumption in the foreseeable future.

#### 2.1 Basis of preparation

These interim condensed consolidated financial statements of the CPD group were prepared in accordance with international accounting standard approved by the EU-IAS 34 Interim financial reporting and in accordance with all applicable the application of IFRS adopted by the European Union.

**The following new standards, interpretations and amendments which came into force in 2020 and description of the impact of applying the amendments:**

**Amendments to IFRS 3 Business Combinations** – the definition of a business.

Amendments to **IAS 1 Presentation of Financial Statements** and **IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors** - definition of materiality.

Amendments to reference to the **IFRS Conceptual Framework**.

**New standards and interpretations that have been published, and, have not yet entered into force**

The Group has not early adopted of the following standards, amendments to existing standards and interpretations have not been adopted by the European Union or are not applicable on 1 January 2020:

**IFRS 17 Insurance Contracts**, issued by the International Accounting Standards Board on 18 May 2017, is effective for annual periods beginning on or after 1 January 2021. The standard is to replace the current insurance regulations (IFRS 4).

The new IFRS 17 will replace current IFRS 4, allowing inconsistent accounting practises related to insurance contracts. IFRS 17 implements major changes for entities dealing with insurance contracts and investment contracts.

**Notes to the interim condensed consolidated financial statements****2.1 Basis of preparation - cont.**

**Amendments to IFRS 10 and IAS 28 — Sales or contributions of assets between an investor and its associates/joint ventures** (The effective date of the amended provisions has not been established by the International Accounting Standards Board).

The amendments address the inconsistency between the requirements of IFRS 10 and IAS 28. Accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or a joint venture constitute a business.

The abovementioned standards and their amendments do not relate to the activities of the Group or relate only remotely. As a result, their adoption will not affect the consolidated financial statements of the Group significantly.

**2.2 Changes in Group structure**

In June 2020 the Group established 100% subsidiaries: Ursus Development Sp. z o.o. and Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp. k., however as at the end of the financial period they have not started any business activities.

**3 Significant changes in major accounting estimates and judgments**

During preparation of these condensed consolidated financial statements the Board has made an assessment of the significant estimates and judgments, which have an impact on the accounting principles applied and the amounts recognised in the financial statements for a period of 6 months ended 30 June 2020.

Major estimates and judgments are based on past experience and other factors including anticipation of future events that seem reasonable in a given case. Resulting accounting estimates, by definition, bear inherent risk.

Major estimates and judgments adopted for the purpose of preparation of these condensed consolidated financial statements are consistent with the those applied in the annual consolidated financial statements for the period ended 31 December 2019.

Estimates and assumptions involving significant risk of a major adjustment of the carrying value of assets and liabilities during the following financial year being required are discussed below.

**Determination of the fair value of investment properties**

The fair value of investment properties recognized in the balance sheet is calculated based on pricing established for annual financial statements by Savills Sp. z o.o. - third party experts - as per Practice Statements of the Royal Institution of Chartered Surveyors' (RICS) Appraisal and Valuation Standards (the 'Red Book') published in June 2017 and valid as of 1 July 2017. Pricing fees are not related to the value of the real properties or the outcome of pricing. Bearing in mind the market environment, the Management Board reviewed and confirmed experts' assumptions underlying the valuation models applied for the last annual financial statements being valid as at the end of the period covered by these condensed consolidated financial statements.

CPD Group distinguishes the following classes of assets included in its real property portfolio:

- (i) non-developed land
- (ii) investment properties generating significant rent income (office building in Warsaw);



**Notes to the interim condensed consolidated financial statements****3 Significant changes in accounting estimates - cont.**

The Group valued individual real investment properties using the following methods:

The Group has real estate valued annually at fair value as at the balance sheet date. Results of the valuations imply decisions on impairment write-offs of the properties valued at cost or update of the valuation of the fair value properties.

Fair value changes of investment properties are recognized in the profit and loss under 'Net result from fair value adjustments on investment property' header, while changes in the impairment allowances are recognised within "Costs of goods sold".

Non-developed lands were valued using the comparative method (comparison in pairs). The comparative method determines the value of a real estate assuming that such value is equal to prices obtained for similar properties traded in the market. The value of real properties is adjusted according to their differentiating features and stated taking into account volatility of prices in time. The comparative method is used, if prices of real properties similar to the property valued are known. The price per square meter is the variable affecting the valuation result the most.

The income approach (investment method) was applied to properties generating income. The income approach defines the value of a real property based on the assumption that the buyer will pay the price depending on the anticipated income to be earned on the same real property provided that such price will not exceed that of another property featuring the same profitability and risk that it could buy.

Assuming rental or lease market rates can be defined market value of the real property generating rent income is determined based on direct capitalization, as the quotient of a stable yearly income flow obtainable from the real property valued and the capitalization rate.

Net future operating income were estimated separately for each investment class property based on rental agreements existing as at the balance sheet date, contracted income and the expected cost of operation of the properties. Useful areas underlying the calculations are based on construction documents in force. As most rentals concluded by the Group are expressed in EUR, the investment class properties were valued in EUR and values were then translated into PLN using the NBP average rate as at the balance sheet date.

Capitalisation rates were estimated by third party experts separately for each major investment class property taking into account situation and type of the property. The capitalization rates are determined at least annually by third party property experts and the net operating income is based on rentals in force.

The land designated for public purposes has been valued at nil.

In the first half of 2020, the Group recorded profit on the revaluation of investment properties to their fair values, which amounted to PLN 4.608 thousand.

During the period, the methods of valuation of investment properties did not change.

During the period, there were no changes in the levels of valuation of investment properties.

Investment properties transferred to assets held for sale are valued at expected sales price reduced by sales costs.

**Accounting treatment of joint ventures**

On 10 September 2014, an investment agreement was signed by CPD S.A. and its subsidiaries (Smart City Spółka z ograniczoną odpowiedzialnością Sp.k., Lakia Enterprises Ltd), of the one part, and entities not associated with the Group, i.e. Unidevelopment S.A. and Unibep S.A., of the other part. The agreement stipulates a joint venture consisting in the construction of a complex of multiple residential units with services and related infrastructure at a property belonging to Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.

As at the balance sheet date the project was completed.

**Notes to the interim condensed consolidated financial statements****3 Significant changes in accounting estimates - cont.**

On 22 February 2017 next investment agreement was signed by CPD S.A. and its subsidiaries (Challenge Eighteen Sp. z o.o., 4/113 Gaston Investments z ograniczoną odpowiedzialnością Sp.k., Lakia Enterprises Ltd), of the one part, and entities not associated with the Group, i.e. Unidevelopment S.A. and Unibep S.A., of the other part. The agreement stipulates a joint venture created for construction of a complex of multiple residential units with services and related infrastructure at a property belonging to 4/113 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k.

Subsequently the scope of the investment agreement has been extended on the whole property of Ursa Park Smart City spółka z ograniczoną odpowiedzialnością Sp.k. on 26 October 2018. The investment agreement assumes construction of three joint ventures: Ursa Park, Ursa Home and Ursa Sky, each consisting of two stages.

The first one - Ursa Park - has been completed in 2019 and comprised of 385 flats. Ursa Home is under construction now and consists of 341 flats (153 in the first stage and 188 flats in the second one). As at the balance sheet date sales of 297 flats were contracted (145 in the first stage and 152 in the second stage). The flats are to be handed to the buyers during 2020. The third joint venture is to be initiated during 2020.

In June 2020 under co-investor's consent Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp. k. was established, but it did not start any business activity by the end of the financial period.

In order to settle the above-mentioned transaction in these financial statements, following requirements of IFRS 10, the investments in Smart City and Ursa Park Smart City are considered to be joint ventures and valued based on property rights. The Group's property rights to the net assets of the joint ventures calculations are based on the binding investment agreements.

Further details of the valuation of the joint ventures were presented in Note 8.

***Determination of fair value of derivatives***

In February 2016 Belise Investments Sp. z o.o., the Group subsidiary, concluded interest rate swap (IRS) contract. The contract is settled in monthly periods based on EURIBOR 1M.

IRS transaction is valued by Santander bank (prior name BZ WBK) at fair value. The result of the valuation is recognised as financial costs and revenues, in the statement of comprehensive income.

***Balance sheet valuation of shares in subsidiaries and loans granted to subsidiaries (related to the standalone financial statements)***

As at the balance sheet date, the Company analysed the impairment indicators regarding shares in subsidiaries by comparing the book value of shares and their recoverable amount. The recoverable amount is established by the higher of the two amounts: the fair value of assets less the costs of sale or the value in use. In the Company's opinion the value in use is similar to the fair value as at the balance sheet date. In consequence, the analysis of impairment of shares' value was based on the fair value.



**Notes to the interim condensed consolidated financial statements****3 Significant changes in major accounting estimates and judgments - cont.**

In case of investment in Challenge Eighteen Sp. z o.o., IMES Poland Sp. z o.o. and Lakia Enterprises Ltd, their fair value was estimated based on net assets of these companies, constituting an approximate value of future cash flows available for shareholders related to the shares held by them. The value of these cash flows was estimated, among others, based on either book value (not lower than fair value) or based on fair value of properties owned by subsidiaries.

With respect to shares in Celtic Investments Ltd, the operating activity of which was suspended as at the balance sheet date and which did not have any significant assets, the fair value of these assets was estimated based on the net assets of this company.

Based on the analysis performed no impairment indicators were identified with respect to shares in Challenge Eighteen Sp. z o.o. and IMES Poland Sp. z o.o. With respect to shares in Lakia Enterprises Ltd and Celtic Investments Ltd which are written down in full no indicators of impairment reversal were observed.

At the same time, as at the balance sheet date, the Company analysed the possibility of recovering receivables from loans granted to its subsidiaries. The Company impairs the value of loans granted to its subsidiaries if the value of their net assets was negative as at 30 June 2020. In the Company's opinion, due to the negative value of net assets of these subsidiaries, there is a substantial risk that these companies will not be able to repay the loans in full.

***Tax settlements/deferred tax and activation of tax losses***

Resulting from the fact that the companies subject to consolidation reside in various fiscal jurisdictions, which complicates transactions between them and results in ambiguities in the interpretation of the provisions of law, tax settlements, including the determination of the right or obligation to include as well as the way of including separate transactions in the tax bill of individual Group entities, require extremely thorough consideration. In complicated cases, the decision of the Management Board is based on opinions of specialist tax advisers.

Income tax for interim periods is calculated using the tax rate reflecting the total foreseeable annual profit or loss. The difference between the income tax expenses and the tax rate of 19% results primarily from unrecognized deferred income tax assets due to tax losses and the surplus of positive temporary differences over negative temporary differences in the subsidiaries in which recognizing deferred income tax assets for the full financial year is not planned. As at each balance sheet date, the Management Board analyses the possibility of recovering tax losses based on business plans of individual companies forming part of the Group and tax forecasts for these entities, and based on this, decisions on recognition of tax losses for previous years are made.

**3.1 Managing financial risk*****Financial risk factors***

CPD Group is exposed to the following financial risks in connection with its business activity: market risk (including the risk of changes in exchange rates, risk of the change of goodwill or cash flows in consequence of a change of interest rates), credit risk and liquidity risk.

***Risk of changes in interest rates***

The Group's exposure to the risk caused by changes in interest rates relates primarily to the fact that the cash flows are subject to change as a result of changes in market interest rates. The Group partly finances its operations and investment of foreign capital with interest-bearing variable rate. In connection with the current debt level, the Group is exposed to the risk of changes in interest rates in terms of the obligations arising from the issue of debt securities and credit on the nature of the supported products.

### Notes to the interim condensed consolidated financial statements

#### 3.1 Managing financial risk - cont.

Within the Group, only Belisc Investments hedges the risk of fluctuations in cash flows resulting from debt incurred based on the reference rate EURIBOR with IRS transaction.

Other financial risks CPD Group have been presented in the consolidated financial statements for the year ended 31 December 2019.

##### **Liquidity risk**

The cash balance decreased during the first half of 2020. Cash accumulated by the end of 2019 together with proceeds from property disposals were used mainly to reduce payables balances as well as redemption of own shares. The details of the current borrowings were presented the consolidated financial statements for the year ended 31 December 2019.

(All amounts in PLN thousands unless otherwise stated)

**Notes to the interim condensed consolidated financial statements****4 Investment properties**

|  | 01-01-2020<br>30-06-2020 | 01-01-2019<br>31-12-2019 |
|--|--------------------------|--------------------------|
| <b>At the beginning of the reporting period</b>                        | <b>100 214</b>           | <b>218 311</b>           |
| Capital expenditure  | 20                       | 1 972                    |
| Transfer of capitalised financial liabilities to assets held for sale  | 0                        | (10 735)                 |
| Change of capitalised financial liabilities                            | ( 2)                     | ( 6)                     |
| Transfer to inventories  | 0                        | ( 442)                   |
| Transfer of investment property to assets held for sale                | 0                        | (128 976)                |
| Net profit (loss) from fair value adjustments on investment properties | 4 608                    | 21 616                   |
| Other reclassifications  | 0                        | (1 526)                  |
| <b>At the end of the reporting period</b>                              | <b>104 840</b>           | <b>100 214</b>           |

Increase in the balance of investment properties results mainly from fair value adjustment.

|   | <b>For the 6-month period ended</b> |              |
|---|-------------------------------------|--------------|
|   | 30-06-2020                          | 30-06-2019   |
| Direct operating costs for investment properties: |                                     |              |
| - generating rent income                          | 2 610                               | 2 280        |
| - other   | 113                                 | 429          |
|   | <b>2 723</b>                        | <b>2 709</b> |

**5 Trade receivables and other receivables**

|                                  | 30-06-2020   | 31-12-2019   |
|----------------------------------|--------------|--------------|
| Trade receivables                | 914          | 1 304        |
| Receivables from the state       | 935          | 2 572        |
| Receivables from related parties | 110          | 160          |
| Prepaid expenses                 | 5 597        | 4 359        |
| Other receivables                | 53           | 0            |
| <b>Short-term receivables</b>    | <b>7 609</b> | <b>8 395</b> |
| Long-term receivables            | 0            | 263          |
| <b>Total receivables</b>         | <b>7 609</b> | <b>8 658</b> |

Prepaid expenses relate mainly to settlement of annual costs of property tax and perpetual land usufruct.

**6 Inventories**

|   | 30-06-2020   | 31-12-2019   |
|---|--------------|--------------|
| <b>At the beginning of the reporting period</b> | <b>3 594</b> | <b>2 915</b> |
| Change in impairment                            | 0            | 590          |
| Perpetual usufruct rights recognition           | 0            | 187          |
| Exchange differences                            | ( 47)        | ( 98)        |
| <b>At the end of the reporting period</b>       | <b>3 547</b> | <b>3 594</b> |

(All amounts in PLN thousands unless otherwise stated)

**Notes to the interim condensed consolidated financial statements****7 Cash and cash equivalents**

|                          | 30-06-2020    | 31-12-2019     |
|--------------------------|---------------|----------------|
| Cash at bank and on hand | 73 297        | 50 515         |
| Restricted cash          | 3 527         | 3 370          |
| Short-term bank deposits | 1 798         | 85 150         |
|                          | <b>78 622</b> | <b>139 035</b> |

Restricted cash relates to the funds transferred as a result of the implementation of the credit agreement with mBank Hipoteczny, VAT accounts within split payment mechanism as well as cash blocked on the accounts owned by the subsidiaries participating in cross-border merger.

Cash and cash equivalents for the purposes of the cash flow statement include cash in hand and on the bank accounts as well as short-term bank deposits.

**8 Joint ventures**

The below table summarizes the carrying amounts of the Group major investments in joint ventures:

|   | 30-06-2020    | 31-12-2019    |
|---|---------------|---------------|
| a) Smart City Spółka z ograniczoną odpowiedzialnością sp.k.           | 182           | 0             |
| b) Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k. | 36 142        | 32 015        |
|   | <b>36 324</b> | <b>32 015</b> |

a) Smart City Spółka z ograniczoną odpowiedzialnością sp.k.

|  | 30-06-2020 | 31-12-2019   |
|--|------------|--------------|
| <b>Opening balance as at 1 January</b>   | <b>0</b>   | <b>1 620</b> |
| Group's share of the net profit or loss of the joint ventures presented in these interim condensed consolidated financial statements | 182        | 780          |
| Group's share in reduction of joint venture contributions  | 0          | (2 400)      |
| <b>Closing balance</b>   | <b>182</b> | <b>0</b>     |

b) Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.

|  | 32 015        | 35 581        |
|--|---------------|---------------|
| <b>Opening balance as at 1 January</b>   | <b>32 015</b> | <b>35 581</b> |
| Group's share of the net profit or loss of the joint ventures presented in these interim consolidated financial statements | (405)         | 9 049         |
| Group's share in joint venture contributions   | 0             | 2 000         |
| Group's share in reduction of joint venture contributions  | 0             | (6 014)       |
| Group's share in the change of declared joint venture contributions  | (2 435)       | 0             |
| Group's share in profit distributions  | 0             | (8 601)       |
| Change in Group's property rights to the joint venture   | 6 967         | 0             |
| <b>Closing balance</b>   | <b>36 142</b> | <b>32 015</b> |

(All amounts in PLN thousands unless otherwise stated)

**Notes to the interim condensed consolidated financial statements****8 Joint ventures - cont.**

Condensed financial information of individually material joint ventures of the Group is presented in the below table:

**a) Smart City Spółka z ograniczoną odpowiedzialnością sp.k.***Financial information from statement of financial position*

|  | 30-06-2020 | 31-12-2019   |
|--|------------|--------------|
| <b>Total non-current assets, including:</b>  | <b>8</b>   | <b>9</b>     |
| Fixed assets   | 8          | 9            |
| <b>Total current assets, including:</b>  | <b>432</b> | <b>743</b>   |
| Inventory  | 69         | 223          |
| Trade receivables and other receivables  | 172        | 270          |
| Cash and cash equivalents  | 191        | 250          |
| <b>Total assets</b>  | <b>440</b> | <b>752</b>   |
| <b>Total current liabilities, including:</b>   | <b>76</b>  | <b>780</b>   |
| Trade payables and other liabilities   | 76         | 780          |
| <b>Net assets</b>  | <b>364</b> | <b>( 28)</b> |
| <b>% held by the Group</b>   | <b>50%</b> | <b>50%</b>   |
| <b>Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements</b> | <b>182</b> | <b>0</b>     |

*Financial information from statement of comprehensive income*

|                                  | 30-06-2020 | 31-12-2019 |
|----------------------------------|------------|------------|
| Revenue                          | 732        | 2 198      |
| Result from continued operations | 392        | 763        |

**b) Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.**

|  | 30-06-2020     | 31-12-2019     |
|--|----------------|----------------|
| <b>Total non-current assets, including</b>   | <b>89</b>      | <b>117</b>     |
| Intangible assets  | 89             | 117            |
| <b>Total current assets, including:</b>  | <b>167 698</b> | <b>101 932</b> |
| Inventory  | 104 024        | 66 562         |
| Trade receivables and other receivables  | 27 861         | 28 516         |
| Cash and cash equivalents  | 35 813         | 6 854          |
| <b>Total assets</b>  | <b>167 787</b> | <b>102 049</b> |
| Trade payables and other liabilities   | 104 422        | 38 019         |
| <b>Net assets</b>  | <b>63 365</b>  | <b>64 030</b>  |
| <b>% held by the Group</b>   | <b>50%</b>     | <b>50%</b>     |
| <b>Carrying amount of investment in joint venture presented in the consolidated financial statements</b> | <b>31 683</b>  | <b>32 015</b>  |

*Financial information from statement of comprehensive income*

|                                  | 30-06-2020 | 31-12-2019 |
|----------------------------------|------------|------------|
| Revenue                          | 2 188      | 74 774     |
| Interest income                  | 7          | 1          |
| Interest cost                    | 5          | 1          |
| Result from continued operations | ( 665)     | 18 098     |



(All amounts in PLN thousands unless otherwise stated)

**Notes to the interim condensed consolidated financial statements****9 Share capital**

|                           | Number of shares (in thousands) |               | Value of shares |              |
|---------------------------|---------------------------------|---------------|-----------------|--------------|
|                           | 30-06-2020                      | 31-12-2019    | 30-06-2020      | 31-12-2019   |
| Ordinary shares series AA | 26 371                          | 26 371        | 2 637           | 2 637        |
| Total                     | <b>26 371</b>                   | <b>26 371</b> | <b>2 637</b>    | <b>2 637</b> |

As of the date of these condensed consolidated financial statements share capital amounts to PLN 2.637 thousand. There have been no changes in share capital since the end of the year until the date of these consolidated financial statements. The shares issued are not privileged. Each of the issued shares has a nominal value of PLN 0,10 and has been fully paid.

On 28 February 2019 General Shareholders' Meeting entitled CPD SA Management Board to acquire 8.700.000 own shares for redemption until 31 January 2021.

On 22 March 2019, 26 March 2020 and 25 June 2020 CPD SA bought respectively 3.305.886, 614.385 and 4.779.565 own shares.

As a consequence, the Company has 8.699.836 own shares at the balance sheet date. The shares represent 32,99% of CPD SA share capital. However, based on the relevant regulations the Company is prevented from executing voting rights from own shares.

**10 Trade payables and other liabilities****Non-current liabilities**

|                 | 30-06-2020 | 31-12-2019 |
|-----------------|------------|------------|
| Tenant deposits | 2 627      | 2 283      |

**Current liabilities**

|                                   | 30-06-2020    | 31-12-2019    |
|-----------------------------------|---------------|---------------|
| Trade payables                    | 743           | 1 094         |
| Payables to related parties       | 3             | 0             |
| Output VAT and other tax payables | 10 046        | 24 997        |
| Tenant deposits                   | 533           | 545           |
| Other liabilities                 | 269           | 181           |
| Received prepayments              | 10 546        | 12 070        |
| Accrued expense                   | 4 486         | 4 739         |
|                                   | <b>26 626</b> | <b>43 626</b> |

Received prepayments result from the preliminary agreements to sell plot owned by 5/92 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k., 12/132 Gaston Investments Spółka z ograniczoną odpowiedzialnością sp.k. and 13/155 Gaston Investments Spółka z ograniczoną odpowiedzialnością sp.k.

**11 Borrowings, including leasing**

|                    | 30-06-2020   | 31-12-2019    |
|--------------------|--------------|---------------|
| <b>Non-current</b> |              |               |
| Bank loans         | 0            | 59 494        |
| IRS derivative     | 0            | 151           |
| Leasing            | 3 535        | 3 536         |
|                    | <b>3 535</b> | <b>63 181</b> |



(All amounts in PLN thousands unless otherwise stated)

**Notes to the interim condensed consolidated financial statements****11 Borrowings, including leasing - cont.**

|                         | 30-06-2020    | 31-12-2019    |
|-------------------------|---------------|---------------|
| <b>Current</b>          |               |               |
| Bank loans              | 65 242        | 4 246         |
| IRS derivative          | 348           | 327           |
|                         | <b>65 590</b> | <b>4 573</b>  |
| <b>Total borrowings</b> | <b>69 125</b> | <b>67 754</b> |

As of 30 June 2020, bank loans relate to the credit drawn up by Belise Investments Sp. z o.o. in Santander bank.

In February 2016 Belise Investments entered into a swap transaction rate (IRS), in order to hedge the streams of interest payments, for an amount corresponding to 80% of the loan BZ WBK.

The value of hedging derivative (IRS) as at the balance sheet date was estimated at PLN 348 thousand.

As at both 30 June 2020 and 31 December 2019 both Lakia Investments and Robin Investments loans were presented as liabilities of the group held for sale, following transfer of both companies' investment properties to assets held for sale. The payable to mBank Hipoteczny amounted to PLN 35 699 thousand as at 30 June 2020.

During 2017 Lakia Investments reported noncompliance with one of credit facility covenants, which entitles the bank to request repayment of the whole loan amount. Until the moment of preparation of these interim condensed consolidated financial statements the bank has not issued such a request. As a result the whole amount of Lakia Investments and Robin Investments loans have been presented as short term liability. These loans are being serviced in full on a timely basis.

Lease liabilities relate to the right to perpetual usufruct and are recognized due to the increase in the fair value of investment property for accounting purposes.

**12 Deferred income taxes**

|  | 30-06-2020    | 31-12-2019    |
|--|---------------|---------------|
| <b>Deferred tax assets before offset</b>             | <b>1 600</b>  | <b>10 277</b> |
| Offset against deferred tax liability                | (1 600)       | (10 277)      |
| <b>Deferred tax assets</b>                           | <b>0</b>      | <b>0</b>      |
| <b>Deferred income tax liabilities before offset</b> | <b>20 052</b> | <b>27 722</b> |
| Offset against deferred tax asset                    | (1 600)       | (10 277)      |
| <b>Deferred income tax liabilities after offset</b>  | <b>18 452</b> | <b>17 445</b> |

**13 Revenue by nature**

|                               | For the 6-month period ended |              | For the 3-month period ended |              |
|-------------------------------|------------------------------|--------------|------------------------------|--------------|
|                               | 30-06-2020                   | 30-06-2019   | 30-06-2020                   | 30-06-2019   |
| Rent income                   | 5 653                        | 6 027        | 2 684                        | 2 349        |
| Real estate advisory services | 575                          | 648          | 390                          | 429          |
| Rent related services         | 3 349                        | 3 293        | 1 614                        | 2 315        |
| Accounting services           | 27                           | 0            | 13                           | 0            |
|                               | <b>9 604</b>                 | <b>9 968</b> | <b>4 701</b>                 | <b>5 093</b> |

Rent revenues are earned by office properties in Warsaw: Aquarius (Polczyńska St.), Solar and Iris (both Cybernetyki St.).

(All amounts in PLN thousands unless otherwise stated)

**Notes to the interim condensed consolidated financial statements****14 Cost of sales, including:**

|                               | For the 6-month period ended |              | For the 3-month period ended |            |
|-------------------------------|------------------------------|--------------|------------------------------|------------|
|                               | 30-06-2020                   | 30-06-2019   | 30-06-2020                   | 30-06-2019 |
| Cost of inventories sold      | 0                            | 5            | 0                            | 0          |
| The cost of services rendered | 2 264                        | 1 361        | 1 110                        | 963        |
|                               | <b>2 264</b>                 | <b>1 366</b> | <b>1 110</b>                 | <b>963</b> |

The costs of the services consisted mainly of costs of services related to the maintenance of leased office buildings and other services re-invoiced to tenants.

**15 Administrative costs property related**

|  | For the 6-month period ended |              | For the 3-month period ended |              |
|--|------------------------------|--------------|------------------------------|--------------|
|  | 30-06-2020                   | 30-06-2019   | 30-06-2020                   | 30-06-2019   |
| Personnel costs                                    | 2 289                        | 718          | 1 161                        | 397          |
| Property maintenance                               | 2 660                        | 2 310        | 1 255                        | 1 058        |
| Property taxes                                     | 446                          | 672          | 223                          | 335          |
| Perpetual usufruct                                 | 555                          | 1 200        | 277                          | 941          |
| Depreciation of fixed assets and intangible assets | 82                           | 136          | 39                           | 88           |
|  | <b>6 032</b>                 | <b>5 036</b> | <b>2 955</b>                 | <b>2 819</b> |

**16 Administrative expenses - other**

|  | For the 6-month period ended |              | For the 3-month period ended |              |
|--|------------------------------|--------------|------------------------------|--------------|
|  | 30-06-2020                   | 30-06-2019   | 30-06-2020                   | 30-06-2019   |
| Consultancy services   | 1 630                        | 1 687        | 315                          | 739          |
| Legal services   | 273                          | 346          | 210                          | 186          |
| Audit fees   | 101                          | 48           | 12                           | 42           |
| Transportation   | 6                            | 73           | 0                            | 65           |
| Taxes  | 118                          | 47           | 112                          | 17           |
| Office maintenance   | 263                          | 368          | 155                          | 230          |
| Other services   | 102                          | 173          | 62                           | 75           |
| Non-deductible VAT   | 73                           | 108          | 54                           | 72           |
| Liquidation of investment property and assets held for sale elements | 0                            | 645          | 0                            | 0            |
|  | <b>2 566</b>                 | <b>3 495</b> | <b>920</b>                   | <b>1 426</b> |

**17 Other income**

|                    | For the 6-month period ended |              | For the 3-month period ended |              |
|--------------------|------------------------------|--------------|------------------------------|--------------|
|                    | 30-06-2020                   | 30-06-2019   | 30-06-2020                   | 30-06-2019   |
| Provision released | 364                          | 2 230        | ( 149)                       | 1 127        |
| Other              | 683                          | 108          | 679                          | 88           |
|                    | <b>1 047</b>                 | <b>2 338</b> | <b>530</b>                   | <b>1 215</b> |

(All amounts in PLN thousands unless otherwise stated)

**Notes to the interim condensed consolidated financial statements****18 Financial income and expenses**

|                                  | For the 6-month period ended |                | For the 3-month period ended |               |
|----------------------------------|------------------------------|----------------|------------------------------|---------------|
|                                  | 30-06-2020                   | 30-06-2019     | 30-06-2020                   | 30-06-2019    |
| Interest expense:                |                              |                |                              |               |
| - Bank loans                     | (1 033)                      | (1 146)        | ( 513)                       | ( 594)        |
| - Tax interest                   | (6 634)                      | 0              | (6 634)                      | 0             |
| - Leasing interest               | ( 126)                       | ( 528)         | ( 63)                        | ( 264)        |
| - Other interest                 | ( 437)                       | ( 452)         | ( 122)                       | ( 218)        |
| - Other                          | 0                            | 0              | 23                           | 7             |
| Revaluation of derivatives (IRS) | 0                            | 0              | 0                            | 21            |
| Valuation of amortized cost      | ( 44)                        | 0              | ( 38)                        | 29            |
| Net exchange differences         | (4 570)                      | 0              | 1 829                        | 34            |
| <b>Financial costs</b>           | <b>(12 844)</b>              | <b>(2 126)</b> | <b>(5 518)</b>               | <b>( 985)</b> |
| Interest income:                 |                              |                |                              |               |
| - Bank interest                  | 418                          | 248            | 130                          | 115           |
| Other financial income           | 0                            | 68             | 0                            | ( 228)        |
| Net exchange differences         | 0                            | 986            | 0                            | 986           |
| Valuation of amortized cost      | 0                            | 146            | 0                            | 146           |
| <b>Financial income</b>          | <b>548</b>                   | <b>1 448</b>   | <b>221</b>                   | <b>1 019</b>  |

**19 Income tax**

|                            | For the 6-month period ended |                | For the 3-month period ended |                |
|----------------------------|------------------------------|----------------|------------------------------|----------------|
|                            | 30-06-2020                   | 30-06-2019     | 30-06-2020                   | 30-06-2019     |
| Tax on current year income | 298                          | (1 681)        | 149                          | (1 681)        |
| Tax on prior years income  | 9 118                        | 0              | 9 118                        | 0              |
| Deferred taxes             | 1 007                        | ( 990)         | ( 85)                        | (2 026)        |
|                            | <b>10 423</b>                | <b>(2 671)</b> | <b>9 182</b>                 | <b>(3 707)</b> |

**20 Cash flow from operating activities**

|  | For the 6-month period ended |                |
|--|------------------------------|----------------|
|  | 2020-06-30                   | 30-06-2019     |
| Profit/loss before tax                             | (1 513)                      | 35 563         |
| Adjustments for:                                   |                              |                |
| - depreciation of tangible fixed assets            | 81                           | 136            |
| - currency translation adjustments                 | ( 472)                       | ( 1)           |
| - revaluation to fair value of investment property | (4 608)                      | 2 604          |
| - revaluation of assets held for sale              | (2 060)                      | (26 297)       |
| - share in net profit or loss of the joint venture | (4 309)                      | (10 911)       |
| - result on sale of investment property            | ( 74)                        | 0              |
| - interest costs                                   | 1 596                        | 1 113          |
| - interest income                                  | ( 418)                       | ( 248)         |
| - exchange differences                             | 4 693                        | (1 146)        |
| - result on derivatives revaluation                | ( 130)                       | 120            |
| - other adjustments                                | 2                            | 175            |
| Changes in working capital                         |                              |                |
| - changes in receivables                           | 1 049                        | (2 412)        |
| - change in trade and other liabilities            | (14 045)                     | (7 692)        |
|  | <b>(20 208)</b>              | <b>(8 996)</b> |

(All amounts in PLN thousands unless otherwise stated)

**Notes to the interim condensed consolidated financial statements****21 Related party transactions**

CPD S.A. does not have a direct nor ultimate parent. Coöperatieve Laxey Worldwide W.A. is a major investor.

CPD Group also concludes transactions with key management personnel and other related parties, controlled by key staff of the Group.

These interim condensed consolidated financial statements include the following balances resulting from transactions with related parties:

|   | <b>For the 6-month period ended</b> |                   |
|---|-------------------------------------|-------------------|
|   | <b>2020-06-30</b>                   | <b>30-06-2019</b> |
| <b>(a) Transactions with key management personnel</b>                     |                                     |                   |
| The cost of the salaries of members of the Board of Directors             | 908                                 | 132               |
| The cost of the salaries of the members of the Supervisory Board          | 276                                 | 276               |
| The cost of services rendered by the members of the Board of Directors    | 1 156                               | 2 121             |
| Total receivables   | 19                                  | 19                |
| Total payables (including accruals)                                       | 6                                   | 503               |
| <b>(b) Transactions with the other related parties</b>                    |                                     |                   |
| Revenues  |                                     |                   |
| <i>Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.</i>           | 17                                  | 83                |
| <i>Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.</i> | 378                                 | 288               |
| Costs   |                                     |                   |
| <i>Laxey Partners (UK) Ltd</i>  | 0                                   | 45                |
| <i>Kancelaria Radców Prawnych Oleś i Rodzyńkiewicz</i>                    | 32                                  | 1                 |

**21 Related party transactions - contd.**

|   | <b>30-06-2020</b> | <b>31-12-2019</b> |
|---|-------------------|-------------------|
| Receivables   |                   |                   |
| <i>Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.</i>           | 6                 | 2                 |
| <i>Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.</i> | 85                | 99                |
| Payables  |                   |                   |
| <i>Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.</i>           | 3                 | 0                 |
| <i>Kancelaria Radców Prawnych Oleś i Rodzyńkiewicz</i>                    | 0                 | 18                |

**22 Payment of dividends**

During the reporting period CPD did not pay nor declare dividends.

**23 Earnings per share**

|   | <b>For the 6-month period ended</b> |                   | <b>For the 3-month period ended</b> |                   |
|---|-------------------------------------|-------------------|-------------------------------------|-------------------|
|   | <b>30-06-2020</b>                   | <b>30-06-2019</b> | <b>30-06-2020</b>                   | <b>30-06-2019</b> |
| Profit attributable to the shareholders of the parent company | (11 936)                            | 38 234            | (7 551)                             | 34 381            |
| Weighted average number of ordinary shares (in '000)          | 22 580                              | 24 526            | 22 136                              | 23 065            |
| Earnings per share  | (0,53)                              | 1,56              | (0,34)                              | 1,49              |
| Diluted profit attributable to shareholders                   | (11 936)                            | 38 234            | (7 551)                             | 34 381            |
| Weighted average number of ordinary shares (in '000)          | 22 580                              | 24 526            | 22 136                              | 23 065            |
| Diluted earnings per share                                    | (0,53)                              | 1,56              | (0,34)                              | 1,49              |

(All amounts in PLN thousands unless otherwise stated)

**Notes to the interim condensed consolidated financial statements****23 Earnings per share - cont.**

|                                     | 30-06-2020                       |         | 31-12-2019                       |         |
|-------------------------------------|----------------------------------|---------|----------------------------------|---------|
|                                     | after share capital<br>reduction | actual  | after share capital<br>reduction | actual  |
| Net assets at book value            | 257 016                          | 257 016 | 343 858                          | 343 858 |
| Number of ordinary shares (in '000) | 17 671                           | 26 371  | 23 065                           | 26 371  |
| Net assets per share                | 14,54                            | 9,75    | 14,91                            | 13,04   |

**24 Contingent liabilities**

As at the balance sheet date there were no other changes in contingent liabilities as compared to the prior year end.

**25 Segment reporting**

In accordance with a definition in IFRS 8, the CPD Group represents one operating segment and is recognized by the Management Board as such.

Therefore, both revenue and profit segment are equal revenue and profits of the group mentioned in the report of the CPD total revenue.

**26 Seasons of activity and unusual events**

The activity of the Group of the CPD is not seasonal or cyclical.

In the period covered by these condensed interim consolidated financial statements, resulting from outburst of COVID-19 pandemic, the Management observed growing general market uncertainty. By the end of the reporting period the general economy deterioration has not been reflected in the Group's business results. In particular it has not impacted Group's subsidiaries ability to continue as a going concern nor any significant accounting judgements and estimates of the management.

Nevertheless, the management monitors increased level of general market risk and considers its impact on future operating activities as well as accounting data.

**27 Assets and liabilities held for sale**

The Group determined the following assets and liabilities included in the disposal group classified as held for sale:

As at 30 June 2020 properties as well as loans and lease liabilities of the following subsidiaries has been determined as held for sale:

- Lakia Investments Sp. z o.o.
- Robin Investments Sp. z o.o.
- 5/92 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k.
- 12/132 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k.
- 13/155 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k.

**Assets**

Investment properties  
Capitalised financial liabilities

**Liabilities**

Borrowings, including leasing

**Net assets held for sale**

|                                   | 30-06-2020     | 31-12-2019     |
|-----------------------------------|----------------|----------------|
| Investment properties             | 178 319        | 226 038        |
| Capitalised financial liabilities | 12 014         | 16 667         |
|                                   | <b>190 333</b> | <b>242 705</b> |
| Borrowings, including leasing     | 47 711         | 51 619         |
|                                   | <b>47 711</b>  | <b>51 619</b>  |
| Net assets held for sale          | <b>142 622</b> | <b>191 086</b> |



(All amounts in PLN thousands unless otherwise stated)

**Notes to the interim condensed consolidated financial statements****27 Assets and liabilities held for sale - cont.**

In the reporting period 6/150 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k., 7/120 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k., 18 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k., 19/97 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. and 20/140 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. concluded final agreements to dispose perpetual usufruct rights to their plots. This resulted in drop of the net assets held for sale balance as compared to the end of 2019.

**28 Events after the end of the reporting period**

Following earlier preliminary agreements 5/92 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k. disposed its property on 29 July 2020. As at the balance sheet date the property contributed to the balance of assets held for sale.

On 20 August 2020 General Meeting of CPD SA resolved on cancellation of all the possessed own shares and consequently reduction of share capital down to PLN 1.767 thousand.

There were no other significant post balance sheet events.



## 29 Interim financial information of the parent

These interim condensed financial statements of CPD S.A. were prepared in accordance with International Accounting Standard approved by the European Union - IAS 34 Interim financial reporting and in accordance with all applicable IFRS adopted by the European Union.

The accounting principles applied in these interim condensed financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2019, except for the application of the new or revised standards and interpretations applicable for annual periods beginning on 1 January 2020. The Company's Management Board analysed new or revised standard and concluded there is no material impact on the Company's accounting policies and financial statements. Other information required by IAS 34 is presented in note 2.1 to the consolidated condensed financial statements of CPD Group.

## 29.1 Condensed statement of comprehensive income

|  | Note  | 1/1/2020-<br>30/6/2020<br>(unaudited) | 1/1/2019-<br>30/6/2019<br>(unaudited) | 1/4/2020-<br>30/6/2020<br>(unaudited,<br>unreviewed) | 1/4/2019-<br>30/6/2019<br>(unaudited,<br>unreviewed) |
|--|-------|---------------------------------------|---------------------------------------|--|--|
| Revenues   |       | 76                                    | 0                                     | 38   | 0  |
| Administrative costs                             | 29.11 | (2 447)                               | (1 002)                               | (1 440)  | ( 618)   |
| Marketing costs                                  |       | 0                                     | ( 3)                                  | 0  | ( 2)   |
| Fair value adjustment on loans granted           | 29.12 | 7 028                                 | 4 480                                 | 4 689  | 1 034  |
| Other operating costs                            |       | ( 79)                                 | ( 60)                                 | ( 79)  | ( 60)  |
| <b>OPERATING RESULT</b>                          |       | <b>4 578</b>                          | <b>3 415</b>                          | <b>3 208</b>   | <b>354</b>   |
| Financial income                                 | 29.12 | 678                                   | 559                                   | 454  | 426  |
| Financial costs                                  | 29.12 | ( 207)                                | ( 242)                                | ( 184)   | ( 141)   |
| <b>PROFIT (LOSS) BEFORE INCOME TAX</b>           |       | <b>5 049</b>                          | <b>3 732</b>                          | <b>3 478</b>   | <b>639</b>   |
| Income tax                                       |       | ( 37)                                 | 37                                    | ( 21)  | (2 187)  |
| <b>PROFIT (LOSS) FOR THE PERIOD</b>              |       | <b>5 012</b>                          | <b>3 769</b>                          | <b>3 457</b>   | <b>(1 548)</b>                                       |
| <b>OTHER COMPREHENSIVE INCOME</b>                |       | <b>0</b>                              | <b>0</b>                              | <b>0</b>   | <b>0</b>   |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b> |       | <b>5 012</b>                          | <b>3 769</b>                          | <b>3 457</b>   | <b>(1 548)</b>                                       |
| <b>BASIC EARNINGS PER SHARE (IN PLN)</b>         | 29.10 | 0,22                                  | 0,15                                  | 0,16   | (0,07)   |
| <b>DILUTED EARNINGS PER SHARE (IN PLN)</b>       | 29.10 | 0,22                                  | 0,15                                  | 0,16   | (0,07)   |

Colin Kingsnorth  
Chairman of the Board

Elżbieta Donata Wiczowska  
Board Member

John Purcell  
Board Member

Iwona Makarewicz  
Board Member

## 29.2 Condensed statement of financial position

|   | Note | 30/6/2020<br>(unaudited) | 31/12/2019     |
|---|------|--------------------------|----------------|
| <b>ASSETS</b>                                       |      |                          |                |
| <b>Non-current assets</b>                           |      |                          |                |
| Long-term receivables                               | 29.6 | 91 853                   | 110 799        |
| Shares in subsidiaries                              | 29.5 | 5 035                    | 25 484         |
| <b>Total non-current assets</b>                     |      | <b>96 888</b>            | <b>136 283</b> |
| <b>Current assets</b>                               |      |                          |                |
| Trade receivables and other receivables, including: | 29.7 | 21 832                   | 1 696          |
| - receivables and loans                             |      | 21 803                   | 1 688          |
| - prepayments                                       |      | 29                       | 8              |
| Cash and cash equivalents                           |      | 181                      | 30 234         |
| <b>Total current assets</b>                         |      | <b>22 013</b>            | <b>31 930</b>  |
| <b>Total assets</b>                                 |      | <b>118 901</b>           | <b>168 213</b> |
| <b>EQUITY</b>                                       |      |                          |                |
| Share capital                                       | 29.8 | 2 637                    | 2 637          |
| Treasury shares                                     | 29.8 | (117 395)                | (43 010)       |
| Share premium                                       |      | 677 034                  | 677 034        |
| Embedded element at inception date                  |      | (27 909)                 | (27 909)       |
| Other reserves                                      |      | 987                      | 987            |
| Retained earnings                                   |      | (464 649)                | (469 661)      |
| <b>Total equity</b>                                 |      | <b>70 705</b>            | <b>140 078</b> |
| <b>LIABILITIES</b>                                  |      |                          |                |
| <b>Non-current liabilities</b>                      |      |                          |                |
| Borrowings  | 29.9 | 11 516                   | 11 657         |
| Deferred tax liabilities                            |      | 10 939                   | 10 902         |
| <b>Total non-current liabilities</b>                |      | <b>22 455</b>            | <b>22 559</b>  |
| <b>Current liabilities</b>                          |      |                          |                |
| Borrowings  | 29.9 | 25 435                   | 5 373          |
| Trade payables and other payables                   |      | 306                      | 203            |
| <b>Total current liabilities</b>                    |      | <b>25 741</b>            | <b>5 576</b>   |
| <b>Total equity and liabilities</b>                 |      | <b>118 901</b>           | <b>168 213</b> |

Colin Kingsnorth  
Chairman of the Board

Elżbieta Donata Wiczowska  
Board Member

John Purcell  
Board Member

Iwona Makarewicz  
Board Member

## 29.3 Condensed statement of changes in equity

|                              | Note | Share capital | Treasury shares | Share premium | Embedded element at inception date | Other reserves | Retained earnings | Total    |
|------------------------------|------|---------------|-----------------|---------------|------------------------------------|----------------|-------------------|----------|
| As of 1/1/2019               |      | 3 935         | ( 160 110)      | 835 846       | ( 27 909)                          | 987            | ( 495 756)        | 156 993  |
| Treasury shares redemption   | 29.8 | (1 298)       | 160 110         | (158 812)     | 0                                  | 0              | 0                 | 0        |
| Treasury shares acquisition  |      | 0             | (43 010)        | 0             | 0                                  | 0              | 0                 | (43 010) |
|                              |      | (1 298)       | 117 100         | (158 812)     | 0                                  | 0              | 0                 | (43 010) |
| <u>Comprehensive income:</u> |      |               |                 |               |                                    |                |                   |          |
| Profit (loss) for the period |      | 0             | 0               | 0             | 0                                  | 0              | 3 769             | 5 317    |
|                              |      | 0             | 0               | 0             | 0                                  | 0              | 3 769             | 5 317    |
| As of 30/06/2019/unaudited   |      | 2 637         | ( 43 010)       | 677 034       | ( 27 909)                          | 987            | ( 491 987)        | 117 752  |
| As of 1/1/2019               |      | 3 935         | ( 160 110)      | 835 846       | ( 27 909)                          | 987            | ( 495 756)        | 156 993  |
| Treasury shares redemption   | 29.8 | (1 298)       | 160 110         | (158 812)     | 0                                  | 0              | 0                 | 0        |
| Treasury shares acquisition  |      | 0             | (43 010)        | 0             | 0                                  | 0              | 0                 | (43 010) |
|                              |      | (1 298)       | 117 100         | (158 812)     | 0                                  | 0              | 0                 | (43 010) |
| <u>Comprehensive income:</u> |      |               |                 |               |                                    |                |                   |          |
| Profit (loss) for the period |      | 0             | 0               | 0             | 0                                  | 0              | 26 095            | 26 095   |
|                              |      | 0             | 0               | 0             | 0                                  | 0              | 26 095            | 26 095   |
| As of 31/12/2019             |      | 2 637         | ( 43 010)       | 677 034       | ( 27 909)                          | 987            | ( 469 661)        | 140 078  |
| As of 1/1/2020               |      | 2 637         | ( 43 010)       | 677 034       | ( 27 909)                          | 987            | ( 469 661)        | 140 078  |
| Treasury shares acquisition  | 29.8 | 0             | (74 385)        | 0             | 0                                  | 0              | 0                 | (74 385) |
|                              |      | 0             | (74 385)        | 0             | 0                                  | 0              | 0                 | (74 385) |
| <u>Comprehensive income:</u> |      |               |                 |               |                                    |                |                   |          |
| Profit (loss) for the period |      | 0             | 0               | 0             | 0                                  | 0              | 5 012             | 5 012    |
|                              |      | 0             | 0               | 0             | 0                                  | 0              | 5 012             | 5 012    |
| As of 30/06/2020/unaudited   |      | 2 637         | ( 117 395)      | 677 034       | ( 27 909)                          | 987            | ( 464 649)        | 70 705   |

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Board Member

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Board Member

Iwona Makarewicz  
Board Member

## 29.4 Condensed statement of cash flows

|   | Note  | 1/1/2020-<br>30/6/2020<br><i>(unaudited)</i> | 1/1/2019-<br>30/6/2019<br><i>(unaudited)</i> | 1/4/2020-<br>30/6/2020<br><i>(unaudited,<br/>unreviewed)</i> | 1/4/2019-<br>30/6/2019<br><i>(unaudited,<br/>unreviewed)</i> |
|---|-------|--|--|--|--|
| <b>Cash flow from operating activities</b>                  |       |  |  |  |  |
| Cash generated from operations                              | 29.13 | (2 069)                                      | ( 454)                                       | (1 197)  | ( 24)  |
| <b>Net cash from operating activities</b>                   |       | <b>( 2 069)</b>                              | <b>( 454)</b>                                | <b>(1 197)</b>   | <b>( 24)</b>   |
| <b>Cash flows from investing activities</b>                 |       |  |  |  |  |
| Loans granted   |       | ( 200)                                       | (1 870)                                      | ( 8)   | (1 063)  |
| Loan repayments received                                    |       | 25 538                                       | 10 957                                       | 19 926   | 1 421  |
| Interest received   |       | 1 350  | 23   | 267  | 9  |
| <b>Net cash from investing activities</b>                   |       | <b>26 688</b>                                | <b>9 110</b>                                 | <b>20 185</b>  | <b>367</b>   |
| <b>Cash flows from financing activities</b>                 |       |  |  |  |  |
| Treasury shares acquisition                                 | 29.8  | (74 385)                                     | (43 010)                                     | (71 311)   | 0  |
| Loans received  | 29.9  | 20 441                                       | 0  | 20 370   | 0  |
| Loans repaid  | 29.9  | ( 669)                                       | ( 998)                                       | ( 337)   | ( 998)   |
| Interest repaid   | 29.9  | ( 59)  | 0  | ( 40)  | 0  |
| <b>Net cash from financing activities</b>                   |       | <b>( 54 672)</b>                             | <b>( 44 008)</b>                             | <b>( 51 319)</b>   | <b>( 998)</b>  |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |       | <b>( 30 053)</b>                             | <b>( 35 352)</b>                             | <b>( 32 330)</b>   | <b>( 655)</b>  |
| <b>Cash and cash equivalents at beginning of the period</b> |       | <b>30 234</b>                                | <b>35 952</b>                                | <b>32 511</b>  | <b>1 255</b>   |
| <b>Cash and cash equivalents at the end of the period</b>   |       | <b>181</b>                                   | <b>600</b>                                   | <b>181</b>   | <b>600</b>   |

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Board Member

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Board Member

Iwona Makarewicz  
Board Member

**Notes to the Interim condensed financial statements****29.5 Shares in subsidiaries**

| <b>Name</b>                   | <b>Country</b> | <b>Share</b> | <b>30/6/2020</b> | <b>31/12/2019</b> |
|-------------------------------|----------------|--------------|------------------|-------------------|
| Celtic Investments Ltd        | Cyprus         | 100%         | 48 000           | 48 000            |
| Impairment                    |                |              | (48 000)         | (48 000)          |
| Lakia Enterprises Ltd         | Cyprus         | 100%         | 105 000          | 105 000           |
| Impairment                    |                |              | (105 000)        | (105 000)         |
| Celtic Asset Management (*)   | Poland         | 100%         | 0                | 0                 |
| Challange Eighteen sp. z o.o. | Poland         | 100%         | 5 032            | 5 032             |
| Imes Poland sp. z o.o.        | Poland         | 100%         | 3                | 23 769            |
| Impairment                    |                |              | 0                | (3 317)           |
|                               |                |              | <b>5 035</b>     | <b>25 484</b>     |

(\*) The value of shares in Celtic Asset Management amounts to PLN 1.

(\*) The value of shares in Imes Poland amounts to PLN 2,5 thousand.

On 25 June 2020 CPD S.A. (as seller) and its subsidiary Imes Poland sp. z o.o. (as buyer) concluded an agreement for the sale of Imes Poland shares for the purpose of their redemption. The contract was concluded as the implementation of the resolution of the Extraordinary General Meeting of Imes Poland dated 15 May 2020, pursuant to which a decision was made to redeem 39,687 out of 39,692 Imes Poland's shares simultaneously reducing the amount of the share capital of Imes Poland from PLN 39,692 thousand to the amount of PLN 5 thousand. The sales price agreed by the parties amounted to PLN 20,370,146.49. After the transaction, CPD S.A. owns 0.01% of shares in Imes Poland and the remaining shares are held by Imes Poland as treasury shares, however, according to the applicable regulations, Imes Poland is not entitled to exercise voting rights from its treasury shares, and therefore CPD S.A. holds 100% of votes at the General Meeting of Imes Poland.

On 16 June 2020, a partnership Ursa Sky Smart City was registered in the National Court Register, in which CPD S.A. is a limited partner. By 30 June 2020, the contribution of CPD S.A. resulting from the partnership agreement was not paid in.

**29.6 Long-term receivables**

|  | <b>30/6/2020</b> | <b>31/12/2019</b> |
|--|------------------|-------------------|
| Long-term loans with related parties, including: |                  |                   |
| - loans  | 138 596          | 162 609           |
| - fair value adjustment                          | (46 744)         | (51 811)          |
|  | <b>91 853</b>    | <b>110 799</b>    |
| Long-term loans to other parties, including:     |                  |                   |
| - loans  | 6                | 6                 |
| - fair value adjustment                          | ( 6)             | ( 6)              |
|  | <b>0</b>         | <b>0</b>          |

**Notes to the interim condensed financial statements****29.6 Long-term receivables - continued****Details of the loans granted to related parties 30.06.2020**

| Related party             | Currency of the loan | Date of agreement | Fair value of granted loans | Interest Rate | Margin | Maturity  |
|---------------------------|----------------------|-------------------|-----------------------------|---------------|--------|-----------|
| 5/92 Gaston Investments   | PLN                  | 2013              | 6 697                       | 3M WIBOR      | 1,55%  | on demand |
| 12/132 Gaston Investments | PLN                  | 2012              | 122                         | 3M WIBOR      | 1,55%  | on demand |
| 12/132 Gaston Investments | PLN                  | 2013              | 4 201                       | 3M WIBOR      | 1,55%  | on demand |
| 13/155 Gaston Investments | PLN                  | 2012              | 5 285                       | 3M WIBOR      | 1,55%  | on demand |
| Belise Investments        | PLN                  | 2012              | 12 517                      | 3M WIBOR      | 1,55%  | on demand |
| Belise Investments        | PLN                  | 2014              | 3 232                       | 3M WIBOR      | 1,55%  | on demand |
| Celtic Asset Management   | PLN                  | 2015              | 713                         | 3M WIBOR      | 1,55%  | on demand |
| Challenge Eighteen        | PLN                  | 2012              | 25 768                      | 3M WIBOR      | 1,55%  | on demand |
| Challenge Eighteen        | PLN                  | 2013              | 5 473                       | 3M WIBOR      | 1,55%  | on demand |
| Elara Investments         | PLN                  | 2012              | 1 235                       | 3M WIBOR      | 1,55%  | on demand |
| HUB Developments          | PLN                  | 2012              | 1 415                       | 3M WIBOR      | 1,55%  | on demand |
| Lakia Enterprises Limited | PLN                  | 2012              | 3 994                       | 3M WIBOR      | 1,55%  | on demand |
| Lakia Enterprises Limited | PLN                  | 2014              | 6 821                       | 3M WIBOR      | 1,55%  | on demand |
| Lakia Enterprises Limited | PLN                  | 2015              | 14 378                      | 3M WIBOR      | 1,55%  | on demand |
|                           |                      |                   | <b>91 853</b>               |               |        |           |

**Details of the loans granted to other parties 30.06.2020**

| Other party | Currency of the loan | Fair value of granted loans | Interest Rate | Maturity  |
|-------------|----------------------|-----------------------------|---------------|-----------|
| Dobalin     | PLN                  | 0                           | 8%            | on demand |
|             |                      | <b>0</b>                    |               |           |

In accordance with the intention of the Board the loans will be repaid over a period of from 3 to 5 years. The maximum value of the credit risk associated with the loans is equal to their carrying amount. Loans are not secured.

**29.7 Trade receivables and other receivables**

|   | 30/6/2020     | 31/12/2019   |
|---|---------------|--------------|
| Trade receivables from related parties            | 0             | 0            |
| Short-term loans with related parties, including: | 0             | 713          |
| - loans   | 23 649        | 24 589       |
| - fair value adjustment                           | (23 649)      | (23 875)     |
| VAT receivables                                   | 0             | 0            |
| Other tax receivables                             | 0             | 0            |
| Other receivables from related parties            | 21 757        | 854          |
| Other receivables from other parties              | 46            | 120          |
| Prepayments                                       | 29            | 8            |
| <b>Short-term receivables</b>                     | <b>21 832</b> | <b>1 696</b> |



**Notes to the Interim condensed financial statements****29.8 Share capital**

|                 | The number of shares<br>(in thousands),<br>including treasury shares |            | Value of shares |            |
|-----------------|--|------------|-----------------|------------|
|                 | 30/6/2020  | 31/12/2019 | 30/6/2020       | 31/12/2019 |
| Ordinary shares | 26 371   | 26 371     | 2 637           | 2 637      |

As of 31 December 2018 the share capital amounted to PLN 3 935 thousand. During first quarter of 2019 12 982 892 treasury shares were redeemed (entitling to same number of voting rights, shares code: ISIN PLCELPD00013). The redemption was the result of the resolution of the Extraordinary General Meeting of the Company dated 14 September 2018. Share capital as at 31 December 2019, as at 30 June 2020 and as at the date of these financial statements amounts to PLN 2 637 thousand.

The Management Board of CPD S.A., acting on the basis of Resolution No. 1/III/2020 of the Management Board of the Company dated 2 March 2020 on the buy-back of the Company's shares, in connection with the Resolution No. 3 of the Extraordinary General Meeting of CPD S.A. dated 28 February 2019 on acquisition of the shares of the Company for the purpose of redemption, amended by the Resolution No. 3 of the Extraordinary General Meeting of CPD S.A. dated 2 March 2020, invited the Company's shareholders to submit proposals for the sales of shares in accordance with the terms and conditions specified in the Invitation to Submit Proposals for Sales of Shares.

On 26 March 2020, the Company, as a result of the announced Invitation to Submit Proposals for Sales of Shares of the Company, purchased through a brokerage house Pekao Investment Banking S.A., 614,385 shares of the Company (treasury shares). The purchase price per share amounted to PLN 5.00. All the purchased shares are ordinary shares with a nominal value of PLN 0.10 each. The purchased treasury shares of CPD S.A. (number of the 614,385 shares) represent 2.33% of the Company's share capital and represent 614,385 votes at the General Meeting of the Company (2.33% of voting rights at the General Meeting of the Company). Prior to the above mentioned purchase of 614,385 shares, the Company already owned other than those indicated above, number of 3,305,886 treasury shares representing 12.54 % of the Company's share capital and representing 3,305,886 votes at the General Meeting of the Company (12.54 % of voting rights at the General Meeting of the Company).

The Management Board of CPD S.A., acting on the basis of Resolution No. 1/VI/2020 of the Management Board of the Company dated 1 June 2020 on the buy-back of the Company's shares, in connection with the Resolution No. 3 of the Extraordinary General Meeting of CPD S.A. dated 28 February 2019 on acquisition of the shares of the Company for the purpose of redemption, amended twice by the Resolution No. 3 of the Extraordinary General Meeting of CPD S.A. dated 2 March 2020 and Resolution No. 18 of the Ordinary General Meeting of CPD S.A. dated 27 May 2020, invited the Company's shareholders to submit proposals for the sales of shares in accordance with the terms and conditions specified in the Invitation to Submit Proposals for Sales of Shares.

On 25 June 2020, the Company, as a result of the announced Invitation to Submit Proposals for Sales of Shares of the Company, purchased through a brokerage house Pekao Investment Banking S.A. and Bank Polska Kasa Opieki S.A., Biuro Maklerskie, 4,779,565 shares of the Company (treasury shares). The purchase price per share amounted to PLN 14.92. All the purchased shares are ordinary shares with a nominal value of PLN 0.10 each. The purchased treasury shares of CPD S.A. (number of the 4,779,565 shares) represent 18.12% of the Company's share capital and represent 4,779,565 votes at the General Meeting of the Company (18.12% of voting rights at the General Meeting of the Company). Prior to the above mentioned purchase of 4,779,565 shares, the Company already owned other than those indicated above, number of 3,920,271 treasury shares representing 14.87% of the Company's share capital and representing 3,920,271 votes at the General Meeting of the Company (14.87% of voting rights at the General Meeting of the Company). After the acquisition, the Company jointly holds 8,699,836 treasury shares, representing jointly 32.99% of the share capital of the Company, except that in accordance with applicable regulations, the Company is not allowed to exercise the voting rights attached to treasury shares.

All shares issued by the Company are ordinary shares. The Company's Articles of Association do not grant special rights to the Company's shares, including preference for voting rights or appointing members of the Company's governing bodies. The Company's shareholders do not hold any shares granting special control rights.

(All amounts in PLN thousands unless otherwise stated )

**Notes to the Interim condensed financial statements****29.9 Borrowings**

|                            | 30/6/2020     | 31/12/2019    |
|----------------------------|---------------|---------------|
| Bank borrowings            | 0             | 0             |
| Loans from related parties | 36 951        | 17 030        |
| - long-term                | 11 516        | 11 657        |
| - short-term               | 25 435        | 5 373         |
|                            | <b>36 951</b> | <b>17 030</b> |

Loan payables as of 30 June 2020 and 31 December 2019 relate to a loan from a subsidiary Lakia Enterprises (interest rate on the loan is 3M WIBOR + margin 0.50%), loan from a subsidiary Lakia Investments (interest rate on the loan is 3M WIBOR + margin 1.55%) and loan from the subsidiary Robin Investments (interest rate on the loan is 3M WIBOR + margin 1.55%). As at 30 June 2020 loan balances are as follows: Lakia Enterprises: PLN 9 733 thousand (capital: PLN 7 166 thousand , interest: PLN 2 566 thousand), during the period PLN 306 thousand of principal was repaid and new loan amounting to PLN 71 thousand was granted; Lakia Investments: PLN 5 020 thousand (capital: PLN 4 306 thousand, interest: PLN 714 thousand), during the period PLN 363 thousand of principal and PLN 58 thousand of interest was repaid; Robin Investments: PLN 1 784 thousand PLN (capital: PLN 1 600 thousand, interest PLN 184 thousand).

Additionally, during the second quarter of 2020, the Company received a loan from IMES Poland Sp. z o.o. for the amount of PLN 20 370 thousand (interest rate on the loan is 3M WIBOR + 1.55% margin). The loan balance as at 30 June 2020 includes accrued interest in the amount of PLN 45 thousand.

Loans from related parties will be repaid in the period from 1 to 3 years.

The loans are not secured.

**29.10 Earnings (loss) per share**

|  | 1/1/2020-<br>30/6/2020 | 1/1/2019-<br>30/6/2019 | 1/4/2020-<br>30/6/2020 | 1/4/2019-<br>30/6/2019 |
|--|------------------------|------------------------|------------------------|------------------------|
| Profit attributable to the shareholders              | 5 012                  | 3 769                  | 3 457                  | (1 548)                |
| Weighted average number of ordinary shares (in '000) | 22 580                 | 24 545                 | 22 136                 | 23 065                 |
| Earnings per share (in PLN)                          | 0,22                   | 0,15                   | 0,16                   | (0,07)                 |
| Diluted profit attributable to shareholders          | 5 012                  | 3 769                  | 3 457                  | (1 548)                |
| Weighted average number of ordinary shares (in '000) | 22 580                 | 24 545                 | 22 136                 | 23 065                 |
| Diluted earnings per share (in PLN)                  | 0.22                   | 0.15                   | 0.16                   | (0.07)                 |

**29.11 Administrative costs**

|                             | 1/1/2020-<br>30/6/2020 | 1/1/2019-<br>30/6/2019 | 1/4/2020-<br>30/6/2020 | 1/4/2019-<br>30/6/2019 |
|-----------------------------|------------------------|------------------------|------------------------|------------------------|
| Advisory services           | 185                    | 149                    | 136                    | 107                    |
| Salaries                    | 1 896                  | 514                    | 955                    | 234                    |
| Auditor's remuneration      | 82                     | 40                     | 82                     | 34                     |
| Costs of non-deductible VAT | 57                     | 87                     | 40                     | 69                     |
| Other services              | 227                    | 212                    | 227                    | 174                    |
|                             | <b>2 447</b>           | <b>1 002</b>           | <b>1 440</b>           | <b>618</b>             |

**Notes to the Interim condensed financial statements****29.12 Financial income and expenses and fair value adjustment on loans granted**

|  | 1/1/2020-<br>30/6/2020 | 1/1/2019-<br>30/6/2019 | 1/4/2020-<br>30/6/2020 | 1/4/2019-<br>30/6/2019 |
|--|------------------------|------------------------|------------------------|------------------------|
| Fair value adjustment on loans granted | 7 028                  | 4 480                  | 4 689                  | 1 034                  |

Since 1 January 2018, the Company applies IFRS 9 "Financial Instruments" for the purpose of loans granted presentation and valuation. As a result of the application of the standard the method of valuation of loans granted changed. The Company used to recognize loans granted under amortized cost method, while since 1 January 2018 loans are measured at fair value through profit and loss. The company presents the cumulative effect of interest income on loans granted and the effect of revaluation in one line of the statement of comprehensive income as a fair value adjustment on loans granted. More information on the application of IFRS 9 for the first time is presented in the Company's annual report for the year ended 31 December 2018.

|                                 | 1/1/2020-<br>30/6/2020 | 1/1/2019-<br>30/6/2019 | 1/4/2020-<br>30/6/2020 | 1/4/2019-<br>30/6/2019 |
|---------------------------------|------------------------|------------------------|------------------------|------------------------|
| Interest income:                |                        |                        |                        |                        |
| - Bank interest                 | 66                     | 66                     | 8                      | 1                      |
| Other financial income          | 446                    | 493                    | 446                    | 425                    |
| Net exchange differences        | 166                    | 0                      | 0                      | 0                      |
| <b>Financial income</b>         | <b>678</b>             | <b>559</b>             | <b>454</b>             | <b>426</b>             |
| Interest costs:                 |                        |                        |                        |                        |
| - Interest from related parties | 207                    | 203                    | 116                    | 101                    |
| Net exchange differences        | 0                      | 39                     | 68                     | 40                     |
| Other financial costs           | 0                      | 0                      | 0                      | 0                      |
| <b>Financial costs</b>          | <b>207</b>             | <b>242</b>             | <b>184</b>             | <b>141</b>             |

**29.13 Cash flow from operating activities**

|  | 1/1/2020-<br>30/6/2020 | 1/1/2019-<br>30/6/2019 | 1/4/2020-<br>30/6/2020 | 1/4/2019-<br>30/6/2019 |
|--|------------------------|------------------------|------------------------|------------------------|
| Profit/loss before tax                   | 5 049                  | 3 732                  | 3 478                  | 639                    |
| Adjustments for:                         |                        |                        |                        |                        |
| - interest costs                         | 207                    | 203                    | 116                    | 101                    |
| - fair value adjustment on loans granted | (7 028)                | (4 480)                | (4 689)                | (1 034)                |
| - loss on sale of shares in subsidiaries | 79                     | 0                      | 79                     | 0                      |
| Changes in working capital:              |                        |                        |                        |                        |
| - changes in trade receivables and other | ( 479)                 | ( 5)                   | ( 386)                 | 121                    |
| - change in trade liabilities and other  | 103                    | 96                     | 205                    | 149                    |
|  | <b>(2 069)</b>         | <b>( 454)</b>          | <b>(1 197)</b>         | <b>( 24)</b>           |

**Notes to the Interim condensed financial statements****29.14 Related party transactions**

CPD SA does not have a direct parent or parent senior. Coöperatieve Laxey Worldwide W.A. is a major investor.

The CPD also makes transactions with key management staff, subsidiaries and other affiliated entities, controlled by key staff of the CPD Group.

These financial statements contain the following balances resulting from transactions with related parties:

| <b>a) Transactions with key management personnel</b> | <b>1/1/2020-<br/>30/6/2020</b> | <b>1/1/2019-<br/>30/6/2019</b> | <b>1/4/2020-<br/>30/6/2020</b> | <b>1/4/2019-<br/>30/6/2019</b> |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Remuneration of members of the Supervisory Board     | 276                            | 276                            | 138                            | 138                            |
| Remuneration of members of the Board of Directors    | 1 144                          | 120                            | 578                            | 60                             |
| <b>b) Transactions with subsidiaries</b>             |                                |                                |                                |                                |
| Revenues   |                                |                                | <b>1/1/2020-<br/>30/6/2020</b> | <b>1/1/2019-<br/>30/6/2019</b> |
| <i>2/124 Gaston Investments</i>                      |                                |                                | 0                              | 71                             |
| <i>3/93 Gaston Investments</i>                       |                                |                                | 0                              | 65                             |
| <i>Ursa Park Smart City</i>                          |                                |                                | 0                              | 68                             |
| <i>5/92 Gaston Investments</i>                       |                                |                                | 110                            | 119                            |
| <i>6/150 Gaston Investments</i>                      |                                |                                | 8                              | 32                             |
| <i>7/120 Gaston Investments</i>                      |                                |                                | 8                              | 35                             |
| <i>12/132 Gaston Investments</i>                     |                                |                                | 70                             | 69                             |
| <i>13/155 Gaston Investments</i>                     |                                |                                | 80                             | 80                             |
| <i>16/88 Gaston Investments</i>                      |                                |                                | 12                             | 12                             |
| <i>18 Gaston Investments</i>                         |                                |                                | 17                             | 19                             |
| <i>19/97 Gaston Investments</i>                      |                                |                                | 7                              | 14                             |
| <i>20/140 Gaston Investments</i>                     |                                |                                | 6                              | 17                             |
| <i>Antigo Investments</i>                            |                                |                                | 34                             | 38                             |
| <i>Belise Investments</i>                            |                                |                                | 193                            | 635                            |
| <i>Celtic Asset Management</i>                       |                                |                                | 16                             | 17                             |
| <i>Celtic Investments Ltd</i>                        |                                |                                | 4                              | 4                              |
| <i>Challenge Eighteen</i>                            |                                |                                | 350                            | 510                            |
| <i>Elara Investments</i>                             |                                |                                | 47                             | 50                             |
| <i>Gaston Investments</i>                            |                                |                                | 153                            | 100                            |
| <i>Hub Developments</i>                              |                                |                                | 37                             | 40                             |
| <i>Lakia Enterprises Ltd</i>                         |                                |                                | 391                            | 424                            |
| <i>Lakia Investments</i>                             |                                |                                | 12                             | 0                              |
| <i>Mandy Investments</i>                             |                                |                                | 251                            | 263                            |

**Notes to the Interim condensed financial statements****29.14 Related party transactions - continued**

|  | 1/1/2020-<br>30/6/2020         | 1/1/2019-<br>30/6/2019         |
|--|--------------------------------|--------------------------------|
| <b>Costs</b>   |                                |                                |
| <i>Lakia Enterprises Ltd</i>   | 71                             | 84                             |
| <i>Lakia Investments</i>   | 68                             | 84                             |
| <i>Robin Investments</i>   | 24                             | 26                             |
| <i>Imes Poland</i>   | 45                             | 8                              |
| <i>Imes Poland - loss on sale of shares</i>                              | 79                             | 0                              |
| <i>Gaston Investments</i>  | 2                              | 0                              |
| <b>Liabilities</b>   | <b>30/6/2020</b>               | <b>31/12/2019</b>              |
| <i>Lakia Enterprises Ltd</i>   | 9 733                          | 9 897                          |
| <i>Lakia Investments</i>   | 5 020                          | 5 373                          |
| <i>Robin Investments</i>   | 1 784                          | 1 760                          |
| <i>Imes Poland</i>   | 20 415                         | 0                              |
| <i>Gaston Investments</i>  | 4                              | 2                              |
| <b>Receivables</b>   | <b>30/6/2020</b>               | <b>31/12/2019</b>              |
| <i>5/92 Gaston Investments</i>   | 6 697                          | 6 505                          |
| <i>6/150 Gaston Investments</i>  | 0                              | 2 134                          |
| <i>7/120 Gaston Investments</i>  | 0                              | 2 192                          |
| <i>12/132 Gaston Investments</i>   | 4 323                          | 4 199                          |
| <i>13/155 Gaston Investments</i>   | 5 285                          | 5 134                          |
| <i>19/97 Gaston Investments</i>  | 0                              | 871                            |
| <i>20/140 Gaston Investments</i>   | 0                              | 1 064                          |
| <i>Belise Investments</i>  | 17 088                         | 16 122                         |
| <i>Celtic Asset Management</i>   | 713                            | 713                            |
| <i>Challange Eighteen</i>  | 31 242                         | 45 430                         |
| <i>Elara Investments</i>   | 1 235                          | 1 235                          |
| <i>Gaston Investments</i>  | 42                             | 0                              |
| <i>Hub Developments</i>  | 1 415                          | 1 415                          |
| <i>Lakia Enterprises Ltd</i>   | 25 193                         | 25 350                         |
| <i>Lakia Investments</i>   | 5                              | 2                              |
| <i>Imes Poland</i>   | 20 370                         | 0                              |
| <b>c) Transactions with other related parties</b>                        |                                |                                |
| <b>Costs</b>   | <b>1/1/2020-<br/>30/6/2020</b> | <b>1/1/2019-<br/>30/6/2019</b> |
| <i>Kancelaria Radców Prawnych Oleś&amp;Rodzyńkiewicz sp. komandytowa</i> | 32                             | 3                              |

**29.15 Events after the balance sheet date**

On 20 August 2020, the Extraordinary Shareholders Meeting of the Company decided to redeem the Company's treasury shares. The reduction of the Company's share capital will be effected by redemption of the total of 8,699,836 (eight million six hundred ninety-nine thousand eight hundred and thirty-six) of the Company's treasury shares with a nominal value of PLN 0.10 (ten groszy) each and a total nominal value of PLN 869,983.60 (in words: eight hundred and sixty-nine thousand nine hundred and eighty-three zlotys and sixty groszy), marked with the ISIN PLCELPD00013 code, acquired by the Company as a result of the invitations announced by the Company to submit offers for the sale of the Company's shares on 4 March 2019, 3 March 2020 and 2 June 2020.





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# Report on Review of the Condensed Interim Consolidated Financial Statements

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For the Shareholders of CPD S.A.

## *Introduction*

We have reviewed the accompanying condensed interim consolidated financial statements of a Group (the Group), in which the parent entity is CPD S.A. (the Parent) with its registered office in Warsaw, 7B Cybernetyki Street, which comprise the condensed consolidated statement of financial position as of June 30, 2020, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows for the period from January 1, 2020 to June 30, 2020 and selected explanatory notes.

The Management Board of the Parent is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

## *Scope of Review*

We conducted our review in accordance with National Standard on Review Engagements 2410 consistent with International Standard on Review Engagements 2410 *Review of Interim Information Performed by the Independent Auditor of the Entity* adopted by the National Council of Statutory Auditors' resolution No. 3436/52e/2019 of April 8, 2019. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than audit conducted in accordance with National Standards on Auditing consistent with International Standards on Auditing adopted by the National Council of Statutory Auditors' resolution No. 3430/52a/2019 of March 21, 2019 (as amended), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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**Audit – Tax – Accounting – Advisory**  
Member of Grant Thornton International Ltd

Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k. Audit Firm No. 4055.  
General partner: Grant Thornton Polska Sp. z o.o. General Partner's Management Board: Tomasz Wróblewski – President of the Board,  
Dariusz Bednarski – Vice-President of the Board, Jan Letkiewicz – Vice-President of the Board. Registered office address: ul. Abpa Antoniego Baraniaka 88 E, 61-131 Poznań,  
Poland. Tax identification number NIP: 782-25-45-999, REGON: 302021882. Bank account: 31 1090 1476 0000 0001 3554 7340.  
District Court Poznań – Nowe Miasto i Wilda in Poznań, 8th Commercial Division of the National Court Register, KRS No. 0000407558.





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*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

Marcin Diakonowicz

Statutory Auditor No. 10524

Key Audit Partner performing the review on behalf of

Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k.,  
Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Warszawa, September 28, 2020.

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# Report on Review of the Condensed Interim Financial Statements

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The Management Board of the Company is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

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**Audit – Tax – Accounting – Advisory**  
Member of Grant Thornton International Ltd

Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k. Audit Firm No. 4055.  
General partner: Grant Thornton Polska Sp. z o.o. General Partner's Management Board: Tomasz Wróblewski – President of the Board,  
Dariusz Bednarski – Vice-President of the Board, Jan Letkiewicz – Vice-President of the Board. Registered office address: ul. Abpa Antoniego Baraniaka 88 E, 61-131 Poznań,  
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Warszawa, September 28, 2020.

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