



HALF YEAR REPORT FOR I HALF OF 2021



CPD S.A.HALF YEAR REPORT FOR 1ST HALF OF 2021

CPD S.A.**HALF YEAR REPORT FOR 1ST HALF OF 2021****TRANSLATORS' EXPLANATORY NOTE**

The following document is a free translation of the 1h 2021 report of CPD S.A. published on 28 September 2021.

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. 17th of September 2014 the Company changed its name from Celtic Property Developments S.A. to CPD S.A.

Since 2006, the Company has been successfully implementing the investment process of a key project aimed at transforming the area purchased by the Company in 2006, located in the area of Orłów Piastowskich Street in Ursus, with an area of over 60 ha, into a unique and modern residential and retail.

In a first half of 2021 the Group's activities were focused on continuation of residential development, mainly through the implementation of its leading project in the Warsaw district of Ursus and finalizing the monetization of the land bank located in the Ursus district which was carried out successively in recent years.

In April 2021 CPD sold the final residential plots of land it held in Ursus. It plans to finish its final residential construction project in Ursus in 2022 enabling it to return the proceeds to its shareholders. It is currently working on converting one of its office assets into a residential project.

As of the day of publication hereof CPD S.A. is the holding company controlling a group of 24 subsidiaries and two jointly controlled entities, carrying out activities in the office and residential segments, mostly in Poland.

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 a dominant entity – CPD S.A. (hereinafter referred to as "the Company") and 24 subsidiaries and two jointly controlled entities. Development activities of the Group are conducted via investment companies, direct subsidiaries of Challenge Eighteen sp. z o.o. and Lakia Enterprises Ltd (Cyprus). The dominant entity - 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.

During the reporting period, CPD Group structure was changed in the following manner:

- 31 March 2021 Challenge Eighteen sp. z o.o. acquired all the rights and obligations of a limited partner in Smart City sp. z o.o. sp. k.,
- 1 April 2021 liquidation proceedings were initiated in IMES Poland sp. z o.o.,
- 28 April 2021 Lakia Enterprises Ltd sold and CPD SA bought 100% shares of the company Antigo Investments sp. z o.o.

After the balance sheet date, the following changes took place in the structure of the Company:

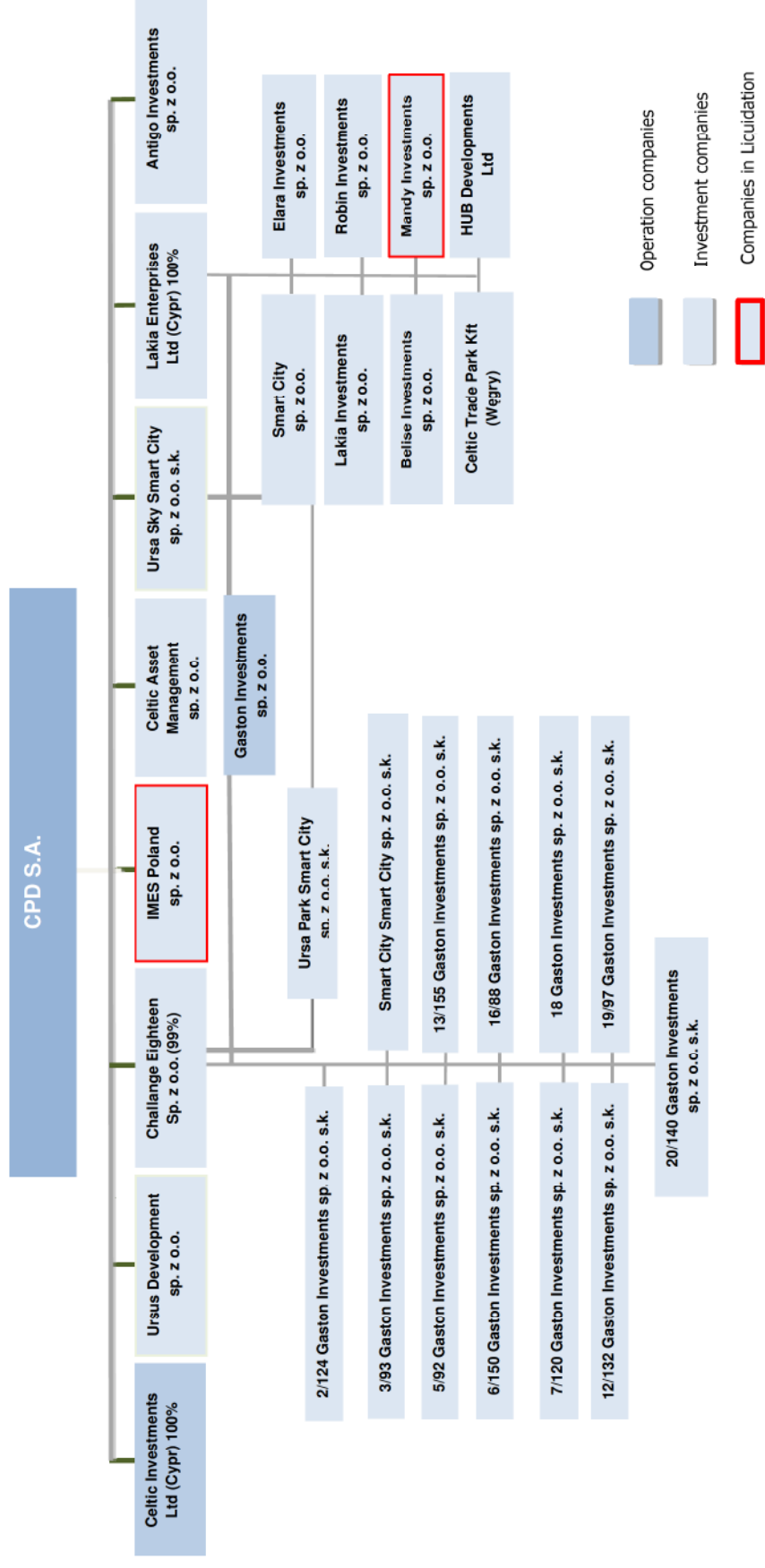
- 19 July 2021 Smart City limited liability company sp.k. changed its name to Ursus Gaston Investments limited liability company sp.k.
- 28 July 2021 the proceedings to dissolve the company 7/120 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. K. were completed
- 30 July 2021 the proceedings to dissolve the company 12/132 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. K. were initiated
- 30 July 2021 the proceedings to dissolve the company 13/155 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. K. were initiated
- 4 August 2021 the proceedings to dissolve the company 19/97 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. K. were completed
- 17 August 2021 the proceedings to dissolve the company 5/92 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. K. were completed
- 19 August 2021 the proceedings to dissolve the company 3/93 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. K. were completed
- 7 September 2021 the proceedings to dissolve the company 16/88 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. K. were initiated

As of the day of publication hereof all the Group companies are consolidated by the full method, except for two Group companies – Ursa Sky Smart City sp. z o.o. sp. k. and Ursa Park Smart City sp. z o.o. sp. k., 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 2021.



3. SELECTED FINANCIAL DATA

Selected items of the consolidated statement of comprehensive income

	6 months period		Change (%)
	From 01.01.2021 to 30.06.2021 (PLN thous.)	From 01.01.2020 to 30.06.2020 (PLN thous.)	
Revenue	9 712	9 604	1,1%
Cost of sales	-1 264	-2 264	-44,2%
Sales profit	8 448	7 340	15,1%
Administrative expenses - property related	-5 501	-6 032	-8,8%
Other administrative expenses	-3 125	-2 566	21,8%
Selling and marketing costs	-10	-125	-92,0%
Gain (loss) on disposal of investment properties	235	74	217,6%
Other income	2 747	1 047	162,4%
Gain (loss) on revaluation of investment properties	-2 671	4 608	
Gain (loss) on revaluation of assets held for sale	293	2 060	-85,8%
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	18 741	4 309	334,9%
Impairment of receivables	854	68	1155,9%
Profit from operations	20 011	10 783	85,6%
Finance income	2 160	548	294,2%
Finance costs	-1 891	-12 844	-85,3%
Profit/loss before tax	20 280	-1 513	
Income tax	-350	-10 423	-96,6%
Profit/loss for the period	19 930	-11 936	

In the first half of 2021 CPD SA Group generated a profit before tax of PLN 20.28 M. The result before tax improved by PLN 21.79 M in comparison with the analogous period of 2020. The net result improved by PLN 31.87 M.

There were four main factors that had a positive impact on CPD Group's financial results in the first half of 2021 in comparison with the first half of 2020. First of all, the post-tax share of the profit of the joint venture amounted to PLN 18.74 M and was higher by PLN 14.43 M. What is more, finance costs dropped by PLN 10.95 M. Moreover, other income rose by PLN 1.7 M. Finally, finance income increased by PLN 1.61 M.

The post-tax share of the profit of the joint-venture resulted from the fact that the joint-venture SPV handed over a substantial part of Ursa Home apartments to clients in H1 2021. Finance costs declined due to the fact that in H1 2020 unfavourable foreign exchange differences amounted to PLN 4.57 M and tax interest amounted to PLN 6.63 M, whereas in H1 2021 there were no unfavourable foreign exchange differences and no tax interest. The rise in other income stemmed from the fact that the

Group received in H1 2021 compensation from a tenant as a result of an early termination of lease agreement.

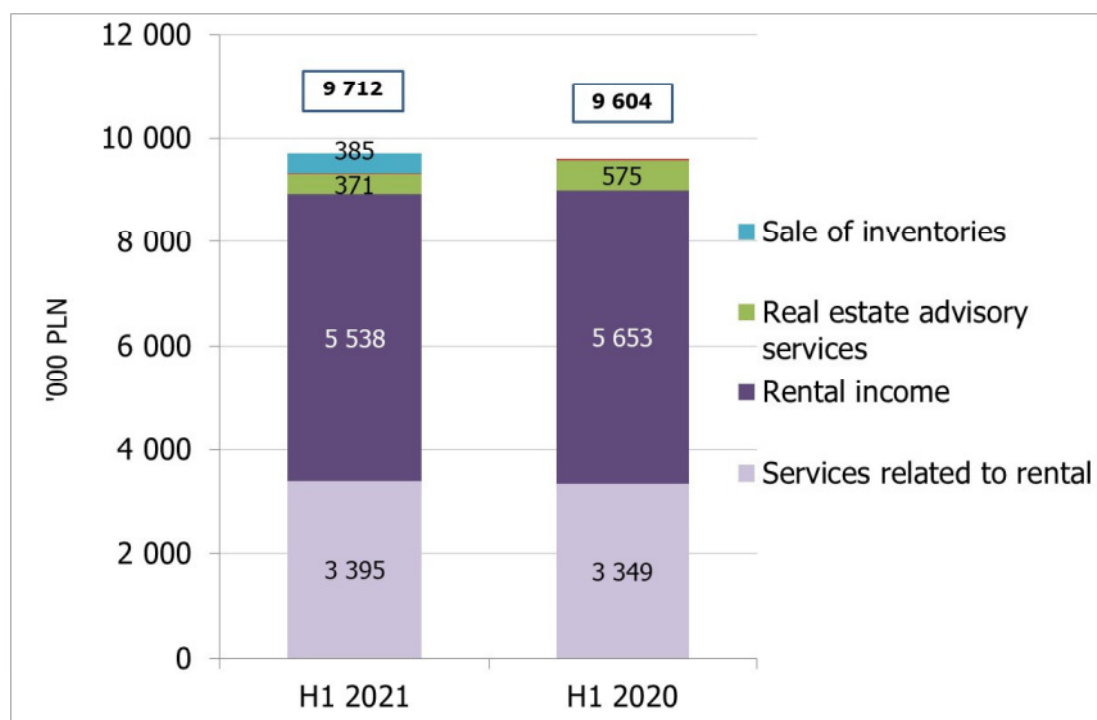
Finance income went up thanks to favourable foreign exchange differences in H1 2021 in the amount of PLN 1.85 M.

On the other hand, a loss on revaluation of investment properties in the amount of PLN 2.67 M was the main factor that had a negative impact on CPD Group's financial results in the first half of 2021 in comparison with the first half of 2020. The loss was a consequence of fluctuations in EUR/PLN exchange rate in the first half of 2021.

The following table shows the selected items of the consolidated statement of comprehensive income translated into euro. The figures for the first half of 2021 assumed an average semi-annual fx rate published by the National Bank of Poland, i.e. 4.5408. The figures for the first half of 2020 assumed an average semi-annual fx rate published by the National Bank of Poland, i.e. 4.4146.

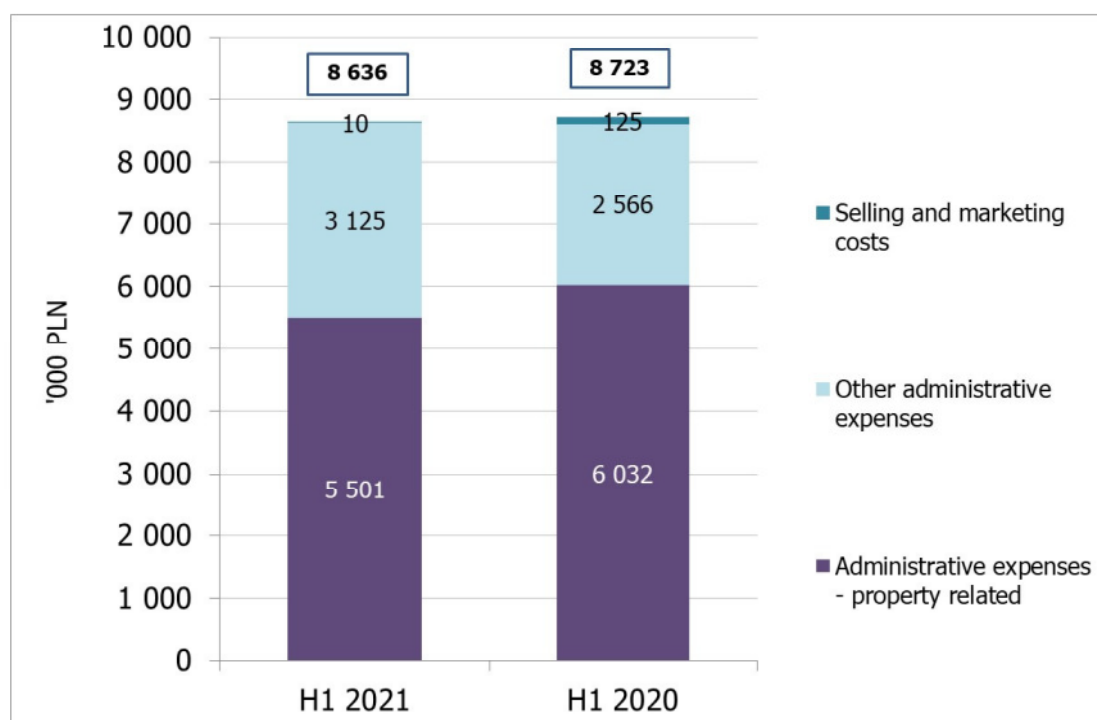
	6 months period		Change (%)
	From 01.01.2021 to 30.06.2021 (EUR thous.)	From 01.01.2020 to 30.06.2020 (EUR thous.)	
Revenue	2 139	2 176	-1,7%
Cost of sales	-278	-513	-45,7%
Sales profit	1 860	1 663	11,9%
Administrative expenses - property related	-1 211	-1 366	-11,3%
Other administrative expenses	-688	-581	18,4%
Selling and marketing costs	-2	-28	-92,2%
Gain (loss) on disposal of investment properties	52	17	208,7%
Other income	605	237	155,1%
Gain (loss) on revaluation of investment properties	-588	1 044	
Gain (loss) on revaluation of assets held for sale	65	467	-86,2%
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	4 127	976	322,8%
Impairment of receivables	188	15	1121,0%
Profit from operations	4 407	2 443	80,4%
Finance income	476	124	283,2%
Finance costs	-416	-2 909	-85,7%
Profit/loss before tax	4 466	-343	
Income tax	-77	-2 361	-96,7%
Profit/loss for the period	4 389	-2 704	

The following chart shows the structure of revenue in the first half of 2021 and 2020.



Revenue went up slightly in comparison with the first half of 2020 as a result of sale of inventories in the first half of 2021.

The following chart shows the structure of operating costs in the first half of 2021 and 2020.



The value of total operating costs decreased slightly as a result of, among other factors, lower selling & marketing, staff and perpetual usufruct costs.

Selected items of the consolidated statement of financial position

	As at:		Change (%)
	2021-06-30 (PLN thous.)	2020-12-31 (PLN thous.)	
TOTAL ASSETS	433 364	472 346	-8,3%
Non-current assets, including:	180 585	193 314	-6,6%
<i>Investment properties</i>	165 409	165 618	-0,1%
<i>Investments in joint ventures accounted for using the equity method</i>	13 863	27 221	-49,1%
Current assets, including:	252 779	279 032	-9,4%
<i>Assets held for sale</i>	0	85 250	-100,0%
<i>Inventory</i>	3 297	3 601	-8,4%
<i>Trade and other receivables</i>	7 069	20 035	-64,7%
<i>Cash and cash equivalents</i>	242 413	170 146	42,5%
TOTAL EQUITY AND LIABILITIES	433 364	472 346	-8,3%
Equity, including:	305 248	285 048	7,1%
<i>Share capital</i>	2 637	2 637	0,0%
<i>Reserve capital</i>	987	987	0,0%
<i>Own shares for redemption</i>	-117 396	-117 396	0,0%
<i>Fair value of capital element at inception date</i>	-27 909	-27 909	0,0%
<i>Translation reserve</i>	-5 992	-6 262	-4,3%
<i>Retained earnings</i>	452 921	432 991	4,6%
Total liabilities, including:	128 116	187 298	-31,6%
<i>Non-current liabilities</i>	75 870	27 626	174,6%
<i>Current liabilities</i>	52 246	159 672	-67,3%

At the end of June 2021, the value of assets was 8,3% lower compared to December 2020.

The value of investment properties didn't change considerably in the first half of 2021.

The value of investments in joint ventures dropped by 49% because in the first half of 2021 the Group received PLN 15.07 M from an SPV responsible for the project.

The value of current assets went down by 9.4% as a consequence of, among other things, a settlement of VAT and other tax liabilities in the amount of PLN 11.78 M, repayment of bank loans in the amount of PLN 9.23 M and payment of income tax in the amount of PLN 6.28 M.

At the end of June 2021, the value of equity amounted to PLN 305.25 M, which accounted for 70.4% of total assets. Total liabilities accounted for 29.6% of total assets. These ratios changed considerably in comparison with December 2020, when they amounted to 60.3% and 39.7% respectively.

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The value of total liabilities fell by 31.6% (PLN 59.18 M) in the first half of 2021 as a consequence of, among other things, a drop in the balance of VAT and other tax liabilities in the amount of PLN 11.78 M, a decrease in the balance of accruals in the amount of PLN 17.15 M, a decline in the balance of received prepayments in the amount of PLN 6.48 M, a drop in the balance of deferred tax liabilities in the amount of PLN 5.93 M, a decrease in the balance of borrowings (including leasing) in the amount of PLN 9.59 M and a decline in the balance of liabilities classified as held for sale in the amount of PLN 6.09 M.

The following table shows the selected items of the consolidated statement of financial position translated into euro. The figures for 30 June 2021 assumed an fx rate published by the National Bank of Poland as of June 30, 2021, i.e. 4.5208. The figures for 31 December 2020 assumed an fx rate published by the National Bank of Poland as of December 31, 2020, i.e. 4.6148.

	As at:		Change (%)
	2021-06-30 (EUR thous.)	2020-12-31 (EUR thous.)	
TOTAL ASSETS	95 860	102 355	-6,3%
Non-current assets, including:	39 945	41 890	-4,6%
<i>Investment properties</i>	36 588	35 888	2,0%
<i>Investments in joint ventures accounted for using the equity method</i>	3 066	5 899	-48,0%
Current assets, including:	55 915	60 465	-7,5%
<i>Assets held for sale</i>	0	18 473	-100,0%
<i>Inventory</i>	729	780	-6,5%
<i>Trade and other receivables</i>	1 564	4 341	-64,0%
<i>Cash and cash equivalents</i>	53 622	36 870	45,4%
TOTAL EQUITY AND LIABILITIES	95 860	102 355	-6,3%
Equity, including:	67 521	61 768	9,3%
<i>Share capital</i>	583	571	2,1%
<i>Reserve capital</i>	218	214	2,1%
<i>Own shares for redemption</i>	-25 968	-25 439	2,1%
<i>Fair value of capital element at inception date</i>	-6 173	-6 048	2,1%
<i>Translation reserve</i>	-1 325	-1 357	-2,3%
<i>Retained earnings</i>	100 186	93 827	6,8%
Total liabilities, including:	28 339	40 586	-30,2%
<i>Non-current liabilities</i>	16 782	5 986	180,3%
<i>Current liabilities</i>	11 557	34 600	-66,6%

The following table shows the structure of liabilities as of June 2021 and December 2020.

	2021-06-30	2020-12-31
Liabilities to total assets	29,6%	39,7%
Non-current liabilities to total assets	17,5%	5,8%
Borrowings including leases	13,8%	1,2%
Deferred income tax liabilities	3,1%	4,1%
Trade and other payables	0,6%	0,6%
Current liabilities to total assets	12,1%	33,8%
Borrowings including leases	8,7%	21,6%
Trade and other payables	3,4%	11,0%
Payables linked to assets held for sale	0,0%	1,3%

The structure of liabilities improved considerably in the first half of 2021. The share of non-current liabilities in total assets went up from 5.8% as of 31 December 2020 to 17.5% as of 30 June 2021. The share of current liabilities in total assets decreased from 33.8% to 12.1%.

At the end of June 2021 non-current liabilities accounted for 59% of total liabilities, whereas at the end of December 2020 the ratio amounted to 15%.

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

• CONCLUSION OF SALES AGREEMENTS BY THE ISSUER'S SUBSIDIARY

On 4 March 2021, the Issuer's subsidiary Ursus Development sp. z o.o. (hereinafter the "Seller") concluded final agreements for the sale of the right of perpetual usufruct of real estate consisting of developed plots of land no:

- 155/2, located in Warsaw, described in the land and mortgage register no. WA5M/00477861/9, kept by the District Court for Warszawa-Mokotów in Warsaw, XIII Land Registry Division,
- 147, located in Warsaw, described in the land and mortgage register no. WA1M/00338198/6, kept by the District Court for Warszawa-Mokotów in Warsaw, XIII Land Registry Division,

rev. no. ev. 2-09-09, located in Warsaw in the Ursus District, near Gierdziejewskiego i Posag 7 Panien Streets for the company UDI Ursus II sp. z o.o. (hereinafter the "Buyer") with a total value of PLN 14,9 million gross. The contracts were concluded in the performance of preliminary sales contracts.

On that date, the Seller also concluded a conditional agreement (subject to the municipality's failure to exercise the pre-emption right) for the sale of the right of perpetual usufruct of real estate consisting of developed plots of land no:

- 132/2, located in Warsaw, described in the land and mortgage registers no. WA5M/00477860/2, kept by the District Court for Warszawa-Mokotów in Warsaw, XIII Land Registry Division,
- 158/2, located in Warsaw, described in the land and mortgage register no. WA5M/00477864/0, kept by the District Court for Warszawa-Mokotów in Warsaw, XIII Land Registry Division,
- 134, located in Warsaw, described in the land and mortgage register no. WA1M/00233102/1, kept by the District Court for Warszawa-Mokotów in Warsaw, XIII Land Registry Division,

rev. no. ev. 2-09-09, located in Warsaw in the Ursus District, near Gierdziejewskiego and Posag 7 Panien Streets for the Buyer, with a total value of PLN 83,1 million gross. The contract was concluded in the performance of the preliminary sale contract.

The total price of the transaction was PLN 98 million gross.

In accordance with the provisions of the Local Development Plan, the properties are predominantly intended for multi-family residential areas with services.

The prerequisite for the conclusion of the final sale agreement was the fact that the President of the Capital City of Warsaw did not use Of Warsaw from the Capital City of Warsaw pre-emptive rights to plots of land No. 132/2 158/2 and 134. Due to the fact that the President of the Capital City of Warsaw did not exercise the above right, the condition was considered met and promised contracts were concluded in accordance with the previously concluded contracts.

• **TERMINATION OF INVESTMENT AGREEMENT BY THE ISSUER AND THE ISSUER'S SUBSIDIARIES**

On 31 March 2021, the Issuer and the Issuer's subsidiaries, i.e. Challenge Eighteen sp. z o.o., Lakia Enterprises Ltd based in Nicosia (Cyprus) and Smart City spółka z ograniczoną odpowiedzialnością sp.k. by mutual consent terminated an investment agreement concluded on 10 September 2014 with Unidevelopment S.A. and Unibep S.A. for the joint venture of a development investment in Warsaw, Ursus district under the name "Ursa Smart City" ("Investment Agreement"). In connection with termination of the Investment Agreement, the Issuer's subsidiary (Challenge Eighteen sp. z o.o.) acquired all the rights and obligations of a limited partner in Smart City spółka z ograniczoną odpowiedzialnością sp.k. from Unidevelopment S.A.

At the same time, the Issuer informs that an investment agreement concerning neighbouring real estates, concluded with the participation of the Issuer and the Issuer's subsidiaries is in force and is being implemented.

Termination of the Investment Agreement took place due to its performance by the parties, i.e. the completion of the development project under the name "Ursa Smart City".

• **ESTABLISHING SECURITIES FOR THE CONCLUSION OF A LOAN AGREEMENT BY A SUBSIDIARY**

The company granted security in connection with the signing of a loan agreement on 20 May 2021 between Ursa Sky Smart City spółka z ograniczoną odpowiedzialnością sp.k., which is a subsidiary of the Company, and Bank Millenium SA, on the basis of which Ursa Sky Smart City limited liability company sp.k. a revolving loan of a maximum amount of PLN 30,000,000 is to be granted, intended for financing the construction of a multi-family residential project "URSA SKY - Stage II" in Warsaw in the Ursus district, consisting in the construction of a multi-family building designated as H. The investment is being developed with the joint participation of CPD S.A. and Unidevelopment S.A.

The collaterals for the repayment of the Bank's receivables under the Revolving Credit Agreement are:

- registered pledge with an ordinary pledge as a temporary security for all the rights and obligations of a limited partner of CPD S.A. in connection with the contribution made with a nominal value of PLN 30,008,474.75 in the Borrower's company.

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- statement of CPD S.A. on submission to enforcement for the benefit of the Bank pursuant to Art. 777 § 1 point 5 of the Code of Civil Procedure from all property as to the obligation to pay to the Bank any sums of money in respect of obligations under the Agreement, as amended at a given time, up to the maximum amount of PLN 48,000,000;
- debt accession agreement on the part of Ursa Sky Smart City limited liability company sp.k. as for the loan repayment;
- agreement on the subordination of receivables of CPD S.A. in loan repayment;

The loan was made available to the Borrower after the above-mentioned securities were established and other standard conditions for making available were met.

The final repayment of the Loan will take place no later than May 31, 2023. The amounts due will be repaid in PLN, according to the agreed repayment schedule. For the loan granted, the Subsidiary will pay interest according to the variable WIBOR 1M interest rate, increased by the Bank's margin.

• ESTABLISHING SECURITIES FOR THE CONCLUSION OF A LOAN AGREEMENT BY A SUBSIDIARY

On 31 May 2021, the Company granted security in connection with the signing of Annex No. 7 of 28 May 2021 to the loan agreement No. KKWA0016 / 11 of 12 August 2011 between Belise Investments sp. z o.o., a subsidiary of the Company, (hereinafter "Subsidiary", "Borrower") and Santander Bank Polska SA (hereinafter the "Agreement"), on the basis of which the non-renewable Investment Loan in the amount of EUR 12,523,500 was refinanced for the Iris building at ul. Cybernetyki 9 in Warsaw (the "Loan Agreement").

The collaterals for the repayment of the Bank's receivables under the Loan Agreement are:

- Mortgage on real estate,
- Registered and financial pledges on the rights from the Borrower's bank accounts,
- Registered pledges on shares in the Subsidiary,
- Registered pledge on the Borrower's enterprise,
- Surety agreement concluded with the Company,
- Agreement on the subordination of receivables, incl. Loan repayment companies,
- Declarations of submission to enforcement directly from the notarial deed issued, inter alia, by the Company,
- Assignment of the Borrower's receivables under rental and insurance contracts and contracts with the building manager.

The final repayment of the Loan will take place no later than May 30, 2026. The amounts due will be repaid in EUR, according to the agreed repayment schedule. For the loan granted, the Subsidiary will pay interest at the variable 3M EURIBOR interest rate, increased by the Bank's margin.

- **ANNOUNCEMENT OF THE CALL TO SUBSCRIBE FOR THE SALE OF CPD S.A. SHARES**

On 24 June 2021, pursuant to Resolution No. 18 of the Ordinary General Meeting of the Company of 24 June 2021 on the purchase of the Company's shares for redemption, i.e. amending Resolution No. 3 of the Extraordinary General Meeting of CPD S.A. of February 28, 2019 on the purchase of the Company's shares for redemption, the Management Board adopted a resolution on the continuation of the process of acquiring own shares by the Company for redemption, on the basis of which it decided to purchase under a tender offer the maximum number of own shares covered by the authorization granted so far not exercised by the General Meeting and determined the purchase price of shares in the above-mentioned tender offer in the amount of PLN 19.71 per share.

In view of the above, on 25 June 2021, the Company, acting as the summoner, announced through Bank Pekao S.A. - Pekao Brokerage House with its seat in Warsaw and Pekao Investment Banking S.A. a call ("Tender Offer") to subscribe for the sale of 8,705,110 (eight million seven hundred five thousand one hundred and ten) ordinary bearer series AA shares with a nominal value of PLN 0.10 (ten groszy) each share, corresponding to 33.01% of the shares in the share capital of the Company and entitling to 33.01% of votes at the General Meeting of the Company ("Shares") traded on the stock exchange. The tender offer was announced on the basis of 73 sec. 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (i.e. Journal of Laws of 2020, item 2080, as amended). The entity purchasing the Shares under the Tender Offer will be the Company, and the Shares will be acquired for redemption pursuant to Art. 362 § 1 point 5) of the Commercial Companies Code

As a result of the Tender Offer, the Company currently holds - including its own shares already owned - 17,404,946 (seventeen million four hundred four thousand nine hundred forty six) shares corresponding to 66% of the share capital of the Company and entitling to 66% of votes at the General Meeting of the Company, in accordance with Art. 364 § 2 of the Commercial Companies Code, the Company may not exercise participation rights from the Company's own shares, including voting rights, with the exception of the rights to sell them or perform activities aimed at preserving these rights.

The price at which the Company acquired the shares specified in the Tender Offer was PLN 19.71 per share.

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

- **INFORMATION ON THE RESULTS OF THE CALL TO SUBSCRIBE FOR THE SALE OF CPD S.A. SHARES AND PURCHASE OF OWN SHARES OF CPD S.A.**

On 3 August 2021, the Company received from Bank Pekao S.A. - Biuro Maklerskie Pekao with its registered office in Warsaw and Pekao Investment Banking S.A., i.e., entities intermediating in carrying out the tender offer to subscribe for the sale of the Company's shares ")", information on the results of the Tender Offer. The subject of the Tender Offer was 8,705,110 (eight million seven hundred five thousand one hundred and ten) ordinary bearer series AA shares with a nominal value of PLN 0.10 (ten groszy) each share, corresponding to 33.01% of the Company's share capital and entitling to 33,01% of votes at the General Meeting of the Company, traded on the stock exchange, at the price of PLN

19.71 per share. The entity purchasing the shares under the Tender Offer was the Company, and the shares were to be acquired for redemption pursuant to Art. 362 § 1 point 5) of the Commercial Companies Code

During the subscription period for the shares covered by the Tender Offer, i.e. from 15 July 2021 to 29 July 2021, 82 valid subscriptions for the sale of shares were made, for a total of 16,997,844 series AA ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each share. As a result of applying the principle of proportional reduction in accordance with point 34 of the Tender Offer, in accordance with the principles set out in the Tender Offer, the Company acquired 8,705,110 ordinary bearer AA series shares with a nominal value of PLN 0.10 (ten groszy) each share, corresponding to 33.01% of the shares in the share capital of the Company and entitling to 8,705,110 votes at the General Meeting of the Company, constituting 33.01% of the total number of votes at the General Meeting of the Company ("Shares") at the price of PLN 19.71 per Share. The transactions for the acquisition of the Shares by the Company were concluded 3 August 2021 and their settlement took place on 5 August 2021.

• SETTLEMENT OF THE ACQUISITION OF THE OWN SHARES OF CPD S.A. FOR REMOVAL

In connection with the announced tender offer to subscribe for the sale of shares, the Company informed that on 5 August 2021, the Tender Offer was settled ("Settlement of the Tender Offer"), as a result of which the Company acquired for redemption on 3 August 2021, i.e. in accordance with Art. 362 § 1 item 5) of the Commercial Companies Code, 8,705,110 (eight million seven hundred five thousand one hundred and ten) own shares, i.e. 8,705,110 (eight million seven hundred five thousand one hundred and ten) ordinary bearer series AA shares with a nominal value of 0.10 PLN (ten groszy) each share, corresponding to 33.01% of shares in the share capital of the Company and entitling to 8,705,110 (eight million seven hundred five thousand one hundred and ten) votes at the General Meeting of the Company, constituting 33.01% of the total number of votes at the General Meeting Companies ("Shares") at the price of PLN 19.71 per one Share. held 8,699,836 (eight million six hundred and ninety-nine thousand eight hundred and thirty-six) of the Company's own shares, representing 32.99% of the total number of the Company's shares, entitling to 8,699,836 (eight million six hundred and ninety-nine thousand eight hundred and thirty-six) votes at the General Meeting of the Company, which constitutes 32.99% of the total number of votes at the General Meeting of the Company.

As a result of the acquisition of the Shares and the Settlement of the Tender Offer, the Company holds a total of 17,404,946 (seventeen million four hundred four thousand nine hundred forty six) of the Company's own shares, corresponding to 66.00% of the share capital of the Company and entitling to 17,404,946 (seventeen million four hundred four thousand nine hundred forty-six) votes at the General Meeting of the Company, which constitutes 66.00% of the total number of votes at the General Meeting of the Company, while pursuant to Art. 364 § 2 of the Commercial Companies Code, the Company may not exercise participation rights from the Company's own shares, including voting rights, except for the rights to sell them or perform activities aimed at preserving these rights.

During the subscription period for the shares covered by the Tender Offer, i.e. from 15 July 2021 to 29 July 2021, subscriptions for the sale of shares were made for a total of 16,997,844 ordinary bearer series AA shares, which were 96.19% of the company's shares in trading (i.e. without treasury shares held by the Company). 99 % of shareholders participated in the tender offer.

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

In the opinion of the Management Board, an unusual event occurred in the first half of 2021 - the protracted COVID-19 pandemic, but in the long-term - over a 12-month period of perception of the process, it did not have a significant impact on the Group's results for 2020 and the first half of 2021.

Real estate development is characterized by a long production cycle, therefore the effects of negative events are felt in the long term. The revenues from the sale of apartments, commercial premises and parking spaces for H1 2021 amounted to PLN 64.9 million and were generated by transactions from about a year ago with the payment term spread over instalments. Therefore, the events that took place in 2020 and 2021 will be visible in the income statement for subsequent years. However, it should be noted that the construction industry, including the development of apartments in multi-year buildings, did not record any declines in sales or a slowdown in the growth dynamics observed in previous years.

Due to the global pandemic, the company assumes that its effects may affect the activities of property 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 the protracted economic downturn,
- level and deadline for meeting contractors' financial obligations,
- obtaining administrative decisions
- fluctuations in the value of assets as a result of changes in the exchange rate of PLN in relation to foreign currencies, especially EUR.

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

In 2020, despite the above events, the Issuer's subsidiary handed over the Ursa Home residential project implemented at that time in accordance with the previously adopted schedule.

It should be emphasized that the pace of construction works carried out in the CPD Group in H1 2021 did not slow down. The sales of projects in the CPD Group did not slow down and as at the publication date of the report, 98% of residential and commercial premises were sold.

The commenced next stage of Ursa Sky is being implemented in accordance with the assumed schedule. Considering the advancement of construction works and the level of sales of this project, the Management Board of CPD S.A. expects to complete the construction projects in accordance with the schedule and as at the date of publication of the report, has not noticed the resignation from the already signed development contracts.

The Management Board of the Company monitors and analyses the situation of the CPD capital group on an ongoing basis in connection with the spread of the SARS-CoV-2 virus and takes several measures to minimize the impact of the negative effects of the pandemic on the activities of the CPD group.

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.

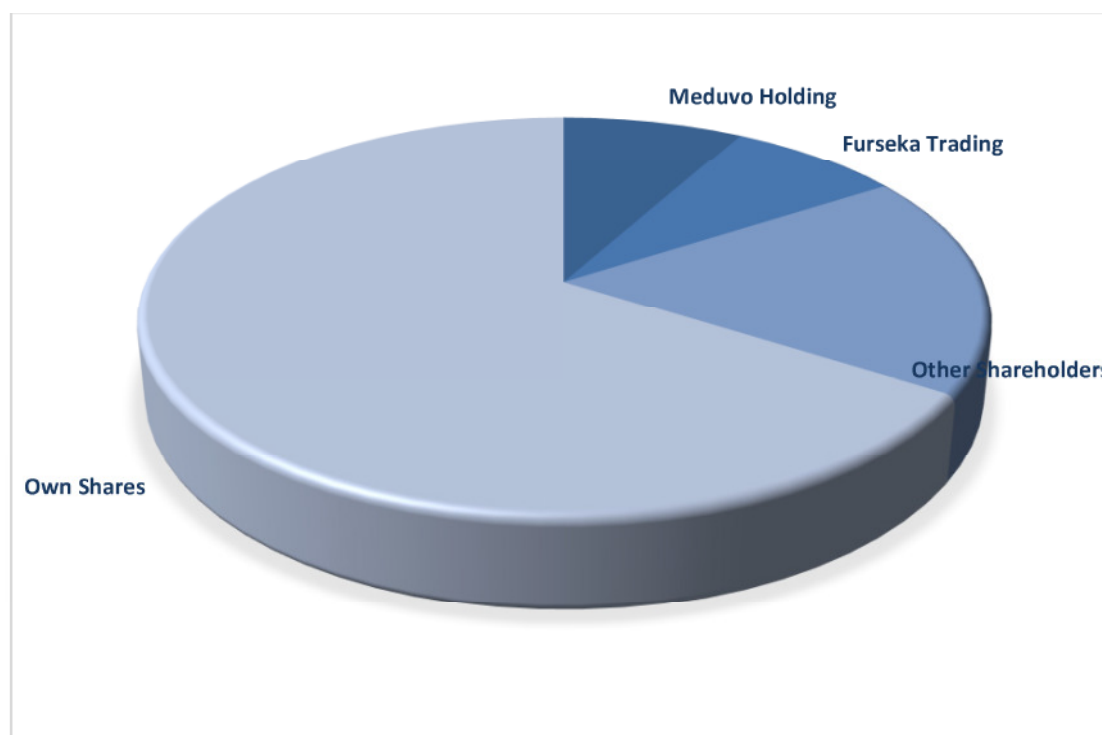
8. TRANSACTIONS WITH RELATED PARTIES CONCLUDED ON OTHER THAN MARKET CONDITIONS

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 as of the day of publication, 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 based on notices provided by shareholders pursuant to art. 69 of the Act on Public Offering or the information contained in the prospectus).

Shareholder	Sharehold	Shareholder	Sharehold	Sharehold	Shareholder
Meduvo Holding	2 133 604	bearer shares	2 133 604	23.80 %	8.09 %
Furseka Trading	2 063 234	bearer shares	2 063 234	23.01 %	7.82 %
Other	4 769 347	bearer shares	22 174 293	53.19 %	18.09 %
Own Shares	17 404 946	bearer shares	0 %	0 %	66.00 %

(1) Shareholders' share in the total number of votes was calculated taking into account the fact that CPD S.A. as the owner of treasury shares, cannot exercise their voting rights at the General Meeting.

The company aims to carry out further buybacks when possible.

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.

In relation to the status presented in the consolidated annual report for 2020, published on 29 April 2021, the following changes occurred in the ownership structure of significant blocks of shares in the Company as of the date of publication:

- On 25 February 2021, the Company received a notification pursuant to Art. 69 of the Act on public offering and conditions for introducing financial instruments to an organized trading system and on public companies of 29 July 2005 (Journal of Laws No. 184, item 1539, as amended) from Furseka Trading and Investments Limited on the acquisition of 1,000,000 shares of CPD SA.
- On 25 February 2021, the Company received a notification pursuant to Art. 69 of the Act on public offering and conditions for introducing financial instruments to an organized trading system and on public companies of 29 July 2005 (Journal of Laws No. 184, item 1539, as amended) from Cooperatieve Laxey Worldwide on the sale of 1,000 000 shares of CPD SA.
- On 10 June 2021, the Company received a notification pursuant to Art. 69 of the Act on public offering and the conditions for introducing financial instruments to an organized trading system and on public companies of 29 July 2005 (Journal of Laws No. 184, item 1539, as amended) from Laxey Group Limited on the acquisition of 1 283 959 shares of CPD SA by Laxey Partners Ltd. As a result of the transaction, the company held 2,664,724 shares of CPD S.A.
- On 10 June 2021, the Company received a notification pursuant to Art. 69 of the Act on public offering and the conditions for introducing financial instruments to an organized trading system and on public companies of 29 July 2005 (Journal of Laws No. 184, item 1539, as amended) from Laxey Group Limited on the sale of 1,080 708 shares of CPD SA by LP Alternative Fund LP. As a result of the transaction, the company does not hold any CPD S.A. shares.
- On 9 August 2021, the Company submitted a notification to the Polish Financial Supervision Authority pursuant to Art. 77 in connection with Art. 69 of the Act on public offering and the conditions for introducing financial instruments to an organized trading system and on public companies of 29 July 2005 (Journal of Laws No. 184, item 1539, as amended) on the acquisition of 8 705 110 own shares. As a result of the transaction, the company holds 17,404,946 shares of CPD S.A.
- On 9 August 2021, the Company received a notification pursuant to Art. 69 of the Act on public offering and the conditions for introducing financial instruments to an organized trading system and on public companies of 29 July 2005 (Journal of Laws No. 184, item 1539, as amended) from Laxey Group Limited on the sale of 1 364 687 shares of CPD SA by Laxey Partners Ltd (Isle of Man)
- On 10 August 2021, the Company received a notification pursuant to Art. 69 of the Act on public offering and the conditions for introducing financial instruments to an organized trading system and on public companies of 29 July 2005 (Journal of Laws No. 184, item 1539, as amended). from Furseka Trading and Investments Limited on the sale of 2,165,835 shares of CPD S.A.
- On 10 August 2021, the Company received a notification pursuant to Art. 69 of the Act on public offering and conditions for introducing financial instruments to an organized trading system and on public companies of 29 July 2005 (Journal of Laws No. 184, item 1539, as amended) from Cooperatieve Laxey Worldwide W.A. on the sale of 2,239,705 shares of CPD S.A. As a result of the transaction, the company held 2,133,604 shares in CPD S.A.
- On 24 August 2021, the Company received a notification pursuant to Art. 69 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and

Public Companies of July 29, 2005 (Journal of Laws No. 184, item 1539, as amended) from Meduvo Holding Limited on the acquisition of 2 133 604 shares of CPD SA

- On 24 August 2021, the Company received a notification pursuant to Art. 69 of the Act on public offering and conditions for introducing financial instruments to an organized trading system and on public companies of 29 July 2005 (Journal of Laws No. 184, item 1539, as amended) from Cooperatieve Laxey Worldwide W.A. on the sale of 2,133,604 shares of CPD S.A. As a result of the transaction, the company does not hold any CPD S.A. shares.

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 balance sheet 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
Elżbieta Wiczowska	Member	28 700	2870	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
RAZEM		33 434	3 280	0,12%	0,12%

On 10 August 2021, the Company received from Ms Iwona Makarewicz and Ms Elżbieta Wiczowska, members of the Management Board at CPD S.A., notifications about share sale transactions concluded on 3 August 2021, referred to in Art. 19 paragraph 3 of the MAR Regulation.

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 customs and tax inspection was initiated against Celtic Investments Limited with its registered office in Cyprus, part of the Group. The scope of the audit covers the accuracy of the declared tax bases and the correctness of calculating and paying the corporate income tax for 2016 by Blaise Investments sp. z o.o., which was acquired by Celtic Investments Limited as a result of a cross-border merger completed on 31 December 2017. On 29 June 2020, Celtic Investments Limited received a decision to transform the customs and tax control into tax proceedings. The tax proceedings were finished on 26 February 2021 and the relevant decision was delivered to Celtic Investments Limited with its registered office in Cyprus on 29 March 2021. The CPD SA consolidated statement of financial position includes the liability resulting from the decision.

13. LOAN GUARANTEES

As of 30 June 2021, 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 2021 the balance of the secured loan was EUR 12,398,265. 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 than 31 May 2029.

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

14. THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

On 30 June 2021, 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

On 30 June 2021, 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

22 September 2021 Ms Gabriela Gryger, acting as a member of the Supervisory Board, resigned from the above function.

On 30 June 2021, 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,
- Higher prices of construction work observed on the development market,
- Risk related to the outbreak of the COVID-19 pandemic in the world.

II. STATEMENT OF THE MANAGEMENT BOARD

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 2021 and condensed interim financial statements of the Company for the first half ended 30 June 2021 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 2021 were reviewed and audited by the audit company Grant Thornton Polska sp. z o.o. sp. k. based in Poznan.

COLIN KINGSNORTH
PRESIDENT OF THE MANAGEMENT BOARD

ELŻBIETA WICKOWSKA
MEMBER OF THE MANAGEMENT BOARD

IWONA MAKAREWICZ
MEMBER OF THE MANAGEMENT BOARD

JOHN PURCELL
MEMBER OF THE MANAGEMENT BOARD

CPD S.A.HALF YEAR REPORT FOR 1st HALF OF 2021

**III. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2021 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 2021

and the condensed financial statements of CPD S.A.

for the period of 6 months ended 30 June 2021

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 2021

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of comprehensive income

		For the 6 month period ended		For the 3 month period ended	
	Note	30.06.2021	30.06.2020	30.06.2021	30.06.2020
				<i>(not reviewed by an auditor)</i>	
Revenues	13	9 712	9 604	4 886	4 701
Cost of sales, including:	14	(1 264)	(2 264)	(786)	(1 110)
<i>cost of inventories sold</i>		(367)	0	(275)	0
<i>cost of the services sold</i>		(897)	(2 264)	(511)	(1 110)
PROFIT ON SALES		8 448	7 340	4 100	3 591
Administrative costs property related	15	(5 501)	(6 032)	(2 397)	(2 955)
Administrative expenses - other	16	(3 125)	(2 566)	(2 068)	(920)
Selling and marketing expenses		(10)	(125)	(4)	(88)
Net profit (loss) from sale of investment property		235	74	(1 058)	74
Other income	17	2 747	1 047	62	530
Net profit (loss) from fair value adjustments on investment properties	4	(2 671)	4 608	(3 131)	4 148
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	8	18 741	4 309	14 025	(407)
Receivables valuation allowances		854	68	937	151
Net profit (loss) from assets held for sale valuation		293	2 060	1 037	2 804
OPERATING RESULT		20 011	10 783	11 503	6 928
Financial income	18	2 160	548	1 969	221
Financial costs	18	(1 891)	(12 844)	(189)	(5 518)
RESULT BEFORE INCOME TAX		20 280	(1 513)	13 283	1 631
Income tax	19	(350)	(10 423)	197	(9 182)
RESULT OF THE PERIOD		19 930	(11 936)	13 480	(7 551)
Currency translation adjustment		270	(520)	311	(479)
TOTAL COMPREHENSIVE INCOME		20 200	(12 456)	13 791	(8 030)
Result attributable to:					
Equity holders of the Group		19 930	(11 936)	13 480	(7 551)
Minority interest		0	0	0	0
TOTAL COMPREHENSIVE INCOME					
Equity holders of the Group, including:		20 200	(12 456)	13 791	(8 030)
- continued operations		20 200	(12 456)	13 791	(8 030)
BASIC EARNINGS PER SHARE (PLN)	23	1,13	(0,53)	0,76	(0,34)
DILUTED EARNINGS PER SHARE (PLN)	23	1,13	(0,53)	0,76	(0,34)

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 financial position

	Note	30.06.2021	31.12.2020
ASSETS			
Non-current assets			
Investment properties	4	165 409	165 618
Property, plant and equipment		152	212
Investments in joint ventures accounted for using the equity method	8	13 863	27 221
Long-term receivables	5	576	263
		180 585	193 314
Current assets			
Inventories	6	3 297	3 601
Trade receivables and other receivables	5	7 069	20 035
- <i>receivables and loans</i>		5 267	18 995
- <i>prepayments</i>		1 802	1 040
Cash and cash equivalents	7	242 413	170 146
Current assets excluding assets held for sales		252 779	193 782
Assets held for sale	27	0	85 250
Current assets		252 779	279 032
Total assets		433 364	472 346

CPD S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2021

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position - cont.

	Note	30.06.2021	31.12.2020
EQUITY			
Equity attributable to owners of the parent company			
Share capital	9	2 637	2 637
Own shares for redemption	9	(117 396)	(117 396)
Other reserves		987	987
Embedded element at inception date		(27 909)	(27 909)
Translation reserve		(5 992)	(6 262)
Retained earnings		452 921	432 991
Total equity		305 248	285 048
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities	10	2 460	2 820
Borrowings, including leasing	11	59 983	5 454
Deferred tax liabilities	12	13 427	19 352
Non-current liabilities		75 870	27 626
Current liabilities			
Trade payables and other liabilities	10	14 518	51 740
Borrowings, including leasing	11	37 728	101 847
Current liabilities excluding liabilities held for sale		52 246	153 587
Liabilities classified as held for sale	27	0	6 085
Current liabilities		52 246	159 672
Total liabilities		128 116	187 298
Total Equity and liabilities		433 364	472 346

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
Balance as at 01.01.2020	2 637	(43 010)	(27 909)	(5 531)	987	416 684	343 858
<u>Transactions with owners</u>							
Share capital reduction	0	0	0	0	0	0	0
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)		(11 936)	(12 456)
Balance as at 30.06.2020	2 637	(117 396)	(27 909)	(6 051)		404 748	257 016
Balance as at 01.01.2021	2 637	(117 396)	(27 909)	(6 262)	987	432 991	285 048
<u>Transactions with owners</u>							
Shares acquisition for redemption	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
<u>Comprehensive income</u>							
Currency translation adjustment	0	0	0	270	0	0	270
Result of the period	0	0	0	0	0	19 930	19 930
	0	0	0	270	0	19 930	20 200
Balance as at 30.06.2021	2 637	(117 396)	(27 909)	(5 992)	987	452 921	305 248

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

Elzbieta 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 cash flows

		For the 6 month period ended	
	Note	30.06.2021	30.06.2020
Cash flow from operating activities			
Cash generated from operations	20	1 387	(20 208)
Interest paid		(1 453)	(1 157)
Income tax paid		(6 275)	(9 416)
Net cash from operating activities		(6 341)	(30 781)
Cash flows from investing activities			
Capital expenditure on investments property		0	(20)
Capital expenditure on assets held for sale		0	(35)
Purchase of property, plant and equipment		(13)	0
Proceeds from the sale of investment property		73 213	46 840
Loan repayments received		0	0
Interest received		1	418
Reduction of joint ventures contributions		15 069	0
Net cash from investing activities		88 413	47 203
Cash flows from financing activities			
Own shares acquisition		0	(74 386)
Acquisition of derivatives		(580)	0
Repayment of borrowings		(9 225)	(2 449)
Net cash from financing activities		(9 805)	(76 835)
Net (decrease)/increase in cash and cash equivalents		72 267	(60 413)
Cash and cash equivalents at beginning of the year		170 146	139 035
Cash and cash equivalents at the end of the period		242 413	78 622

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), Cybertyki 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 2020, except for the application of the following new or revised standards and interpretations applicable for annual periods beginning on or after 1 January 2021.

The interim consolidated financial statements as at 30 June 2021 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 2021 and description of the impact of applying the amendments:

Amendments to **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform.**

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 2023. The standard is to replace the current insurance regulations (IFRS 4).

Amendment to **IAS 1 Classification of Liabilities as Current or Non-current** - issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2023.

Amendments to **IAS 16 Proceeds before Intended Use** - issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022.

Amendments to **IAS 37 Cost of Fulfilling a Contract** - issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022.

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

Amendments to **IAS 8 Definition of Accounting Estimates** - issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023.

Amendments to **IAS 1 Presentation of Financial Statements** - issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023.

Amendments to **IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction** - issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023.

Set of amendments **Annual Improvements 2018–2020** - issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022.

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

On 31 March 2021 the part of the investment agreement related to Smart City project was dissolved, as a consequence of completion of the project. As a result Smart City Spółka z ograniczoną odpowiedzialnością Sp. z o.o. returned to be 100% subsidiary.

On 29 April 2021 CPD acquired 100% of Antigo Investments spółka z ograniczoną odpowiedzialnością shares from Lakia Enterprises Ltd.

On 29 April 2021 Smart City Spółka z ograniczoną odpowiedzialnością Sp.k. was renamed into Ursus Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp. k.

Moreover the process of liquidation of the company's structure for Ursus project has been started. As at the end of the reporting period cancellation applications were addressed to the court for 7/120 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. and 19/97 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. Similar applications were submitted subsequent to the reporting period for 3/93 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k., 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. For the moment of preparation of these condensed interim consolidated financial statements the court cancelled 3/93 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k., 5/92 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k., 7/120 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. and 19/97 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. from the company's register.

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 2021.

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 2020.

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.

Notes to the interim condensed consolidated financial statements**3 Significant changes in major accounting estimates and judgments - cont.****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 Cresa Polska Sp. z o.o. - third party experts - on the basis of the Royal Institution of Chartered Surveyors' (RICS) Valuation - Global Standards 2020. 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 buildings in Warsaw);
- (iii) property with an office building in Warsaw under consideration to convert into residential property.

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 property where conversion for residential purposes is considered was valued based on income approach and residual method.

The residual method determines the property value by deducting costs to completion and expected developer's profit from estimated market value of the completed investment. The market value of the completed investment as well as construction costs and developers profit are estimated by the surveyor based on average market values for similar properties.

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

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

In the first half of 2021, the Group recorded loss on the revaluation of investment properties to their fair values, which amounted to PLN 2.671 thousand.

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.

On 31 March 2021 the part of the investment agreement related to Smart City project was dissolved, as a consequence of completion of the project. As a result Smart City Spółka z ograniczoną odpowiedzialnością Sp. z o.o. returned to be 100% subsidiary.

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 all the flats in this project were sold.

Based on annex dated 22 September 2020 Unidevelopment joined Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp. k., who bought land and cumulated project outlays related to Ursa Sky from Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp. k. Since that moment the company is accounted for as joint venture. Ursa Sky is to consist of 183 and 201 flats respectively in the first and second stage. Sales contracts were concluded for all flats in the first stage and 28 flats in the second stage by the end of the second quarter.

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 Belize Investments Sp. z o.o., the Group subsidiary, concluded interest rate swap (IRS) contract. The contract covered 80% of the amount of the loan granted by Santander Bank SA. The instrument expired in the second quarter 2021. In order to hedge against the risk of increase of the interest rates on 31 May 2021 the Company acquired CAP type interest rate option.

The derivatives are valued by Santander bank at fair value. The result of the valuation is recognised as financial costs and revenues, in the statement of comprehensive income.

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

In case of investment in Challenge Eighteen Sp. z o.o., IMES Poland Sp. z o.o., Ursus Development Sp. z o.o., Celtic Asset Management Sp. z o.o., Antigo Investments Sp. z o.o., Ursa Sky Smart City Sp. z o.o. sk. 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 the 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 Ursa Sky smart City Sp. z o.o. sk. and IMES Poland Sp. z o.o. With respect to shares in Ursus Development Sp. z o.o., Lakia Enterprises Ltd and Celtic Investments Ltd which are written down in full no indicators of impairment reversal were observed.

Investments in shares of Challenge Eighteen Sp. z o.o. and Antigo Investments Sp. z o.o. were provided with impairment allowance in the first half of 2021.

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 2021. In the Management'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.

Notes to the interim condensed consolidated financial statements**3.1 Managing financial risks*****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 charged on the bank loans.

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

Other financial risks CPD Group have been presented in the consolidated financial statements for the year ended 31 December 2020.

Liquidity risk

The cash balance increased during the first half of 2021. This resulted mainly from disposal of investment properties as well as retrieving the contributions from the joint venture. Moreover The Santander Bank loan has been refinanced for 2,5 years with automated extension for another 2,5 years subject to fulfilment of certain agreed financial conditions.

(All amounts in PLN thousands unless otherwise stated)

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

	01.01.2021 30.06.2021	01.01.2020 31.12.2020
At the beginning of the reporting period	165 618	100 214
Capital expenditure	0	20
Transfer of capitalised financial liabilities from joint venture	2 464	0
Transfer of capitalised financial liabilities from assets held for sale	0	1 832
Change of capitalised financial liabilities	(2)	85
Transfer of investment property to assets held for sale	0	47 546
Net profit (loss) from fair value adjustments on investment properties	(2 671)	15 921
At the end of the reporting period	165 409	165 618

Increase in the balance of investment properties resulting mainly from capitalisation of right of perpetual usufruct of a plot belonging to the joint venture transferred into a subsidiary has been offset by an impact of the fair value adjustment.

	For the 6 month period ended	
	30.06.2021	30.06.2020
Direct operating costs for investment properties:		
- generating rent income	2 726	2 610
- other	69	113
	2 795	2 723

5 Trade receivables and other receivables

	30.06.2021	31.12.2020
Trade receivables	1 273	102
Receivables from the state	3 788	18 586
Receivables from related parties	199	307
Prepaid expenses	1 802	1 040
Other receivables	7	0
Short-term receivables	7 069	20 035
Long-term receivables	576	263
Total receivables	7 645	20 298

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

6 Inventories

	30.06.2021	31.12.2020
At the beginning of the reporting period	3 601	3 594
Disposal	(353)	0
Change in impairment	0	64
Exchange differences	49	(57)
At the end of the reporting period	3 297	3 601

(All amounts in PLN thousands unless otherwise stated)

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

	30.06.2021	31.12.2020
Cash at bank and on hand	67 082	166 045
Restricted cash	174 759	3 765
Short-term bank deposits	572	336
	242 413	170 146

Restricted cash covers 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 blocked cash dedicated for own shares acquisition subsequent to the end of the reporting period.

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:

	30.06.2021	31.12.2020
a) Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	0	85
b) Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	1 756	0
c) Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	12 107	27 136
	13 863	27 221

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

	30.06.2021	31.12.2020
Opening balance as at 1 January	85	0
Group's share of the net profit or loss of the joint ventures presented in these interim condensed consolidated financial statements	26	85
Conversion of the joint venture into subsidiary	(111)	0
Closing balance	0	85

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

	30.06.2021	31.12.2020
Opening balance as at 1 January	0	32 015
Group's share of the net profit or loss of the joint ventures presented in these interim consolidated financial statements	18 676	20 078
Group's share in reduction of joint venture contributions	0	(33 474)
Group's share in the change of declared joint venture contributions	0	(16 438)
Group's share in profit distributions	0	(17 844)
Change in Group's property rights to the joint venture	0	6 967
Other adjustments	(16 920)	8 696
Closing balance	1 756	0

c) Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp.k.

	30.06.2021	31.12.2020
Opening balance as at 1 January	27 136	0
Group's share in joint venture contributions	0	27 387
Group's share in reduction of joint venture contributions	(8 824)	(4 247)
Group's share in the change of declared joint venture contributions	(4 245)	6 088
Change in Group's property rights to the joint venture	(1 312)	(1 841)
Group's share of the net profit or loss of the joint ventures presented in these interim consolidated financial statements	(648)	(251)
Closing balance	12 107	27 136

(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

	30.06.2021	31.12.2020
Total non-current assets, including:	0	7
Fixed assets	0	7
Total current assets, including:	0	229
receivables	0	82
Cash and cash equivalents	0	147
Total assets	0	236
Trade payables and other liabilities	0	66
Net assets	0	170
% held by the Group	0%	50%
Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements	0	85

Financial information from statement of comprehensive income

	30.06.2021	31.12.2020
Revenue	0	732
Result from continued operations	(58)	266

On 31 March 2021, as a result of completion of the Smart City joint venture, the investment agreement was terminated and Smart City spółka z ograniczoną odpowiedzialnością Sp. k. became 100% subsidiary again.

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

	30.06.2021	31.12.2020
Total current assets, including:	8 333	56 690
Inventory	462	43 622
receivables	583	1 100
Cash and cash equivalents	7 288	11 968
Total assets	8 333	56 690
Trade payables and other liabilities	4 822	73 609
Net assets	3 511	(16 919)
% held by the Group	50%	50%
Carrying amount of investment in joint venture presented in the consolidated financial statements	1 756	0

Financial information from statement of comprehensive income

	30.06.2021	31.12.2020
Revenue	66 101	131 609
Interest income	0	7
Interest cost	2	15
Result from continued operations	20 431	37 957

(All amounts in PLN thousands unless otherwise stated)

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

c) Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp.k.

	30.06.2021	31.12.2020
Total non-current assets, including	133	141
Intangible assets	113	141
Investment property	20	0
Total current assets, including:	101 802	62 614
Inventory	97 232	49 329
receivables	1 104	10 508
Cash and cash equivalents	3 466	2 777
Total assets	101 935	62 755
Long-term payables	179	53
Trade payables and other liabilities	81 081	18 601
Total liabilities	81 260	18 654
Net assets	20 675	44 101
% held by the Group	59%	62%
Carrying amount of investment in joint venture presented in the consolidated financial statements	12 107	27 136
<i>Financial information from statement of comprehensive income</i>	30.06.2021	31.12.2020
Revenue	82	10
Interest cost	2	0
Result from continued operations	(1 102)	(408)

9 Share capital

	Number of shares (in thousands)		Value of shares	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Ordinary shares series AA	26 371	26 371	2 637	2 637
Total	26 371	26 371	2 637	2 637

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.

On 24 June 2021 General Shareholders Meeting increased up to 17.404.946 the number of own shares with Management Board authorisation to acquire and redeem until 31 December 2022. The maximum unit acquisition price has been determined at PLN 19,71. The acquisition of the whole stake was executed on 5 August 2021.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements**10 Trade payables and other liabilities****Non-current liabilities**

	30.06.2021	31.12.2020
Tenant deposits	2 460	2 820

Current liabilities

	30.06.2021	31.12.2020
Trade payables	367	2 282
Output VAT and other tax payables	10 483	22 261
Tenant deposits	344	301
Other liabilities	377	322
Received prepayments	0	6 480
Accrued expenses	2 947	20 094
	14 518	51 740

The decrease in the liabilities as compared to the end of 2020 results mainly from reversal of a provision for joint venture losses, disposal of the properties with prepayments received as well as lower tax payables.

11 Borrowings, including leasing

	30.06.2021	31.12.2020
Non-current		
Bank loans	52 068	0
Leasing	7 915	5 454
	59 983	5 454
Current		
Bank loans	37 728	101 639
IRS derivative	0	208
	37 728	101 847
Total borrowings	97 711	107 301

As of 30 June 2021 bank loans relate to the credits drawn up in Santander Bank Polska SA of PLN 55 674 thousand and in mBank Hipoteczny SA of PLN 34 122 thousand.

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. In the second quarter of 2021 the instrument expired and the company acquired CAP type interest rate option in order to hedge against the risk of interest rates increase.

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.

In the second quarter Belise Investments refinanced the previous loan in Santander Bank. The new loan matures within 2,5 years with extension option for another 2,5 years subject to compliance with agreed financial conditions.

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.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements**12 Deferred income taxes**

	30.06.2021	31.12.2020
Deferred tax assets before offset	1 358	10 597
Offset against deferred tax liability	(1 358)	(10 597)
Deferred tax assets after offset	0	0
Deferred income tax liabilities before offset	14 785	29 949
Offset against deferred tax asset	(1 358)	(10 597)
Deferred income tax liabilities after offset	13 427	19 352

13 Revenue by nature

	For the 6 month period ended		For the 3 month period ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Rent income	5 538	5 653	2 733	2 684
Sales of inventories	385	0	297	0
Real estate advisory services	371	575	182	390
Rent related services	3 395	3 349	1 665	1 614
Accounting services	23	27	9	13
	9 712	9 604	4 886	4 701

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

14 Cost of sales

	For the 6 month period ended		For the 3 month period ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Cost of inventories sold	367	0	275	0
The cost of services rendered	897	2 264	511	1 110
	1 264	2 264	786	1 110

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	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Personnel costs	2 053	2 289	955	1 161
Property maintenance	2 779	2 660	1 280	1 255
Property taxes	426	446	207	223
Perpetual usufruct	170	555	(88)	277
Depreciation of fixed assets and intangible assets	73	82	43	39
	5 501	6 032	2 397	2 955

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements**16 Administrative expenses - other**

	For the 6 month period ended		For the 3 month period ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Consultancy services	1 085	1 630	841	315
Legal services	637	273	393	210
Audit fees	75	101	62	12
Taxes	157	118	136	112
Office maintenance	314	263	209	155
Other services	740	108	355	62
Non deductible VAT	117	73	72	54
	3 125	2 566	2 068	920

17 Other income

	For the 6 month period ended		For the 3 month period ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Provisions released	273	364	0	(149)
Penalties and compensations received	1 897	0	43	0
Other	577	683	19	679
	2 747	1 047	62	530

Remuneration for early termination of a lease contract received in the first half of 2021 by Belise Investments Sp. z o.o. was the main contributor to penalties and compensations received.

18 Financial income and expenses

	For the 6 month period ended		For the 3 month period ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Interest expense:				
- Bank loans	(978)	(1 033)	(498)	(513)
- Tax interest	(272)	(6 634)	(143)	(6 495)
- Leasing interest	(290)	(126)	(287)	(63)
- Other interest	(202)	(437)	(103)	(261)
Valuation of amortized cost	(149)	(44)	(63)	(15)
Net exchange differences	0	(4 570)	905	1 829
Financial costs	(1 891)	(12 844)	(189)	(5 518)
Interest income:				
- Bank interest	1	418	0	130
Revaluation of derivatives	212	130	112	91
Other financial income	92	0	2	0
Net exchange differences	1 855	0	1 855	0
Financial income	2 160	548	1 969	221

19 Income tax

	For the 6 month period ended		For the 3 month period ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Tax on current year income	6 275	298	6 234	149
Tax on prior years income	0	9 118	0	9 118
Deferred taxes	(5 925)	1 007	(6 431)	(85)
	350	10 423	(197)	9 182

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements**20 Cash flow from operating activities**

	For the 6 month period ended	
	30.06.2021	30.06.2020
Profit/loss before tax	20 280	(1 513)
Adjustments for:		
- depreciation of tangible fixed assets	73	81
- currency translation adjustments	221	(472)
- revaluation to fair value of investment property	2 671	(4 608)
- revaluation of assets held for sale	(293)	(2 060)
- share in net profit or loss of the joint venture	(1 822)	(4 309)
- result on sale of investment property	(235)	(74)
- interest costs	1 484	1 596
- interest income	(1)	(418)
- exchange differences	(2 650)	4 693
- result on derivatives revaluation	(213)	(130)
- other adjustments	0	2
Changes in working capital		
- changes in receivables	12 796	1 049
- change in trade and other liabilities	(31 277)	(14 045)
	1 387	(20 208)

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:

	For the 6 month period ended	
	30.06.2021	30.06.2020
(a) Transactions with key management personnel		
The cost of the salaries of members of the Board of Directors	889	908
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	601	1 156
Total receivables	19	19
Total payables (including accruals)	0	6
(b) Transactions with the other related parties		
Revenues		
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	8	17
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	124	378
Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	301	0
Costs		
Kancelaria Radców Prawnych Oleś i Rodzyńkiewicz	30	32
	30.06.2021	31.12.2020
Receivables		
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	0	7
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	34	56
Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	166	244



CPD S.A.

(All amounts in PLN thousands unless otherwise stated)

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

Payables

Kancelaria Radców Prawnych Oleś i Rodzynkiewicz

0

16

22 Payment of dividends

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

23 Earnings per share

	For the 6 month period ended		For the 3 month period ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to the shareholders of the parent company	19 930	(11 936)	13 480	(7 551)
Weighted average number of ordinary shares (in '000)	17 671	22 580	17 671	22 136
Earnings per share	1,13	(0,53)	0,76	(0,34)
Diluted profit attributable to shareholders	19 930	(11 936)	13 480	(7 551)
Weighted average number of ordinary shares (in '000)	17 671	22 580	17 671	22 136
Diluted earnings per share	1,13	(0,53)	0,76	(0,34)
	30.06.2021		31.12.2020	
	after share capital reduction	actual	after share capital reduction	actual
Net assets at book value	305 248	305 248	285 048	285 048
Number of ordinary shares (in '000)	17 671	26 371	17 671	26 371
Net assets per share	17,27	11,58	16,13	10,81

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 Management Board's opinion the COVID-19 pandemic did not have a significant impact on the Group's results for the first half of 2021.

Real estate development is characterized by a long production cycle, therefore the effects of negative events crystallise in the long term. The revenues from the sale of apartments, commercial premises and parking spaces achieved by the Group's joint ventures for the first half of 2021 were generated by transactions from about a year ago with the payment terms split into instalments. Therefore, the events that took place in the first half of 2021 will be visible in the Groups profits and losses in subsequent years. However, it should be noted that the construction industry, including the development of apartments in multi-family buildings, did not record any declines in sales or a slowdown in the growth dynamics observed in previous years.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements**26 Seasons of activity and unusual events - cont.**

Due to the global pandemic, the Group management assumes that its effects may affect the activities of property 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 group and its related entities, i.e., resulting from the pace of processing administrative decisions leading to obtaining building permits and admission of ready facilities to 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 the protracted economic downturn,
- level and deadline for meeting contractors' financial obligations,
- obtaining administrative decisions,
- fluctuations in the value of assets as a result of changes in the exchange rate of PLN in relation to foreign currencies, especially EUR.

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

Moreover the managements assesses the pace of Ursa Sky sales to be very fast in the first half of 2021. The commenced next stage of Ursa Sky is being implemented in accordance with the assumed schedule. Taking into account the advancement of construction works and the level of sales of this project, the Group Management expects to complete the construction projects in accordance with the schedule and as at the date of publication of the report, has not noticed resignations from the already signed development contracts. The Management monitors and analyses the situation of the CPD capital group on an ongoing basis in connection with the spread of the SARS-CoV-2 virus and takes a number of measures to minimize the impact of the negative effects of the pandemic on the activities of the CPD group.

27 Assets and liabilities held for sale

	30.06.2021	31.12.2020
Assets		
Investment properties	0	79 165
Capitalised financial liabilities	0	6 085
	0	85 250
Liabilities		
Borrowings, including leasing	0	6 085
	0	6 085
Net assets held for sale	0	79 165

In the reporting period Ursus Development sp. z o.o. concluded final agreements to dispose perpetual usufruct rights to its plots located in Warsaw. As a result at the end of the reporting period there are no assets held for sale.

28 Events after the end of the reporting period

On 5 August 2021 CPD SA acquired 8.705.110 of own shares.

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.

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	1/1/2021- 30/6/2021	1/1/2020- 30/6/2020	1/4/2021- 30/6/2021	1/4/2020- 30/6/2020
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues		78	76	39	38
Administrative costs	29.11	(1 940)	(2 447)	(1 026)	(1 440)
Fair value adjustment on loans granted	29.12	9 772	7 028	6 040	4 689
Other operating expenses		0	(79)	0	(79)
OPERATING RESULT		7 910	4 578	5 053	3 208
Financial income	29.12	99 551	678	99 512	454
Financial costs	29.12	(19 190)	(207)	(19 066)	(184)
PROFIT (LOSS) BEFORE INCOME TAX		88 271	5 049	85 499	3 478
Income tax		133	(37)	225	(21)
PROFIT (LOSS) FOR THE PERIOD		88 404	5 012	85 724	3 457
OTHER COMPREHENSIVE INCOME		0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		88 404	5 012	85 724	3 457
BASIC EARNINGS PER SHARE (IN PLN)	29.10	5,00	0,22	4,85	0,16
DILUTED EARNINGS PER SHARE (IN PLN)	29.10	5,00	0,22	4,85	0,16

Colin Kingsnorth
Chairman of the Board

Elzbieta Donata Wiczowska
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

29.2 Condensed statement of financial position

	Note	30/6/2021 (unaudited)	31/12/2020
ASSETS			
Non-current assets			
Long-term receivables	29.6	42 561	84 301
Shares in subsidiaries	29.5	17 724	35 043
Total non-current assets		60 285	119 344
Current assets			
Trade receivables and other receivables, including:	29.7	39 466	115 789
- receivables and loans		39 421	115 786
- prepayments		45	3
Cash and cash equivalents		226 866	15 529
Total current assets		266 332	131 318
Total assets		326 617	250 662
EQUITY			
Share capital	29.8	2 637	2 637
Treasury shares		(117 395)	(117 395)
Share premium		677 034	677 034
Embedded element at inception date		(27 909)	(27 909)
Other reserves		987	987
Retained earnings		(244 142)	(332 546)
Total equity		291 212	202 808
LIABILITIES			
Non-current liabilities			
Borrowings	29.9	0	32 073
Deferred tax liabilities		4 749	10 629
Total non-current liabilities		4 749	42 702
Current liabilities			
Borrowings	29.9	30 442	4 903
Trade payables and other payables		214	249
Total current liabilities		30 656	5 152
Total equity and liabilities		326 617	250 662

Colin Kingsnorth
Chairman of the Board

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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 1/1/2020		2 637	(43 010)	577 034	(27 909)	987	(469 661)	140 078
Treasury shares acquisition		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)	577 034	(27 909)	987	(464 649)	70 705
As of 1/1/2020		2 637	(43 010)	577 034	(27 909)	987	(469 661)	140 078
Treasury shares acquisition		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	137 115	137 115
		0	0	0	0	0	137 115	137 115
As of 31/12/2020		2 637	(117 395)	577 034	(27 909)	987	(332 546)	202 808
As of 1/1/2021		2 637	(117 395)	577 034	(27 909)	987	(332 546)	202 808
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	88 404	88 404
		0	0	0	0	0	88 404	88 404
As of 30/06/2021/unaudited		2 637	(117 395)	577 034	(27 909)	987	(244 142)	291 212

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Board Member

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Board Member

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Board Member

29.4 Condensed statement of cash flows

	Note	1/1/2021- 30/6/2021 (unaudited)	1/1/2020- 30/6/2020 (unaudited)	1/4/2021- 30/6/2021 (unaudited)	1/4/2020- 30/6/2020 (unaudited)
Cash flow from operating activities					
Cash generated from operations	29.13	97 102	(2 069)	97 998	(1 197)
Income tax paid		(5 726)	0	(5 726)	0
Net cash generated from investing activities		91 376	(2 069)	92 272	(1 197)
Cash flows from investing activities					
Return of contribution from subsidiary	29.5	15 069	0	15 069	0
Investments in a subsidiary	29.5	(16 614)	0	(16 614)	0
Loans granted		(10 836)	(200)	(10 783)	(8)
Loan repayments received		106 538	25 538	71 298	19 926
Interest received		32 578	1 350	32 367	267
Net cash generated from investing activities		126 735	26 688	91 337	20 185
Cash flows from financing activities					
Treasury shares acquisition		0	(74 385)	0	(71 311)
Loans received		0	20 441	0	20 370
Loans repaid	29.9	(6 774)	(669)	(6 003)	(337)
Interest repaid		0	(59)	0	(40)
Net cash generated from financing activities		(6 774)	(54 672)	(6 003)	(51 319)
Net (decrease)/increase in cash and cash equivalents		211 337	(30 053)	177 606	(32 330)
Cash and cash equivalents at beginning of year		15 529	30 234	49 260	32 511
Cash and cash equivalents at the end of the period		226 866	181	226 866	181

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Board Member

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Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

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

Name	Country	Share	30/6/2021	31/12/2020
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
Challenge Eighteen sp. z o.o.	Poland	100%	5 032	5 032
Impairment			(2 250)	0
Imes Poland sp. z o.o.	Poland	100%	3	3
Ursa Sky Smart City	Poland	49%	14 939	30 008
Antigo Investments	Poland	100%	16 614	0
Impairment			(16 614)	0
Ursus Development	Poland	100%	5	5
Impairment			(5)	(5)
			17 724	35 043

(*) The value of shares in Celtic Asset Management is 1 PLN.

On 29 April 2021 the Company acquired, from a related party Lakia Enterprises Ltd, 100% shares in another CPD Group entity, Antigo Investments sp. z o.o. for the price of PLN 2 thousand. On the same day, the capital of Antigo Investments sp. z o.o. was increased for a cash contribution, made by CPD S.A., of PLN 16 612 thousand.

On 9 June 2021 the Company received a refund of the contribution made to Ursa Sky Smart City in the amount of PLN 15 069 thousand.

29.6 Long-term receivables

	30/6/2021	31/12/2020
Long-term loans with related parties, including:		
- loans	67 903	119 168
- fair value adjustment	(25 342)	(34 867)
	42 561	84 301
Long-term loans to other parties, including:		
- loans	6	6
- fair value adjustment	(6)	(6)
	0	0

Details of the loans granted to related parties 30.06.2021

Related party	Currency of the loan	Date of agreement	Fair value of granted loans	Interest Rate	Margin	Maturity
Antigo Investments	PLN	2012	3 670	3M WIBOR	1,55%	on demand, not later than 16.10.2022
Belise Investments	PLN	2014	9 551	3M WIBOR	1,55%	on demand, not later than 24.09.2024
Celtic Asset Management	PLN	2015	446	3M WIBOR	1,55%	on demand, not later than 12.02.2025
Elara Investments	PLN	2013	1 019	3M WIBOR	1,55%	on demand, not later than 24.01.2023
Lakia Enterprises Limited	PLN	2012	4 690	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	2014	7 487	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	2015	15 697	3M WIBOR	1,55%	on demand
			42 561			

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.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements**29.7 Trade receivables and other receivables**

	30/6/2021	31/12/2020
Short-term loans with related parties, including:	17 627	94 395
- loans	46 508	122 227
- fair value adjustment	(28 881)	(27 832)
Other receivables from related parties	21 772	21 343
Other receivables from other parties	22	48
Prepayments	45	3
Short-term receivables	39 466	115 789

Details of the loans granted to related parties 30.06.2021

Related party	Currency of the loan	Date of agreement	Fair value of granted loans	Interest Rate	Margin	Maturity
Belize Investments	PLN	2012	14 437	3M WIBOR	1,55%	on demand, not later than 01.05.2022
Elara Investments	PLN	2012	617	3M WIBOR	1,55%	on demand, not later than 01.05.2022
HUB Developments	PLN	2012	1 796	3M WIBOR	1,55%	on demand, not later than 01.05.2022
Ursus Development	PLN	2020	777	3M WIBOR	2%	on demand, not later than 29.09.2021
			17 627			

29.8 Share capital

	The number of shares (in thousands), including treasury shares		Value of shares	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Ordinary shares (in thousands)	26 371	26 371	2 637	2 637

Share capital as at 31 December 2020, as at 30 June 2021 and as at the date of these financial statements amounts to PLN 2 637 thousand.

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**

	30/6/2021	31/12/2020
Bank borrowings	0	0
Loans from related parties	30 442	36 976
- long-term	0	32 073
- short-term	30 442	4 903
	30 442	36 976

Loan payables as of 31 December 2020 and 30 June 2021 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%), loan from the subsidiary Robin Investments (interest rate on the loan is 3M WIBOR + margin 1.55%) and loan from the subsidiary IMES Poland (interest rate on the loan is 3M WIBOR + margin 1.55%). As at 30 June 2021 loan balances are as follows: Lakia Enterprises: PLN 3 798 thousand (capital: PLN 1 187 thousand, interest: PLN 2 611 thousand), during the period PLN 5 904 thousand of principal was repaid; Lakia Investments: PLN 4 053 thousand (capital: PLN 3 296 thousand, interest: PLN 757 thousand), during the period PLN 870 thousand of principal was repaid; Robin Investments: PLN 1 813 thousand PLN (capital: PLN 1 600 thousand, interest PLN 213 thousand), IMES Poland: PLN 20 779 thousand PLN (capital: PLN 20 370 thousand, interest PLN 409 thousand).

As of 30 June 2021 all loans were classified as short-term.

The loans are not secured.

29.10 Earnings (loss) per share

	1/1/2021- 30/6/2021	1/1/2020- 30/6/2020	1/4/2021- 30/6/2021	1/4/2020- 30/6/2020
Profit attributable to the shareholders	88 404	5 012	85 724	3 457
Weighted average number of ordinary shares (in '000)	17 671	22 580	17 671	22 136
Earnings per share (in PLN)	5,00	0,22	4,85	0,16
Diluted profit attributable to shareholders	88 404	5 012	85 724	3 457
Weighted average number of ordinary shares (in '000)	17 671	22 580	17 671	22 136
Diluted earnings per share (in PLN)	5,00	0,22	4,85	0,16

29.11 Administrative costs

	1/1/2021- 30/6/2021	1/1/2020- 30/6/2020	1/4/2021- 30/6/2021	1/4/2020- 30/6/2020
Advisory services	68	185	54	136
Salaries	1 612	1 896	784	955
Auditor's remuneration	75	82	75	82
Costs of non deductible VAT	65	57	53	40
Other services	120	227	60	227
	1 940	2 447	1 026	1 440

(All amounts in PLN thousands unless otherwise stated)

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

	1/1/2021- 30/6/2021	1/1/2020- 30/6/2020	1/4/2021- 30/6/2021	1/4/2020- 30/6/2020
Fair value adjustment on loans granted	9 772	7 028	6 040	4 689

Since 1 January 2018, the Company applies IFRS 9 "Financial Instruments" for the purpose of loans granted presentation and valuation. The Company measures loans granted 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.

	1/1/2021- 30/6/2021	1/1/2020- 30/6/2020	1/4/2021- 30/6/2021	1/4/2020- 30/6/2020
Interest income:				
- Bank interest	0	66	0	8
Received dividends	99 100	0	99 100	0
Other financial income	451	446	451	446
Net exchange differences	0	166	(39)	0
Financial income	99 551	678	99 512	454
Interest costs:				
- Interest from related parties	240	207	116	116
Impairment of investments in subsidiaries	18 863	0	18 863	0
Net exchange differences	0	0	0	68
Other financial costs	87	0	87	0
Financial costs	19 190	207	19 066	184

29.13 Cash flow from operating activities

	1/1/2021- 30/6/2021	1/1/2020- 30/6/2020	1/4/2021- 30/6/2021	1/4/2020- 30/6/2020
Profit/loss before tax	88 271	5 049	85 499	3 478
Adjustments for:				
- interest costs	240	207	116	116
- fair value adjustment on loans granted	(9 772)	(7 028)	(6 040)	(4 689)
- loss on sale of shares in subsidiaries	0	79	0	79
- impairment of investments in subsidiaries	18 863	0	18 863	0
Changes in working capital:				
- changes in trade receivables and other	(445)	(479)	(408)	(386)
- change in trade liabilities and other	(55)	103	(32)	205
	97 102	(2 069)	97 998	(1 197)

(All amounts in PLN thousands unless otherwise stated)

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.

CPD S.A. also enters into transactions with key management personnel, subsidiaries and other related parties (related through members of the Supervisory Board) controlled by the Company's key management personnel.

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

a) Transactions with key management personnel

	1/1/2021- 30/6/2021	1/1/2020- 30/6/2020	1/4/2021- 30/6/2021	1/4/2020- 30/6/2020
Remuneration of members of the Supervisory Board	276	276	138	138
Remuneration of members of the Board of Directors	877	1 144	436	578

b) Transactions with subsidiaries

Revenues	1/1/2021- 30/6/2021	1/1/2020- 30/6/2020	1/4/2021- 30/6/2021	1/4/2020- 30/6/2020
<i>5/92 Gaston Investments</i>	0	110	0	50
<i>6/150 Gaston Investments</i>	0	8	0	0
<i>7/120 Gaston Investments</i>	0	8	0	0
<i>12/132 Gaston Investments</i>	0	70	0	32
<i>13/155 Gaston Investments</i>	0	80	0	36
<i>16/88 Gaston Investments</i>	5	12	2	5
<i>18 Gaston Investments</i>	6	17	2	8
<i>19/97 Gaston Investments</i>	0	7	0	0
<i>20/140 Gaston Investments</i>	0	6	0	0
<i>Antigo Investments</i>	31	34	22	15
<i>Belise Investments</i>	126	193	69	88
<i>Celtic Asset Management</i>	9	16	4	7
<i>Celtic Investments Ltd</i>	2	4	1	3
<i>Challenge Eighteen</i>	39	350	5	132
<i>Elara Investments</i>	28	47	14	21
<i>Gaston Investments</i>	118	153	59	73
<i>Hub Developments</i>	22	37	11	17
<i>Lakia Enterprises Ltd</i>	229	391	115	178
<i>Lakia Investments</i>	12	12	6	6
<i>Mandy Investments</i>	149	251	75	114
<i>Ursus Development</i>	593	0	108	0

(All amounts in PLN thousands unless otherwise stated)

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

Costs	1/1/2021- 30/6/2021	1/1/2020- 30/6/2020	1/4/2021- 30/6/2021	1/4/2020- 30/6/2020
<i>Lakia Enterprises Ltd</i>	18	71	5	30
<i>Lakia Investments</i>	30	68	15	30
<i>Robin Investments</i>	14	24	7	11
<i>Imes Poland</i>	178	45	89	44
<i>Imes Poland - loss on sale of shares</i>	0	79	0	79
<i>Gaston Investments</i>	5	2	3	2
Liabilities	30/6/2021	31/12/2020		
<i>Lakia Enterprises Ltd</i>	3 798	9 674		
<i>Lakia Investments</i>	4 053	4 903		
<i>Robin Investments</i>	1 813	1 799		
<i>Imes Poland</i>	20 779	20 601		
<i>Gaston Investments</i>	7	2		
Receivables	30/6/2021	31/12/2020		
<i>Antigo Investments</i>	3 670	0		
<i>Belise Investments</i>	25 344	18 430		
<i>Celtic Asset Management</i>	446	535		
<i>Challange Eighteen</i>	0	35 310		
<i>Elara Investments</i>	1 636	1 547		
<i>Gaston Investments</i>	42	42		
<i>Hub Developments</i>	1 796	1 701		
<i>Lakia Enterprises Ltd</i>	27 874	27 701		
<i>Lakia Investments</i>	2	7		
<i>Ursus Development</i>	777	94 395		
<i>Imes Poland</i>	20 370	20 370		
c) Transactions with other related party				
Costs	1/1/2021- 30/6/2021	1/1/2020- 30/6/2020		
<i>Kancelaria Radców Prawnych Oleś&Rodzynekiewicz sp. komandytowa</i>	30	32		

Notes to the interim condensed financial statements**29.15 Seasonality and one-off events**

Activities of CPD S.A. it is neither seasonal nor cyclical.

In the opinion of the Management Board, the COVID-19 pandemic did not have a significant impact on the results of the CPD Group in the first half of 2021, and thus did not have a significant impact on the results of CPD S.A. The COVID-19 pandemic may indirectly affect the results of CPD S.A. by influencing the activities Company's subsidiaries. Real estate development is characterized by a long production cycle, which means that the effects of negative events can be felt in the long term. Revenues from the sale of apartments, service premises and parking spaces realized by the Group's joint ventures for the first 6 months of 2021 were generated by transactions from about a year ago with payment in instalments. Therefore, the events that took place in the first half of 2021 will be visible in the income statement of subsidiaries for subsequent periods. However, it should be noted that the construction industry, including the development of apartments in multi-family buildings, did not record any sales drops or a slowdown in the growth dynamics observed in previous years. Due to the pandemic progressing around the world, the management board assumes that its effects may affect the activities of development companies in the following areas:

- the level and dynamics of apartment sales, in particular in the event of a decrease in demand for apartments and a potential tightening of the criteria for granting mortgage loans by banks or other disturbances in the housing or banking market;
- a decrease in revenues from the lease of office space,
- demand for office lease and investment demand for office buildings,
- timely implementation of projects carried out by companies from the CPD capital group, including the pace of issuing administrative decisions leading to the obtaining of building permits and use permits,
- the process of extracting and transferring the ownership of premises to buyers and the sale of real estate,
- availability and terms of new financing should banks and other lenders be severely hit by a prolonged economic downturn,
- the level and timing of meeting the financial obligations of contractors,
- fluctuations in the value of assets as a result of changes in the exchange rate of PLN in relation to foreign currencies, especially Euro.

CPD S.A. and companies from the CPD Group have taken intensive measures to adapt their activities to the existing conditions, while maintaining common recommendations of sanitary services and WHO guidelines.

It should be emphasized that the pace of construction works carried out in the CPD Group in the first half of 2021 did not slow down. Moreover, in the opinion of the Management Board, the sales rate of the Ursa Sky project was very fast in the first half of 2021.

The commenced next stage of Ursa Sky is being implemented according to the assumed schedule. Taking into account the advancement of construction works and the level of sales of this project, the Management Board of CPD S.A. expects to complete the construction projects in accordance with the schedule and as at the date of publication of the report, has not noticed cancellations from the already signed development contracts.

The Management Board of the Company monitors and analyses the situation of the CPD capital group on an ongoing basis in connection with the spread of the SARS-CoV-2 virus and takes a number of measures to minimize the impact of the negative effects of the pandemic on the activities of the CPD group.

Notes to the interim condensed financial statements**29.16 Events after the balance sheet date**

On 3 August 2021, for the purpose of redemption, the Company acquired 8 705 110 (eight million seven hundred and five thousand one hundred and ten) ordinary series AA bearer shares with the nominal value of PLN 0.10 (ten cents) each, corresponding to 33.01% of the shares in the Company's share capital and carrying 8 705 110 (eight million seven hundred and five thousand one hundred and ten) votes at the General Meeting of the Company, representing 33.01% of the total number of votes at the General Meeting of the Company ("Shares"), at the price of PLN 19.71 per purchased Share. Prior to the described transaction, the Company already held 8 699 836 (eight million six hundred and ninety-nine thousand eight hundred and thirty-six) treasury shares in the Company, representing 32.99% of the total number of the Company's shares, carrying 8,699,836 (eight million six hundred and ninety-nine thousand eight hundred and thirty-six) votes at the Company's General Meeting, which represents 32.99% of the total number of votes at the Company's General Meeting. As a result of the purchase of the Shares and settlement of the tender offer, the Company holds a total of 17 404 946 (seventeen million four hundred and four thousand nine hundred and forty-six) treasury shares in the Company, corresponding to 66.00% of the Company's share capital and carrying 17,404,946 (seventeen million four hundred and four thousand nine hundred and forty six) votes at the Company's General Meeting, which constitutes 66.00% of the total number of votes at the Company's General Meeting, with the reservation that, pursuant to Art. 364.2 of the Commercial Companies Code, the Company may not exercise participation rights attached to its own shares, including voting rights, except for the right to sell them or perform actions aiming at preserving such rights.

As at 30 June 2021, cash for the buyback of treasury shares was blocked in bank accounts.

Report on Review of the Condensed Interim Financial Statements

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For the Shareholders of CPD S.A.

Introduction

We have reviewed the accompanying condensed interim financial statements of CPD S.A. (the Company) with its registered office in Warsaw, 7B Cybernetyki Street, which comprise the condensed statement of financial position as of June 30, 2021, the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows for the period from January 1, 2021 to June 30, 2021 and selected explanatory notes.

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.

Our responsibility is to express a conclusion on these condensed interim 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, as amended. 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.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim 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

Warsaw, September 28, 2021.

THIS IS TRANSLATION ONLY. The Polish language version of the report is the only valid and legally binding version. This translation into English is provided to facilitate understanding of the report.

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, 2021, 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, 2021 to June 30, 2021 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, as amended. 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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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.

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.,
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Warsaw, September 28, 2021.

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