



# QUARTERLY REPORT FOR III QUARTER OF 2021



**CPD S.A.**

QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021

---

**CPD S.A.**

**QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021**

**TRANSLATORS' EXPLANATORY NOTE**

The following document is a free translation of the 3 Q 2021 report of CPD S.A. published on 25 November 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.

**CONTENTS**

I.	OPERATING REPORT.....	3
1.	INFORMATION OF CPD CAPITAL GROUP .....	3
2.	CAPITAL GROUP'S STRUCTURE.....	4
3.	SELECTED FINANCIAL DATA.....	7
4.	IMPORTANT ACHIEVEMENTS, FAILURES, AND THE MOST IMPORTANT EVENTS CONCERNING THE COMPANY IN REPORTING PERIOD .....	16
5.	IMPORTANT ACHIEVEMENTS, FAILURES, AND THE MOST IMPORTANT EVENTS CONCERNING THE COMPANY AFTER REPORTING PERIOD .....	16
6.	FACTORS AND EVENTS OF UNUSUAL NATURE HAVING AN IMPORTANT INFLUENCE ON FINANCIAL STATEMENT .....	21
7.	ACQUISITION AND SALE OF PROPERTY, PLANT AND EQUIPMENT.....	22
8.	TRANSACTIONS WITH RELATED PARTIES CONCLUDED ON OTHER THAN MARKET CONDITIONS .....	22
9.	THE MANAGEMENT BOARD'S POSITION ON THE PREVIOUSLY PUBLISHED FINANCIAL FORECASTS .....	23
10.	SHAREHOLDERS ENTITLED TO AT LEAST 5% OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS .....	23
11.	THE COMPANY'S SHARES HELD BY THE MANAGING AND SUPERVISORY PARTIES.....	24
12.	IMORTANT COURT, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS.....	24
13.	LOAN GUARANTEES .....	25
14.	THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD .....	25
15.	OTHER IMPORTANT INFORMATION .....	26
16.	FACTORS AFFECTING RESULTS OF THE FOLLOWING QUARTERS .....	26
II.	INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2021 ALONG WITH CONDENSED FINANCIAL STATEMENTS OF CPD S.A. ....	28

## **I. OPERATING REPORT**

### **1. INFORMATION OF CPD CAPITAL GROUP**

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

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

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

- 1 October 2021 the procedure was completed to dissolve the company 12/132 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k.
- 1 October 2021 CPD SA sold 100% of shares in IMES Poland sp. z o.o.
- 25 October 2021 the procedure was completed to dissolve the company 13/155 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k.
- 29 October 2021 proceedings were initiated to dissolve the company 6/150 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k.

**CPD S.A.**QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021

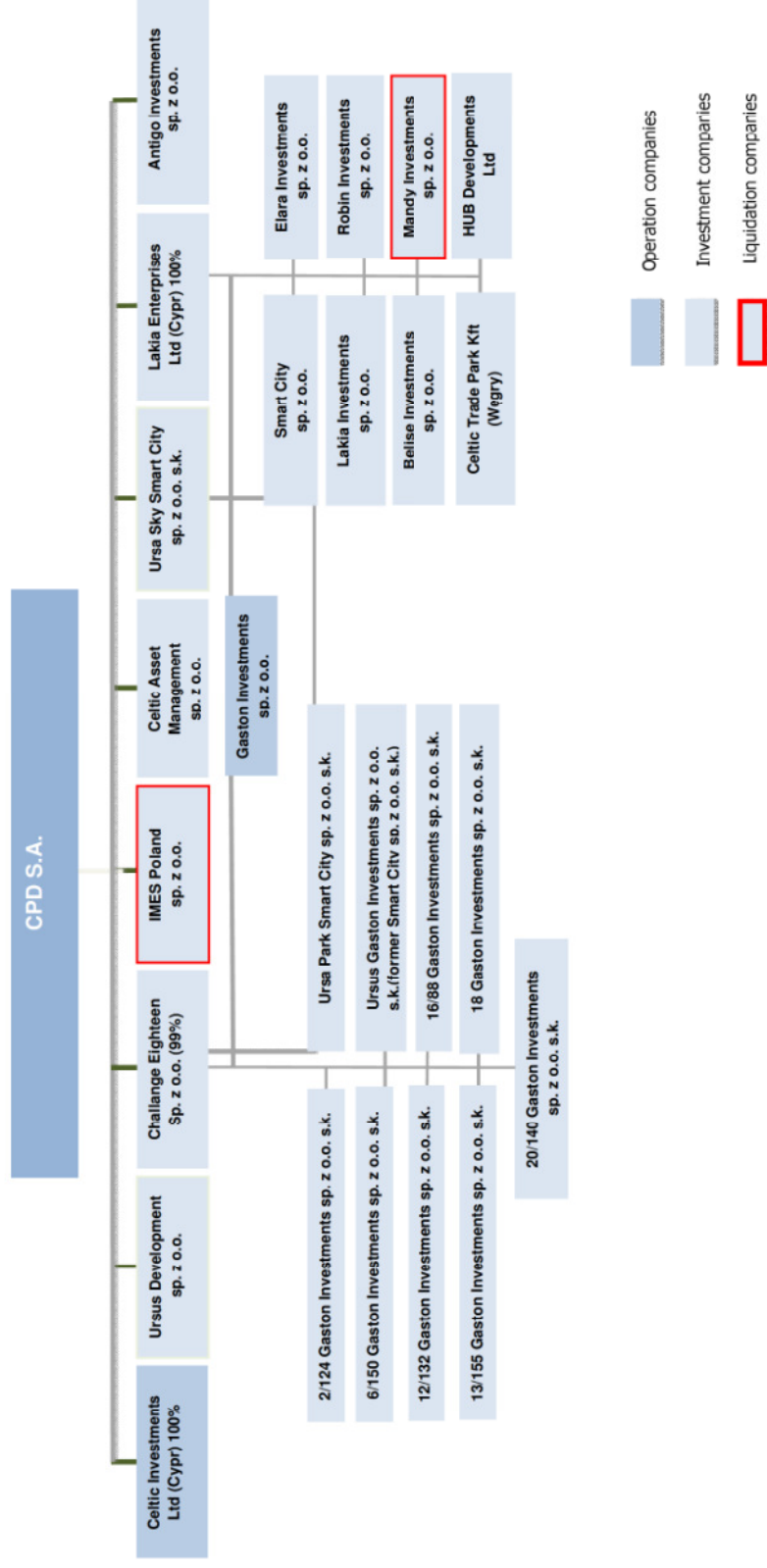
---

- 29 October 2021 proceedings were initiated to dissolve the company 20/140 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. K.
- 8 November 2021 Antigo Investments sp. z o.o. acquired all the rights and obligations of a limited partner in 2/124 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k.
- 8 November 2021 Antigo Investments sp. z o.o. acquired all the rights and obligations of a limited partner in 18 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k.

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.

**CPD S.A.**  
 QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021

CPD Group's structure as on 30 September 2021.



### 3. SELECTED FINANCIAL DATA

Description of financial results for the period of 3 months ended 30 September 2021

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

	3 months period		Change (%)
	From 01.07.2021 to 30.09.2021	From 01.07.2020 to 30.09.2020	
	(PLN ths.)	(PLN ths.)	
Revenue	4 477	4 548	-1,6%
Cost of sales	-703	-560	25,5%
<b>Gross profit</b>	<b>3 774</b>	<b>3 988</b>	<b>-5,4%</b>
Administrative expenses - property related	-2 720	-2 728	-0,3%
Other administrative expenses	-1 470	-2 190	-32,9%
Selling and marketing costs	-10	-26	-61,5%
Gain (loss) on disposal of investment properties	575	92	525,0%
Other income	803	89	802,2%
Gain (loss) on revaluation of investment properties	5 685	2 031	179,9%
Gain (loss) on revaluation of assets held for sale	0	-86	-100,0%
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	-618	3 643	
Impairment of receivables	3	-24	
<b>Profit from operations</b>	<b>6 022</b>	<b>4 789</b>	<b>25,7%</b>
Finance income	224	75	198,7%
Finance costs	-3 097	-2 173	42,5%
<b>Profit before tax</b>	<b>3 149</b>	<b>2 691</b>	<b>17,0%</b>
Income tax	-605	-38	1492,1%
<b>Profit for the period</b>	<b>2 544</b>	<b>2 653</b>	<b>-4,1%</b>

In the third quarter of 2021 the net profit of CPD SA amounted to PLN 2.54 M. It was 4% lower in comparison with the third quarter of 2020.

There were three main factors that had a positive impact on CPD Group's financial results in the third quarter of 2021 in comparison with the analogous period of 2020. Gain on revaluation of investment properties rose by PLN 3.65 M. What is more, other administrative expenses dropped by 0.72 M. Moreover, other income increased by PLN 0.71 M.

The gain on revaluation of investment properties was, among other things, a consequence of fluctuations in EUR/PLN exchange rate. The drop in other administrative expenses resulted from lower advisory costs. Other income went up thanks to a release of provisions created in previous years.

On the other hand, there were three main factors that had a negative impact on CPD Group's financial results in the third quarter of 2021 in comparison with the analogous period of 2020. A post-tax share



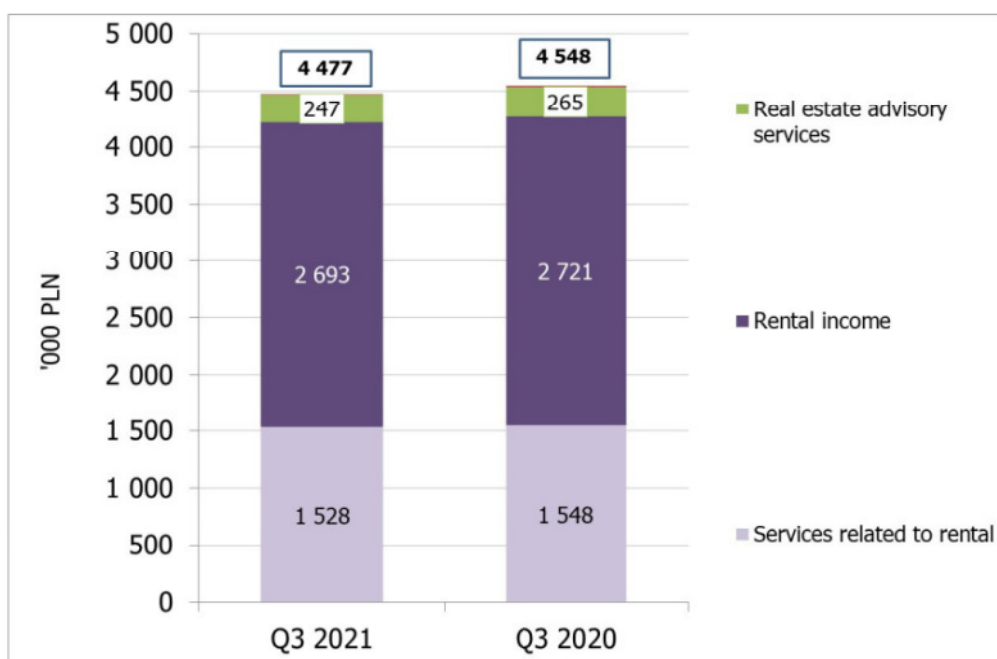
**CPD S.A.****QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021**

of the profit or loss of the joint venture went down by PLN 4.26 M in comparison with the third quarter of 2020. What is more, finance costs increased by PLN 0.92 M due to unfavourable foreign exchange differences. Moreover, an income tax burden was higher by PLN 0.57 M.

The following table shows the selected items of the consolidated statement of comprehensive income translated into euro. The figures for the third quarter of 2021 assumed an average quarterly fx rate published by the National Bank of Poland, i.e. 4.5665. The figures for the third quarter of 2020 assumed an average quarterly fx rate published by the National Bank of Poland, i.e. 4.4426.

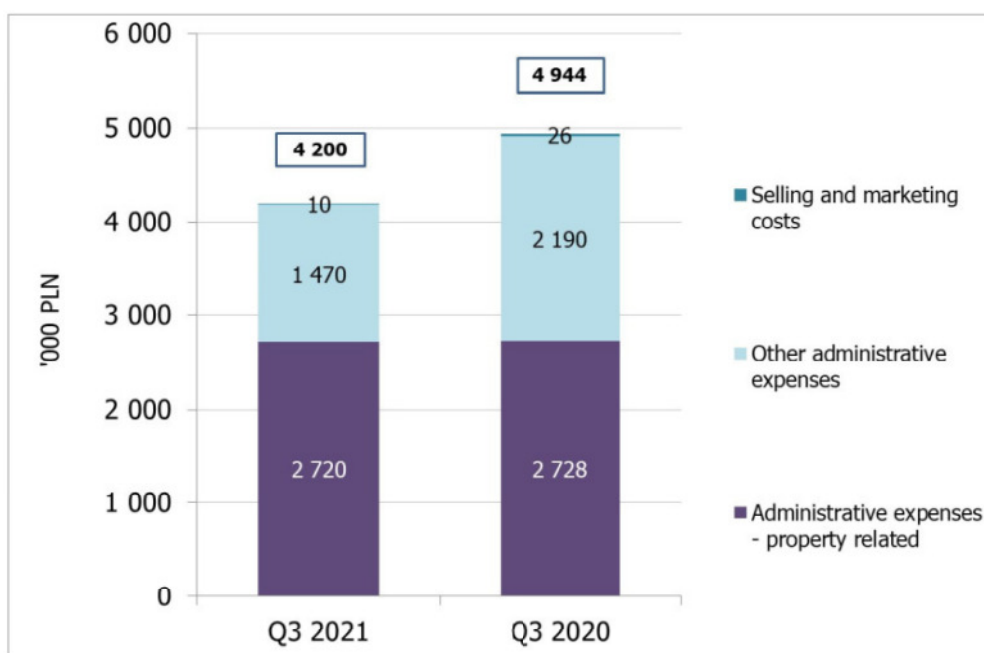
	3 months period		Change (%)
	From 01.07.2021 to 30.09.2021	From 01.07.2020 to 30.09.2020	
	(EUR ths.)	(EUR ths.)	
Revenue	980	1 024	-4,2%
Cost of sales	-154	-126	22,1%
<b>Gross profit</b>	<b>826</b>	<b>898</b>	<b>-7,9%</b>
Administrative expenses - property related	-596	-614	-3,0%
Other administrative expenses	-322	-493	-34,7%
Selling and marketing costs	-2	-6	-62,6%
Gain (loss) on disposal of investment properties	126	21	508,0%
Other income	176	20	777,8%
Gain (loss) on revaluation of investment properties	1 245	457	172,3%
Gain (loss) on revaluation of assets held for sale	0	-19	-100,0%
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	-135	820	
Impairment of receivables	1	-5	
<b>Profit from operations</b>	<b>1 319</b>	<b>1 078</b>	<b>22,3%</b>
Finance income	49	17	190,6%
Finance costs	-678	-489	38,7%
<b>Profit before tax</b>	<b>690</b>	<b>606</b>	<b>13,8%</b>
Income tax	-132	-9	1448,9%
<b>Profit for the period</b>	<b>557</b>	<b>597</b>	<b>-6,7%</b>

The following chart shows the structure of revenue in the third quarter of 2021 and 2020.

**CPD S.A.****QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021**

Revenue went down slightly in comparison with the analogous period of 2020 as a result of lower rental income, lower services related to rental and lower real estate advisory services.

**The following chart shows the structure of operating costs in the third quarter of 2021 and 2020.**



The value of total operating costs decreased as a result of, among other factors, lower advisory and staff costs.

Description of financial results for the period of 9 months ended 30 September 2021

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

	9 months period		Change (%)
	From 01.01.2021 to 30.09.2021	From 01.01.2020 to 30.09.2020	
	(PLN thous.)	(PLN thous.)	
Revenue	14 189	14 152	0,3%
Cost of sales	-1 967	-2 824	-30,3%
<b>Sales profit</b>	<b>12 222</b>	<b>11 328</b>	<b>7,9%</b>
Administrative expenses - property related	-8 221	-8 760	-6,2%
Other administrative expenses	-4 595	-4 756	-3,4%
Selling and marketing costs	-20	-151	-86,8%
Gain (loss) on disposal of investment properties	810	166	388,0%
Other income	3 550	1 136	212,5%
Gain (loss) on revaluation of investment properties	3 014	8 729	-65,5%
Gain (loss) on revaluation of assets held for sale	293	-116	
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	18 123	7 952	127,9%
Impairment of receivables	857	44	1847,7%
<b>Profit from operations</b>	<b>26 033</b>	<b>15 572</b>	<b>67,2%</b>
Finance income	529	623	-15,1%
Finance costs	-3 133	-15 017	-79,1%
<b>Profit/loss before tax</b>	<b>23 429</b>	<b>1 178</b>	<b>1888,9%</b>
Income tax	-955	-10 461	-90,9%
<b>Profit/loss for the period</b>	<b>22 474</b>	<b>-9 283</b>	

In the period of 9 months ended 30 September 2021 CPD SA Group generated a profit before tax of PLN 23.43 M. The result before tax improved by PLN 22.25 M in comparison with the analogous period of 2020. The net result improved by PLN 31.76 M.

There were four main factors that had a positive impact on CPD Group's financial results in the period of 9 months ended 30 September 2021 in comparison with the analogous period of 2020. Finance costs dropped by PLN 11.88 M. What is more, the post-tax share of the profit of the joint-venture amounted to PLN 18.12 M and was higher by PLN 10.17 M. Moreover, other income rose by PLN 2.41 M. Finally, sales profit increased by PLN 0.89 M.

Finance costs declined due to the fact that in the period of 9 months ended 30 September 2021 unfavourable foreign exchange differences amounted to PLN 0.2 M and tax interest amounted to PLN 0.4 M, whereas in the analogous period of 2020 unfavourable foreign exchange differences amounted

**CPD S.A.****QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021**

to PLN 5.84 M and tax interest amounted to PLN 6.63 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 the period of 9 months ended 30 September 2021. The rise in other income stemmed from the fact that the Group received a penalty from one tenant as a result of terminating a lease agreement. Sales profit went up thanks to lower cost of sales.

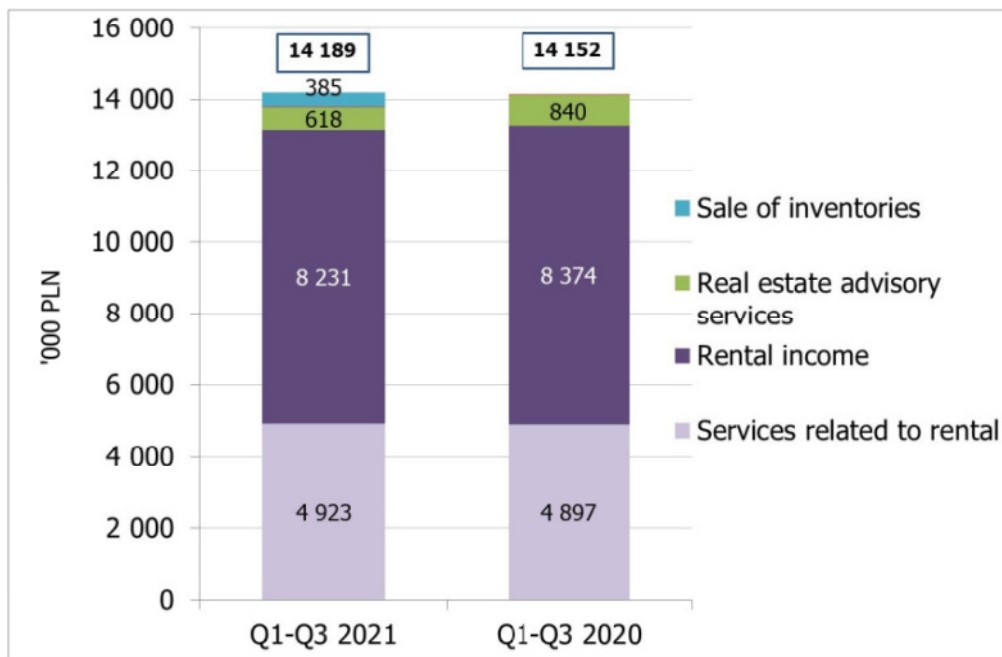
On the other hand, a lower gain on revaluation of investment properties in the amount of PLN 3.01 M was the main factor that had a negative impact on CPD Group's financial results in the period of 9 months ended 30 September 2021 in comparison with the analogous period of 2020. The gain was, among other things, a consequence of fluctuations in EUR/PLN exchange rate.

**The following table shows the selected items of the consolidated statement of comprehensive income translated into euro. The figures for the period of 9 months ended 30 September 2021 assumed an average fx rate published by the National Bank of Poland, i.e. 4.5495. The figures for the period of 9 months ended 30 September 2020 assumed an average fx rate published by the National Bank of Poland, i.e. 4.424.**

	9 months period		Change (%)
	From 01.01.2021 to 30.09.2021 (EUR thous.)	From 01.01.2020 to 30.09.2020 (EUR thous.)	
Revenue	3 119	3 199	-2,5%
Cost of sales	-432	-638	-32,3%
<b>Sales profit</b>	<b>2 686</b>	<b>2 561</b>	<b>4,9%</b>
Administrative expenses - property related	-1 807	-1 980	-8,7%
Other administrative expenses	-1 010	-1 075	-6,1%
Selling and marketing costs	-4	-34	-87,1%
Gain (loss) on disposal of investment properties	178	38	374,5%
Other income	780	257	203,9%
Gain (loss) on revaluation of investment properties	662	1 973	-66,4%
Gain (loss) on revaluation of assets held for sale	64	-26	
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	3 984	1 797	121,6%
Impairment of receivables	188	10	1794,0%
<b>Profit from operations</b>	<b>5 722</b>	<b>3 520</b>	<b>62,6%</b>
Finance income	116	141	-17,4%
Finance costs	-689	-3 394	-79,7%
<b>Profit/loss before tax</b>	<b>5 150</b>	<b>266</b>	<b>1834,0%</b>
Income tax	-210	-2 365	-91,1%
<b>Profit/loss for the period</b>	<b>4 940</b>	<b>-2 098</b>	

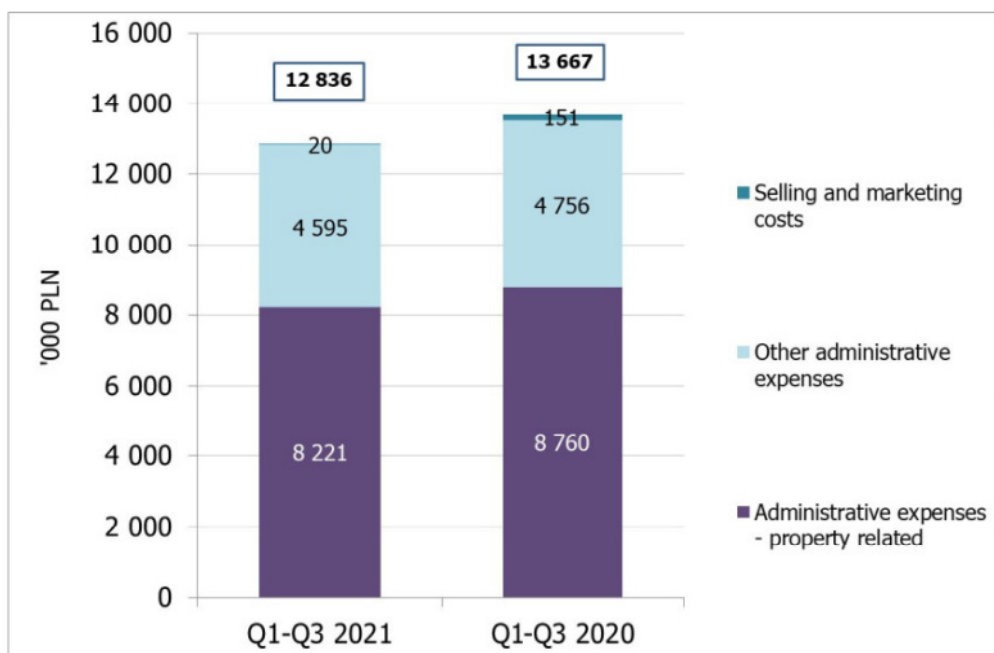


The following chart shows the structure of revenue in the period of 9 months ended 30 September 2021 and 2020.



Revenue went up slightly in comparison with the analogous period of 2020 as a result of sale of inventories.

The following chart shows the structure of operating costs in the period of 9 months ended 30 September 2021 and 2020.

**CPD S.A.**QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021

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

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

	As at:		Change (%)
	2021-09-30 (PLN thous.)	2020-12-31 (PLN thous.)	
<b>TOTAL ASSETS</b>	<b>267 493</b>	<b>472 346</b>	<b>-43,4%</b>
<b>Non-current assets, including:</b>	<b>180 815</b>	<b>193 314</b>	<b>-6,5%</b>
<i>Investment properties</i>	166 274	165 618	0,4%
<i>Investments in joint ventures accounted for using the equity method</i>	13 246	27 221	-51,3%
<b>Current assets, including:</b>	<b>86 678</b>	<b>279 032</b>	<b>-68,9%</b>
<i>Assets held for sale</i>	4 744	85 250	-94,4%
<i>Inventory</i>	3 297	3 601	-8,4%
<i>Trade and other receivables</i>	2 988	20 035	-85,1%
<i>Cash and cash equivalents</i>	75 649	170 146	-55,5%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>267 493</b>	<b>472 346</b>	<b>-43,4%</b>
<b>Equity, including:</b>	<b>135 941</b>	<b>285 048</b>	<b>-52,3%</b>
<i>Share capital</i>	2 637	2 637	0,0%
<i>Reserve capital</i>	987	987	0,0%
<i>Own shares for redemption</i>	-288 973	-117 396	146,2%
<i>Fair value of capital element at inception date</i>	-27 909	-27 909	0,0%
<i>Translation reserve</i>	-6 266	-6 262	0,1%
<i>Retained earnings</i>	455 465	432 991	5,2%
<b>Total liabilities, including:</b>	<b>131 552</b>	<b>187 298</b>	<b>-29,8%</b>
<i>Non-current liabilities</i>	76 614	27 626	177,3%
<i>Current liabilities</i>	54 938	159 672	-65,6%

At the end of September 2021 the value of assets was 43.4% lower compared to December 2020.

The value of investment properties didn't change considerably in the period of 9 months ended 30 September 2021.

The value of investments in joint ventures dropped by 51.3% because in the period of 9 months ended 30 September 2021 the Group withdrew equity in the amount of PLN 15.07 M from an SPV responsible for completing the project.

The value of current assets went down by 68.9% as a consequence of, among other things, a shares buy-back in the amount of PLN 171.58 M and payment of income tax in the amount of PLN 6.32 M by CPD Group.

At the end of September 2021 the value of equity amounted to PLN 135.94 M, which accounted for 50.8% of total assets. Total liabilities accounted for 49.2% of total assets. These ratios changed considerably in comparison with December 2020, when they amounted to 60.3% and 39.7% respectively.

**CPD S.A.****QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021**

The value of total liabilities fell by 29.8% (PLN 55.75 M) in the period of 9 months ended 30 September 2021 as a consequence of, among other things, a drop in the balance of VAT and other tax liabilities in the amount of PLN 11.68 M, a decrease in the balance of accruals in the amount of PLN 18.05 M, a decline in the balance of received prepayments in the amount of PLN 3.98 M, a drop in the balance of deferred tax liabilities in the amount of PLN 5.37 M, a decrease in the balance of borrowings (including leasing) in the amount of PLN 10.73 M, a decline in the balance of liabilities classified as held for sale in the amount of PLN 3.84 M and a drop in trade payables in the amount of PLN 1.98 M.

The following table shows the selected items of the consolidated statement of financial position translated into euro. The figures for 30 September 2021 assumed an fx rate published by the National Bank of Poland as at September 30, 2021, i.e. 4.6329. The figures for 31 December 2020 assumed an fx rate published by the National Bank of Poland as at December 31, 2020, i.e. 4.6148.

	As at:		Change (%)
	2021-09-30 (EUR thous.)	2020-12-31 (EUR thous.)	
<b>TOTAL ASSETS</b>	<b>57 738</b>	<b>102 355</b>	<b>-43,6%</b>
<b>Non-current assets, including:</b>	<b>39 028</b>	<b>41 890</b>	<b>-6,8%</b>
<i>Investment properties</i>	35 890	35 888	0,0%
<i>Investments in joint ventures accounted for using the equity method</i>	2 859	5 899	-51,5%
<b>Current assets, including:</b>	<b>18 709</b>	<b>60 465</b>	<b>-69,1%</b>
<i>Assets held for sale</i>	1 024	18 473	-94,5%
<i>Inventory</i>	712	780	-8,8%
<i>Trade and other receivables</i>	645	4 341	-85,1%
<i>Cash and cash equivalents</i>	16 329	36 870	-55,7%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>57 738</b>	<b>102 355</b>	<b>-43,6%</b>
<b>Equity, including:</b>	<b>29 343</b>	<b>61 768</b>	<b>-52,5%</b>
<i>Share capital</i>	569	571	-0,4%
<i>Reserve capital</i>	213	214	-0,4%
<i>Own shares for redemption</i>	-62 374	-25 439	145,2%
<i>Fair value of capital element at inception date</i>	-6 024	-6 048	-0,4%
<i>Translation reserve</i>	-1 353	-1 357	-0,3%
<i>Retained earnings</i>	98 311	93 827	4,8%
<b>Total liabilities, including:</b>	<b>28 395</b>	<b>40 586</b>	<b>-30,0%</b>
<i>Non-current liabilities</i>	16 537	5 986	176,2%
<i>Current liabilities</i>	11 858	34 600	-65,7%



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

	2021-09-30	2020-12-31
<b>Liabilities to total assets</b>	<b>49,2%</b>	<b>39,7%</b>
<b>Non-current liabilities to total assets</b>	<b>28,6%</b>	<b>5,8%</b>
Borrowings including leases	22,4%	1,2%
Deferred income tax liabilities	5,2%	4,1%
Trade and other payables	1,0%	0,6%
<b>Current liabilities to total assets</b>	<b>20,5%</b>	<b>33,8%</b>
Borrowings including leases	13,7%	21,6%
Trade and other payables	6,0%	11,0%
Payables linked to assets held for sale	0,8%	1,3%

The structure of liabilities changed considerably in the period of 9 months ended 30 September 2021. The share of non-current liabilities in total assets went up from 5.8% as at December 31, 2020 to 28.6% as at September 30, 2021. The share of current liabilities in total assets decreased from 33.8% to 20.5%.

At the end of September 2021 non-current liabilities accounted for 58% 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,

## **CPD S.A.**

### **QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021**

---

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.

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

31 March 2021, the Issuer and the Issuer's subsidiaries, i.e. Challenge Eighteen sp. z o.o., Lokia 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 "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 neighboring 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.

#### **• ESTABLISHMENT OF SECURITY ON A LOAN AGREEMENT CONCLUDED BY A SUBSIDIARY**

The Company granted security in connection with the signing of the loan agreement on 20 May 2021 between Ursa Sky Smart City spółka z ograniczoną odpowiedzialnością sp.k., which is a subsidiary of the Company (hereinafter "Subsidiary", "Borrower") and Bank Millenium S.A. (hereinafter the "Agreement"), on the basis of which Ursa Sky Smart City spółka z ograniczoną odpowiedzialnością sp.k., 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

## **CPD S.A.**

### **QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021**

---

district, consisting in the construction of a multi-family building designated as H ("Loan Agreement"). 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 resulting from the Revolving Loan Agreement will be:

- 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.
- 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 spółka z ograniczoną odpowiedzialnością sp. k. as to the repayment of the loan;
- agreement on the subordination of receivables of CPD S.A. in loan repayment;

The loan will be made available to the Borrower after collateral has been established and after meeting other typical release conditions.

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

#### **• ESTABLISHMENT OF SECURITY ON A LOAN AGREEMENT CONCLUDED BY A SUBSIDIARY**

31 May 2021, the Company granted securities in connection with the signing of Annex dated 28 May 2021 to the loan agreement dated 12 August 2011 between Belise Investments sp. z o.o., a subsidiary of the Company and Santander Bank Polska SA on the basis of which Belise Investments sp. z o.o. was refinanced a non-revolving Investment Loan in the amount of EUR 12,523,500 for the Iris building at 9 Cybernetyki Street in Warsaw.

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 30 May 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 CALL TO REGISTER FOR THE SALE OF CPD S.A. SHARES**

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 Of the General Meeting of CPD SA of February 28, 2019 on the acquisition 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, today, i.e. on June 25, 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 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 July 29, 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 intends – together with its own shares already held – to hold 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.

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

- **ANNOUNCEMENT OF THE STATEMENT OF THE MANAGEMENT BOARD OF CPD S.A. ON THE CALL TO SUBSCRIBE FOR THE SALE OF CPD S.A. SHARES**

Acting pursuant to Art. 80 sec. 1 of the Act of July 29, 2005 on public offering and the conditions for introducing financial instruments to an organized trading system and on public companies (i.e. Journal of Laws of 2020, item 2080 as amended) published the position of the Management Board of the Company regarding the call to subscribe for the sale of the Company's shares of 25 June 2021.

- **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.**

3 August 2021 the company received from Bank Pekao S.A. – Biuro Maklerskie Pekao with its registered office in Warsaw and Pekao Investment Banking SA, i.e. entities intermediating in carrying out a call 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 shares in the share capital of the Company 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 purchase of the Shares by the Company were concluded today, and their settlement will take place on 5 August 2021.

#### **• RECONCILIATION OF ACQUISITION OF OWN SHARES OF CPD S.A. FOR REDEMPTION**

5 August 2021 the Tender Offer has been reconciled ("Tender Offer Reconciliation"), as a result of which, on 3 August 2021, the Company acquired for redemption, 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.

Prior to the Settlement of the Tender Offer, the Company already 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 already held by the Company).

- **RESIGNATION OF A MEMBER OF THE SUPERVISORY BOARD**

22 September 2021, the Company received the resignation of a Supervisory Board member from his function.

Ms Gabriela Gryger, previously a Member of the Supervisory Board of the Company, resigned with immediate effect, without giving any reason.

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

- **APPOINTMENT OF MEMBERS OF THE SUPERVISORY BOARD OF CPD S.A.**

18 October 2021 the Extraordinary General Meeting of the Company appointed Ms. Hanna Karwat-Ratajczak and Mr. Krzysztof Laskowski to act as a Member of the Supervisory Board of the Company from 18 October 2021.

- **RESIGNATION OF MEMBERS OF THE SUPERVISORY BOARD**

31 October 2021 the Company received the resignation from the position of Mr. Alfonso Kalinauskas, and on 1 November 2021, the resignation of Mr. Michael Haxby - members of the Supervisory Board.

The gentlemen who hitherto held the position of Members of the Supervisory Board of the Company resigned with immediate effect without giving any reason.

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

In the Management Board's opinion, in third quarter 2021 an unusual event occurred – lasting since spring 2020, the SARS COV 19 pandemic, but this did not have a significant impact on the Group's results for Q3 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 all 3 quarters 2021 amounted to PLN 64,99 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 are visible in the income statement for current reporting period. It should be noted that that this is due to the fact that there were significant increases in demand and sales in the construction industry, especially in the developer sector of apartments in multi-family buildings, with a simultaneous visible increase in production costs compared to previous periods.

Due to the ongoing pandemic worldwide, the company may exclude that its effects may affect the activities of development companies in the following areas:

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

It should be emphasized that the pace of construction works carried out in the CPD Group in Q3 2021 did not slow down. The sales of projects in the CPD Group did not slow down.

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 sales level of this project, the Management Board of CPD S.A. expects the completion of construction projects to be completed in accordance with the schedule and as at the date of publication of the report, has not observed any 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 a number of 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.

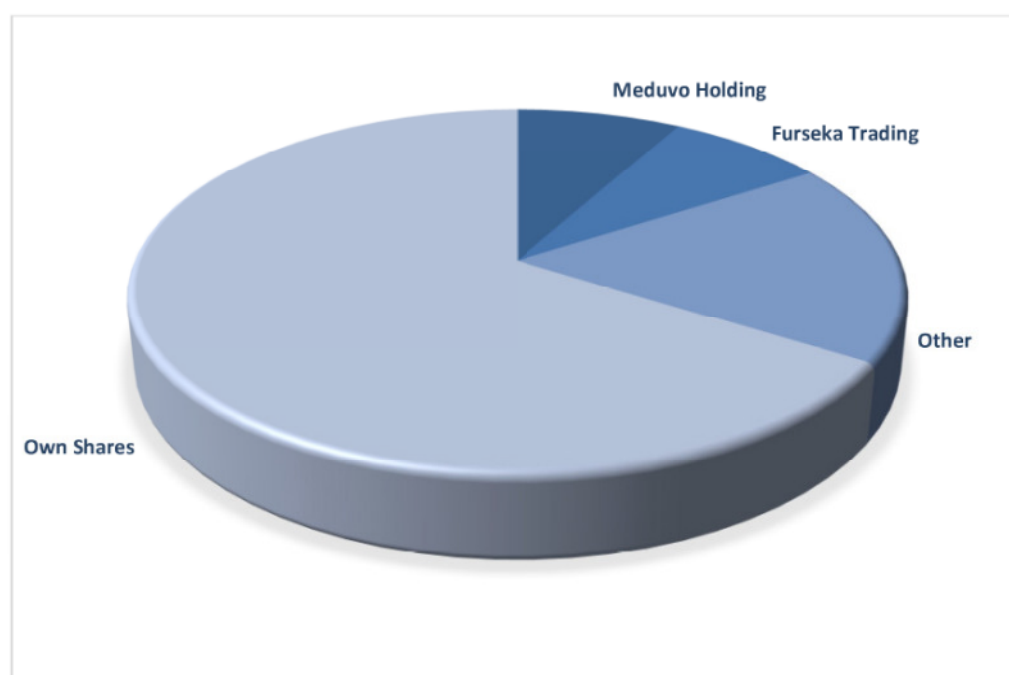
## **8. TRANSACTIONS WITH RELATED PARTIES CONCLUDED ON OTHER THAN MARKET CONDITIONS**

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

Shareholder	Number of held shares	Type of shares	Number of held votes	Shareholding structure by held votes	Shareholding structure by held shares
Meduvo Holding	2 133 604	bearer	2 133 604	23.80 %	8.09 %
Furseka Trading	2 063 234	bearer	2 063 234	23.01 %	7.82 %
Other	4 769 347	bearer	22 174 293	53.19 %	18.09 %
Own Shares	17 404 946	bearer	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 half year report for 2021 published on 28 September 2021, there were no changes occurred in the ownership structure of significant blocks of shares in the Company as at the balance sheet date.

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

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

Name	Function	No. of owned shares	Nominal value of shares (PLN)	% of total no. of shares	% of total no. of votes
Elżbieta Wiczowska	Member	14 002	1400	0.05%	0.08%
Iwona Makarewicz	Member	2 310	231	0.01%	0.01%
Colin Kingsnorth	President	0	0	0	0
John Purcell	Member	0	0	0	0
<b>RAZEM</b>		<b>16 312</b>	<b>1 631</b>	<b>0,06%</b>	<b>0,09%</b>

In relation to the status presented in the consolidated half year report for 2021, published on 28 September 2021, the following changes were made in the list of shares held by managing and supervising persons in the reporting period:

- 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

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-



## **CPD S.A.**

### **QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021**

---

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 proceedings were closed by the decision of 26 February 2021, delivered to Celtic Investments Limited based in Cyprus 29 March 2021. The consolidated statement of financial position of CPD SA includes the obligation resulting from the decision.

## **13. LOAN GUARANTEES**

As of 30 September 2021, CPD SA guaranteed to Santander Bank Polska SA the due and due payment of the amounts required (or may be required) to cover the debt service or any other payments due to be paid to Santander Bank by its subsidiary Bellise Investments sp. z o.o. on the basis of a demand for payment up to the maximum amount of EUR 20,666,000.

30 September 2021, the balance of the guaranteed loan was EUR 12,273,030.

The surety period ends on the date on which Bank Santander deems the secured receivables to be irrevocably, unconditionally and fully repaid and satisfied, but in any case no later than 31 May 2029.

CPD SA's remuneration for the granted surety amounts to EUR 200,000 per year.

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

At 30 September 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

Compared to the previous quarter, as at the date of publication of the report, the composition of the Management Board of CPD S.A. has not changed.

At 30 September 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
- Mr. Alfonso Kalinauskas - Supervisory Board Member

Compared to the previous quarter, as at the date of publication of the report, the composition of the Supervisory Board of CPD S.A. has changed in following manner:

## **CPD S.A.**

### **QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021**

---

- 22 September 2021, Mrs. Gabriela Gryger, acting as a Member of the Supervisory Board of the Company, resigned from the position.
- 18 October 2021, the General Meeting appointed Ms. Hanna Karwat-Ratajczak as a Member of the Supervisory Board of the Company.
- 18 October 2021, the General Meeting appointed Mr. Krzysztof Laskowski as a Member of the Supervisory Board of the Company,
- 31 October 2021, Mr. Alfonso Kalinauskas, acting as a Member of the Supervisory Board of the Company, resigned from the position.
- 1 November 2021, Mr. Michael Haxby, acting as a Member of the Supervisory Board of the Company, resigned from the position.

At 30 September 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.

Compared to the previous quarter, as at the date of publication of the report, the composition of the Audit Committee of CPD S.A. has changed in following manner:

- 31 October 2021, Mr. Alfonso Kalinauskas resigned from his position.

## **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 condition of global financial markets and their impact on the Polish economy and the national banking system,
- Raising the reference rates by the National Bank of Poland,

- Significant increase in consumer inflation in Poland,
- 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 and investment 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 COVID-19 pandemic in the world.

**CPD S.A.**

QUARTERLY REPORT FOR 3<sup>rd</sup> QUARTER 2021

---

**II. INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENT FOR THE PERIOD OF 9 MONTHS ENDED 30  
SEPTEMBER 2021 ALONG WITH CONDENSED FINANCIAL  
STATEMENTS OF CPD S.A.**

CPD S.A.

## Condensed interim consolidated financial statements

for the period of 9 months ended 30 September 2021

and the condensed financial statements of CPD S.A.

for the period of 9 months ended 30 September 2021

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

(unaudited financial data)





	Page
<b>I Interim consolidated financial statements</b>	<b>3</b>
Condensed consolidated statement of comprehensive income	3
Condensed consolidated statement of financial position	4
Condensed consolidated statement of changes in equity	6
Condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial statements	8
1 General information	8
2 The accounting principles	8
2.1 Basis of preparation	8
2.2 Changes in the Group structure	9
3 Significant accounting estimates and judgments	9
3.1 Managing financial risk	13
4 Investment properties	14
5 Trade receivables and other receivables	14
6 Inventories	15
7 Cash and cash equivalents	15
8 Joint ventures	15
9 Share capital	17
10 Trade payables and other liabilities	18
11 Borrowings, including financial leasing	18
12 Deferred income taxes	19
13 Revenue by nature	19
14 Cost of sales	20
15 Administrative costs property related	20
16 Administrative expenses-other	20
17 Other income	20
18 Financial income and expenses	21
19 Income tax	21
20 Cash generated from operations	21
21 Related party transactions	22
22 Payment of dividends	22
23 Earnings per share	23
24 Contingent liabilities	23
25 Segment reporting	23
26 Seasons of activity and unusual events	23
27 Assets and liabilities held for sale	24
28 Events after the end of the reporting period	24
<b>II Interim financial statements of the parent company</b>	<b>25</b>
29 Interim financial information of the parent	25
29.1 Condensed statement of comprehensive income	25
29.2 Condensed statement of financial position	26
29.3 Condensed statement of changes in equity	27
29.4 Condensed statement of cash flows	28
29.5 Shares in subsidiaries and joint-ventures	29
29.6 Long-term receivables	29
29.7 Trade receivables and other receivables	30
29.8 Share capital	30
29.9 Borrowings	31
29.10 Earnings per share	31
29.11 Administrative costs	31
29.12 Financial income and expenses and fair value adjustment on loans granted	32
29.13 Cash flow from operating activities	32
29.14 Related party transactions	33
29.15 Seasonality and one-off events	35
29.16 Events after the balance sheet date	36

**CPD S.A.**

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated )

**Condensed consolidated statement of comprehensive income**

	Note	For the period			
		01-07-2021- 2021-09-30	01-07-2020- 2020-09-30	01-01-2021- 2021-09-30	01-01-2020- 2020-09-30
				(unaudited)	
Revenues	13	4 477	4 548	14 189	14 152
Cost of sales	14	( 703)	( 560)	(1 967)	(2 824)
<b>PROFIT ON SALES</b>		<b>3 774</b>	<b>3 988</b>	<b>12 222</b>	<b>11 328</b>
Administrative costs property related	15	(2 720)	(2 728)	(8 221)	(8 760)
Administrative expenses-other	16	(1 470)	(2 190)	(4 595)	(4 756)
Selling and marketing expenses		( 10)	( 26)	( 20)	( 151)
Net (loss)/gain from sale of investment property		575	92	810	166
Other income	17	803	89	3 550	1 136
Net (loss)/ gain from fair value adjustments on investment properties	4	5 685	2 031	3 014	8 729
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method		( 618)	3 643	18 123	7 952
Receivables valuation allowances		3	( 24)	857	44
Valuation of assets held for sale		0	( 86)	293	( 116)
<b>OPERATING RESULT</b>		<b>6 022</b>	<b>4 709</b>	<b>26 033</b>	<b>15 572</b>
Financial income	18	224	75	529	623
Financial costs	18	(3 097)	(2 173)	(3 133)	(15 017)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>3 149</b>	<b>2 691</b>	<b>23 429</b>	<b>1 178</b>
Income tax	19	( 605)	( 38)	( 955)	(10 461)
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>2 544</b>	<b>2 653</b>	<b>22 474</b>	<b>(9 283)</b>
Currency translation adjustment		( 274)	( 726)	( 4)	( 726)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2 270</b>	<b>1 927</b>	<b>22 470</b>	<b>(10 009)</b>
<b>BASIC EARNINGS PER SHARE</b>	23	0,21	0,15	1,41	(0,44)
<b>DILUTED EARNINGS PER SHARE</b>	23	0,21	0,15	1,41	(0,44)

Colin Kingsnorth  
Chairman of the Board

Elzbieta Donata Wiczowska  
Board Member

John Purcell  
Board Member

Iwona Makarewicz  
Board Member

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

**CPD S.A.**

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated )

**Condensed consolidated statement of financial position**

	Note	30.09.2021 (unaudited)	31.12.2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	4	166 274	165 618
Property, plant and equipment		126	212
Investments in joint ventures accounted for using the equity method	8	13 246	27 221
Ling-term financial assets in non-related entities		599	0
Long-term receivables		570	263
<b>Non-current assets</b>		<b>180 815</b>	<b>193 314</b>
<b>Current assets</b>			
Inventories	6	3 297	3 601
Trade receivables and other receivables	5	2 988	20 035
- receivables and loans		1 963	18 995
- prepayments		1 025	1 040
Cash and cash equivalents	7	75 649	170 146
<b>Current assets excluding assets held for sales</b>		<b>81 934</b>	<b>193 782</b>
Assets held for sales	27	4 744	85 250
<b>Current assets</b>		<b>86 678</b>	<b>279 032</b>
<b>Total assets</b>		<b>267 493</b>	<b>472 346</b>

**CPD S.A.**

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated )

**Condensed consolidated statement of financial position - continuation**

	Note	30.09.2021 (unaudited)	31.12.2020
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent company</b>			
Share capital	9	2 637	2 637
Own shares for redemption		(288 973)	(117 396)
Embedded element at inception date		(27 909)	(27 909)
Translation reserve		(6 266)	(6 262)
Reserve capital		987	987
Retained earnings		455 465	432 991
<b>Total equity</b>		<b>135 941</b>	<b>285 048</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade payables and other liabilities	10	2 624	2 820
Borrowings, including financial leasing	11	60 005	5 454
Deferred tax liabilities	12	13 985	19 352
<b>Non-current liabilities</b>		<b>76 614</b>	<b>27 626</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	10	16 132	51 740
Borrowings, including financial leasing	11	36 562	101 847
<b>Current liabilities excluding liabilities held for sale</b>		<b>52 694</b>	<b>153 587</b>
Liabilities classified as held for sale	27	2 244	6 085
<b>Current liabilities</b>		<b>54 938</b>	<b>159 672</b>
<b>Total liabilities</b>		<b>131 552</b>	<b>187 298</b>
<b>Total Equity and liabilities</b>		<b>267 493</b>	<b>472 346</b>

Colin Kingsnorth  
Chairman of the Board

Elzbieta Donata Wiczowska  
Board Member

John Purcell  
Board Member

Iwona Makarewicz  
Board Member

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

## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated )

### Condensed consolidated statement of changes in equity

	Share capital	Own shares for redemption	Embedded element at inception date	Translation reserve	Accumulated profit (loss) 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
Transactions with owners							
Shares acquisition for redemption	0	(74 386)	0	0	0	0	(74 386)
Share capital reduction	0	0	0	0	0	0	0
	0	( 74 386)	0	0	0	0	( 74 386)
Comprehensive income							
Currency translation adjustment	0	0	0	( 726)	0	0	( 726)
Profit (loss) for the period	0	0	0	0	0	(9 283)	(9 283)
Total comprehensive income	0	0	0	( 726)	0	( 9 283)	( 10 009)
Balance as at 30.09.2020 /unaudited	2 637	( 117 396)	( 27 909)	( 6 257)	987	407 401	259 463
Balance as at 01.01.2021	2 637	( 117 396)	( 27 909)	( 6 262)	987	432 991	285 048
Transactions with owners							
Shares acquisition for redemption	0	(171 577)	0	0	0	0	(171 577)
Share capital reduction	0	0	0	0	0	0	0
	0	( 171 577)	0	0	0	0	( 171 577)
Comprehensive income							
Currency translation adjustment	0	0	0	( 4)	0	0	( 4)
Profit (loss) for the period	0	0	0	0	0	22 474	22 474
Total comprehensive income	0	0	0	( 4)	0	22 474	22 470
Balance as at 30.09.2021 /unaudited	2 637	(288 973)	(27 909)	( 6 266)	987	455 465	135 941

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

Colin Kingsnorth <i>Chairman of the Board</i>	John Purcell <i>Board Member</i>	Elzbieta Donata Wiczowska <i>Board Member</i>	Iwona Makarewicz <i>Board Member</i>
--	-------------------------------------	--	---

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



## Condensed consolidated statement of cash flows

		For the 9 month period ended	
	Nota	2021-09-30	2020-09-30
		(unaudited)	(unaudited)
<b>Cash flow from operating activities</b>			
Cash generated from operations	20	4 233	(7 277)
Interest paid		(1 515)	(1 549)
Income tax paid		(6 322)	(9 455)
<b>Net cash generated from operating activities</b>		<b>(3 604)</b>	<b>(18 281)</b>
<b>Cash flows from investing activities</b>			
Capital expenditure on investments property		0	( 20)
Capital expenditure on assets held for sale		0	( 101)
Purchase of property, plant and equipment		( 13)	0
Joint ventures contributions		0	(36 912)
Interest received		1	438
Proceeds from the sale of investment property		76 288	93 895
Cash of joint venture transferred into subsidiary		143	0
Proceeds from joint ventures contribution withdrawal		15 069	43 251
<b>Net cash used in investing activities</b>		<b>91 400</b>	<b>100 551</b>
<b>Cash flows from financing activities</b>			
Own shares acquisition		(171 577)	(74 386)
Acquisition of derivatives		( 580)	0
Repayment of borrowings		(10 224)	(3 677)
<b>Net cash used in financing activities</b>		<b>(182 381)</b>	<b>(78 063)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(94 497)</b>	<b>4 207</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>170 146</b>	<b>139 035</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7</b>	<b>75 649</b>	<b>143 242</b>

Colin Kingsnorth  
Chairman of the Board

John Purcell  
Board Member

Elzbieta Donata Wiczowska  
Board Member

Iwona 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, 24 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 September 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 came into force in 2020 and description of the impact of applying the amendments:**

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

#### **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 2021:

**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.

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

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.

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. During the third quarter of 2021 KRS cancelled 7/120 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k., 19/97 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k., 3/93 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. and 5/92 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. from the entrepreneurs register. Moreover subsequent to the balance sheet date 12/132 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. and 13/155 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. were cancelled as well.

As continued internal restructuring Antigo investment Sp. z o.o. purchased limited partner's rights in 2/124 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. and 18 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k.

On 1 October the Group has disposed IMES Poland Sp. z o.o. since the moment of disposal of its property the subsidiary did not run any operating activities.

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

During preparation of these condensed consolidated financial statements the Board has made an assessment of the significant estimates and judgments, which have an impact on the accounting principles applied and the amounts recognised in the financial statements for a period of 9 months ended 30 September 2020.

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

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

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



**Notes to the interim condensed consolidated financial statements****3 Significant changes in accounting estimates - 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 Savills Sp. z o.o. - third party experts - as per Practice Statements of the Royal Institution of Chartered Surveyors' (RICS) Appraisal and Valuation Standards (the 'Red Book') published in June 2017 and valid as of 1 July 2017. Pricing fees are not related to the value of the real properties or the outcome of pricing. Bearing in mind the market environment, the Management Board reviewed and confirmed experts' assumptions underlying the valuation models applied for the last annual financial statements being valid as at the end of the period covered by these condensed consolidated financial statements.

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

- (i) non-developed land,
- (ii) investment properties generating significant rent income (office 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.

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

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

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

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

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

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

In the first 9 months of 2021, the Group gained on the revaluation of investment properties to their fair values PLN 3.014 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 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 78 flats in the second stage by the end of the second quarter.

Following requirements of IFRS 10, the joint ventures and accounted for based on property rights to the joint ventures' net assets. 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.



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

In February 2016 Belise Investments Sp. z o.o., the Group subsidiary, concluded interest rate swap (IRS) contract. The contract 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.

***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.. 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 during the first 9 months 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 September 2021. In the Company's opinion, due to the negative value of net assets of these subsidiaries, there is a substantial risk that these companies will not be able to repay the loans in full.

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

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

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

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

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

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

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

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

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 IRS transaction.

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

***Liquidity risk***

During the first 9 months of 2021 the Group's cash decreased. This resulted mainly from acquisition of own shares for redemption. While this was financed from prior year cash, proceeds from disposal of investment properties and withdrawal of joint venture contribution. 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.

## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated )

### Notes to the interim condensed consolidated financial statements

#### 4 Investment properties

	01-01-2021- 2021-09-30	01-01-2020- 2020-09-30
<b>At the beginning of the reporting period</b>	<b>165 618</b>	<b>100 214</b>
Capital expenditure	0	20
Capitalised financial liabilities related to disposed properties	( 75)	0
Capitalised financial liabilities transferred from joint venture	2 464	0
Transfer of investment property to assets held for sale	(2 500)	0
Capitalised financial liabilities transferred to assets held for sale	(2 244)	0
Transfer from assets held for sale	0	47 546
Transfer of capitalised financial liabilities from assets held for sale	0	1 832
Disposals	0	0
Net (loss)/ gain from fair value adjustments on investment properties	3 014	15 921
Change in capitalised financial liabilities	( 3)	85
Other reclassifications	0	0
<b>At the end of the reporting period</b>	<b>166 274</b>	<b>165 618</b>

The balance of the investment properties remains comparable to the last year end. Increase resulting from capitalisation of the perpetual usufruct right belonging to the joint venture transferred into subsidiary and revaluation to fair values has been set-off by transferring some of the Ursus plots to assets held for sale.

Direct operating costs for investment properties:

	01-07-2021- 2021-09-30	01-07-2020- 2020-09-30	01-01-2021- 2021-09-30	01-01-2020- 2020-09-30
- rent income bearing	1 231	1 321	3 957	3 931
- other	15	62	84	175
	<b>1 246</b>	<b>1 383</b>	<b>4 041</b>	<b>4 106</b>

#### 5 Trade receivables and other receivables

	30.09.2021	31.12.2020
Trade receivables	1 177	102
Receivables from the state budget	499	18 586
Receivables from related parties	287	307
Prepaid expenses and accrued revenue	1 025	1 040
<b>Short-term receivables</b>	<b>2 988</b>	<b>20 035</b>
Long-term receivables	570	263
<b>Total receivables</b>	<b>3 558</b>	<b>20 298</b>

Prepaid expenses and accrued revenue relate mainly to time settlement of annual property tax and perpetual usufruct .



## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated )

### Notes to the interim condensed consolidated financial statements

#### 6 Inventories

	30.09.2021	31.12.2020
<b>At the beginning of the reporting period</b>	<b>3 601</b>	<b>3 594</b>
Disposal	( 353)	0
Impairment loss	0	64
Exchange differences	49	( 57)
<b>At the end of the reporting period</b>	<b>3 297</b>	<b>3 601</b>

#### 7 Cash and cash equivalents

	30.09.2021	31.12.2020
Cash at bank and on hand	68 078	166 045
Restricted cash	3 257	3 765
Short-term bank deposits	4 314	336
	<b>75 649</b>	<b>170 146</b>

Restricted cash relates to the funds transferred as a result of the implementation of the credit agreement with mBank Hipoteczny, VAT accounts within split payment mechanism.

Cash and cash equivalents for the purposes of the cash flow statement include cash in hand 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:

	30.09.2021	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.	1 761	0
c) Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	11 485	27 136
	<b>13 246</b>	<b>27 221</b>

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

	30.09.2021	31.12.2020
<b>Opening balance as at 1 January</b>	<b>85</b>	<b>0</b>
Group's share of the net profit or loss of the joint ventures presented in these interim condensed consolidated financial statements	26	85
Joint venture profit distribution	( 111)	0
<b>Closing balance</b>	<b>0</b>	<b>85</b>

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

	30.09.2021	31.12.2020
<b>Opening balance as at 1 January</b>	<b>0</b>	<b>32 015</b>
Group's share in joint venture contributions	0	20 078
Group's share in declared joint venture contributions	0	(33 474)
Group's share in profit distributions	0	(16 438)
Change in Group's property rights to the joint venture	0	(17 844)
Group's share of the net profit or loss of the joint ventures presented in these interim condensed consolidated financial statements	18 681	6 967
Other adjustments	(16 920)	8 696
<b>Closing balance</b>	<b>1 761</b>	<b>0</b>

**Notes to the interim condensed consolidated financial statements****8 Joint ventures - cont.****c) Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp.k.**

	30.09.2021	31.12.2020
<b>Opening balance as at 1 January</b>	<b>27 136</b>	<b>0</b>
Group's share in joint venture contributions	3 419	27 387
Group's share in declared joint venture contributions	(10 950)	(4 247)
Group's share in declared joint venture contributions	(5 136)	6 088
Change in Group's property rights in the joint venture	(2 106)	(1 841)
Group's share of the net profit or loss of the joint ventures presented in these interim condensed consolidated financial statements	( 878)	( 251)
<b>Closing balance</b>	<b>11 485</b>	<b>27 136</b>

Condensed financial information of individually material joint ventures of the Group as at 30 September 2021 and for the period from 1 January 2021 to 30 September 2021 is presented in the below table:

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

	30.09.2021	31.12.2020
<i>Financial information coming from statement of financial position</i>		
<b>Total non-current assets</b>	<b>0</b>	<b>7</b>
Fixed assets	0	7
<b>Total current assets, including:</b>	<b>0</b>	<b>229</b>
Trade receivables and other receivables	0	82
Cash and cash equivalents	0	147
<b>Total assets</b>	<b>0</b>	<b>236</b>
Trade payables and other liabilities	0	66
<b>Total liabilities</b>	<b>0</b>	<b>66</b>
<b>Net assets</b>	<b>0</b>	<b>170</b>
<b>% held by the Group</b>	<b>50%</b>	<b>50%</b>
<b>Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements</b>	<b>0</b>	<b>85</b>

*Financial information from statement of comprehensive income*

	01-01-2021- 30.09.2021	01-01-2020- 30.09.2020
Revenue	0	732
Result from continued operations	( 58)	1 408

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

	30.09.2021	31.12.2020
<i>Financial information coming from statement of financial position</i>		
<b>Total non-current assets</b>	<b>73</b>	<b>0</b>
Deferred tax	73	0
<b>Total current assets, including:</b>	<b>7 678</b>	<b>56 690</b>
Inventory	354	43 622
Trade receivables and other receivables	640	1 100
Cash and cash equivalents	6 684	11 968
<b>Total assets</b>	<b>7 751</b>	<b>56 690</b>
Trade payables and other liabilities	4 229	73 609
<b>Total liabilities</b>	<b>4 229</b>	<b>73 609</b>
<b>Net assets</b>	<b>-</b>	<b>-</b>



## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated )

### Notes to the interim condensed consolidated financial statements

#### 8 Joint ventures - cont.

<b>% held by the Group</b>	<b>50%</b>	<b>50%</b>
<b>Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements</b>	<b>1 761</b>	<b>0</b>

#### Financial information from statement of comprehensive income

	<b>01-01-2021- 30.09.2021</b>	<b>01-01-2020- 30.09.2020</b>
Revenue	66 221	35 641
Interest income	0	7
Interest cost	2	2
Result from continued operations	20 441	10 107

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

#### Financial information coming from statement of financial position

	<b>30.09.2021</b>	<b>31.12.2020</b>
<b>Total non-current assets</b>	<b>129</b>	<b>141</b>
Fixed assets	99	141
Deferred tax	30	0
<b>Total current assets, including:</b>	<b>138 279</b>	<b>62 614</b>
Inventory	119 835	49 329
Trade receivables and other receivables	17 911	10 508
Cash and cash equivalents	533	2 777
<b>Total assets</b>	<b>138 408</b>	<b>62 755</b>
Long-term payables	9 343	53
Trade payables and other liabilities	108 829	18 601
<b>Total liabilities</b>	<b>118 172</b>	<b>18 654</b>
<b>Net assets</b>	<b>20 236</b>	<b>44 101</b>
<b>% held by the Group</b>	<b>57%</b>	<b>62%</b>
<b>Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements</b>	<b>11 485</b>	<b>27 136</b>

#### Financial information from statement of comprehensive income

	<b>01-01-2021- 30.09.2021</b>	<b>01-01-2020- 2020-01-01</b>
Revenue	120	4
Interest cost	2	0
Result from continued operations	(1 546)	4

#### 9 Share capital

	<b>Number of shares (thousands)</b>		<b>Value of shares</b>	
	<b>30.09.2021</b>	<b>31.12.2020</b>	<b>30.09.2021</b>	<b>31.12.2020</b>
Ordinary shares series AA	26 371	26 371	2 637	2 637
<b>Total</b>	<b>26 371</b>	<b>26 371</b>	<b>2 637</b>	<b>2 637</b>

## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated )

### Notes to the interim condensed consolidated financial statements

#### 9 Share capital - cont.

As of the date of these condensed consolidated financial statements share capital amounts to PLN 2.637 thousand. 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.

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.

As a consequence the Company has 17.404.946 own shares at the balance sheet date. The shares represent 66,00% of CPD SA share capital. However based on the relevant regulations the Company is prevented from executing voting rights from own shares.

On 18 October 2021 shareholders resolved on redemption of all the acquired own shares and resulting share capital reduction down to PLN 896,6 thousand. Until the moment of preparation of these interim condensed consolidated financial statements the reduction has not been registered by the court.

#### 10 Trade payables and other liabilities

##### Non-current liabilities

	30.09.2021	31.12.2020
Tenant deposits	2 624	2 820

##### Current liabilities

	30.09.2021	31.12.2020
Trade payables	306	2 282
Output VAT and other tax payables	10 579	22 261
Deposits of tenants	366	301
Received prepayments	2 500	6 480
Accrued expense	2 049	20 094
Other liabilities	341	322
	<b>16 132</b>	<b>51 740</b>

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.

Received prepayments relate to disposal of a part of the plots in Ursus owned by Antigo Investments Sp. z o.o.

#### 11 Borrowings, including leasing

	30.09.2021	31.12.2020
<b>Non-current</b>		
Bank loans	54 411	0
Leasing liabilities	5 594	5 454
	<b>60 005</b>	<b>5 454</b>

## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated )

### Notes to the interim condensed consolidated financial statements

#### 11 Borrowings, including leasing - cont.

##### Current

Bank loans	36 562	101 639
IRS derivative	0	208
	<b>36 562</b>	<b>101 847</b>
<b>Total borrowings</b>	<b>96 567</b>	<b>107 301</b>

As of 30 September 2021 bank loans consist of the payables of PLN 56 527 thousand to Santander Bank Polska SA and of PLN 34 446 thousand to mBank Hipoteczny SA.

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 non-compliance with one of credit facility covenants, which entitles the bank to request repayment of the whole outstanding loan amounts of both Lakia Investments Sp. z o.o and Robin investments Sp. z o.o. Until the moment of preparation of these interim condensed consolidated financial statements the bank has not issued such a request. These loans are being serviced in full on a timely basis.

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

#### 12 Deferred income taxes

	30.09.2021	31.12.2020
<b>Deferred tax assets before offset</b>	<b>1 514</b>	<b>10 597</b>
Offset against deferred tax liability	(1 514)	(10 597)
<b>Deferred tax assets</b>	<b>0</b>	<b>0</b>
<b>Deferred income tax liabilities before offset</b>	<b>15 499</b>	<b>29 949</b>
Offset against deferred tax asset	(1 514)	(10 597)
<b>Deferred income tax liabilities after offset</b>	<b>13 985</b>	<b>19 352</b>

#### 13 Revenue by nature

	01-07-2021- 2021-09-30	01-07-2020- 2020-09-30	01-01-2021- 2021-09-30	01-01-2020- 2020-09-30
Rent income	2 693	2 721	8 231	8 374
Sales of inventories	0	0	385	0
Real estate advisory services	247	265	618	840
Rent related services	1 528	1 548	4 923	4 897
Accounting services	9	14	32	41
	<b>4 477</b>	<b>4 548</b>	<b>14 189</b>	<b>14 152</b>

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

## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated )

### Notes to the interim condensed consolidated financial statements

#### 14 Cost of sales

	01-07-2021- 2021-09-30	01-07-2020- 2020-09-30	01-01-2021- 2021-09-30	01-01-2020- 2020-09-30
Cost of inventories sold	0	59	367	59
The cost of services rendered	703	501	1 600	2 765
	<b>703</b>	<b>560</b>	<b>1 967</b>	<b>2 824</b>

The costs of the services performed comprised mainly of the costs of maintenance of the leased office buildings and other services recharged to the tenants.

#### 15 Administrative costs property related

	01-07-2021- 2021-09-30	01-07-2020- 2020-09-30	01-01-2021- 2021-09-30	01-01-2020- 2020-09-30
Personnel costs	863	1 083	2 916	3 372
Property maintenance	1 217	1 202	3 996	3 862
Property taxes	204	214	630	660
Perpetual usufruct	410	191	580	746
Depreciation of fixed assets and intangible assets	26	38	99	120
	<b>2 720</b>	<b>2 728</b>	<b>8 221</b>	<b>8 760</b>

#### 16 Administrative expenses-other

	01-07-2021- 2021-09-30	01-07-2020- 2020-09-30	01-01-2021- 2021-09-30	01-01-2020- 2020-09-30
Advisory services	695	1 627	1 780	3 257
Legal services	306	223	943	496
Audit fees	38	42	113	143
Taxes	32	( 77)	189	41
Office maintenance	176	269	490	532
Other services	176	59	916	167
Cost related to non-deductible VAT	47	47	164	120
	<b>1 470</b>	<b>2 190</b>	<b>4 595</b>	<b>4 756</b>

#### 17 Other income

	01-07-2021- 2021-09-30	01-07-2020- 2020-09-30	01-01-2021- 2021-09-30	01-01-2020- 2020-09-30
Provision released	825	0	1 098	364
Penalties and compensations received	0	0	1 897	0
Other	( 22)	89	555	772
	<b>803</b>	<b>89</b>	<b>3 550</b>	<b>1 136</b>



## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated )

### Notes to the interim condensed consolidated financial statements

#### 18 Financial income and expenses

	01-07-2021- 2021-09-30	01-07-2020- 2020-09-30	01-01-2021- 2021-09-30	01-01-2020- 2020-09-30
Interest expense:				
- Bank loans	( 663)	( 504)	(1 641)	(1 537)
- Interest from tax payables	( 131)	( 191)	( 403)	(6 634)
- Interest from leases	( 145)	( 97)	( 435)	( 223)
- Other interest expense	( 20)	( 91)	( 222)	( 719)
Net exchange differences	(2 054)	(1 266)	( 199)	(5 836)
Amortised cost valuation	( 84)	( 24)	( 233)	( 68)
<b>Financial costs</b>	<b>(3 097)</b>	<b>(2 173)</b>	<b>(3 133)</b>	<b>(15 017)</b>
Interest income:				
- Bank interest	0	20	1	438
Revaluation of derivatives	15	55	227	185
Net exchange differences	0	0	0	0
Other financial income	209	0	301	0
<b>Financial income</b>	<b>224</b>	<b>75</b>	<b>529</b>	<b>623</b>

#### 19 Income tax

	01-07-2021- 2021-09-30	01-07-2020- 2020-09-30	01-01-2021- 2021-09-30	01-01-2020- 2020-09-30
Current income tax	47	39	6 322	337
Prior years current income tax adjustments	0	0	0	9 118
Deferred taxes	558	( 1)	(5 367)	1 006
	<b>605</b>	<b>38</b>	<b>955</b>	<b>10 461</b>

#### 20 Cash generated from operations

	For the 9 month period ended	
	2021-09-30	2020-09-30
Profit (loss) before tax	23 429	1 178
Adjustments for:		
- depreciation of tangible fixed assets	99	119
- currency translation adjustments	( 53)	( 618)
- gains (losses) on revaluation to fair value of investment property	(3 014)	(6 638)
- gains (losses) on sale of investment properties	( 810)	( 166)
- result on revaluation of assets held for sale	( 293)	(1 982)
- share in the profit or loss of the joint venture	(1 205)	(7 952)
- interest expenses	1 555	1 542
- interest income	( 1)	( 438)
- exchange differences	( 484)	5 640
- result on IRS revaluation	( 227)	185
- other adjustments	0	( 18)
Changes in working capital		
- changes in receivables	16 883	2 451
- changes in inventories	353	0
- change in trade and other liabilities	(31 999)	( 580)
	<b>4 233</b>	<b>(7 277)</b>



## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated )

### Notes to the interim condensed consolidated financial statements

#### 21 Related party transactions

CPD S.A. does not have a direct parent or parent senior. Coöperatieve Laxey Worldwide W.A. is a major investor. CPD Group also includes 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:

##### (a) Transactions with key management personnel

	01-07-2021- 2021-09-30	01-07-2020- 2020-09-30	01-01-2021- 2021-09-30	01-01-2020- 2020-09-30
The cost of the salaries of members of the Board of Directors	449	828	1 338	1 736
The cost of the salaries of the members of the Supervisory Board	137	138	413	414
The cost of services rendered by the members of the Board of Directors	0	1 124	601	2 280
			<b>2021-09-30</b>	<b>2020-09-30</b>
Total receivables			19	24
Total payables			0	1 515

##### (b) Transactions with the other related parties

	01-07-2021- 2021-09-30	01-07-2020- 2020-09-30	01-01-2021- 2021-09-30	01-01-2020- 2020-09-30
Revenues				
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	0	8	8	25
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	26	190	150	568
Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	285	0	586	0
Costs				
Kancelaria Radców Prawnych Oleś i Rodzyńkiewicz	41	69	71	101
			<b>2021-09-30</b>	<b>31.12.2020</b>
Payables				
Kancelaria Radców Prawnych Oleś i Rodzyńkiewicz			0	16
Receivables				
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.			0	7
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.			27	56
Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.			260	244

#### 22 Payment of dividends

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

## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated )

### Notes to the interim condensed consolidated financial statements

#### 23 Earnings per share

	01-07-2021- 2021-09-30	01-07-2020- 2020-09-30	01-01-2021- 2021-09-30	01-01-2020- 2020-09-30
Profit (loss) attributable to shareholders of the company	2 544	2 653	22 474	(9 283)
Ordinary shares (in thousands)	12 372	17 671	15 892	20 932
Earnings per share in PLN	0,21	0,15	1,41	(0,44)
Diluted profit /(loss) attributable to shareholders of the company	2 544	2 653	22 474	(9 283)
Ordinary shares (in thousands)	12 372	17 671	15 892	20 932
Diluted earnings per share in PLN	0,21	0,15	1,41	(0,44)
	2021-09-30		31.12.2020	
	after share capital reduction	actual	after share capital reduction	actual
Net assets at book value	135 941	135 941	285 048	285 048
Number of ordinary shares (in thousands)	8 966	26 371	17 671	26 371
Net assets per share	15,16	5,15	16,13	10,81

#### 24 Contingent liabilities

As at the balance sheet date there were no significant changes in contingent liabilities as compared to 31 December 2020.

#### 25 Segment reporting

In accordance with IFRS 8, the Group CPD is and it shall be considered by the Board of Directors as a single operating segment.

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 nor cyclical.

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.

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

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 9 months 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 9 months 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.

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 the Management Board's opinion the COVID-19 pandemic did not have a significant impact on the Group's results for the period covered by these condensed interim consolidated financial statements.

It should be stressed the pace of construction has not slowed down in CPD Group in the first 9 months 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**

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

	<b>30.09.2021</b>	<b>31.12.2020</b>
<b>Assets</b>		
Investment properties	2 500	79 165
Capitalised leasing liabilities	2 244	6 085
	<b>4 744</b>	<b>85 250</b>
<b>Liabilities</b>		
Borrowings, including leasing	2 244	6 085
	<b>2 500</b>	<b>79 165</b>
<b>Net assets of the group held for sale</b>		

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

KRS cancelled from the entrepreneurs register 12/132 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. and 13/155 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. on 1 and 25 October respectively.

On 1 October the Group has disposed IMES Poland Sp. z o.o. since the moment of disposal of its property the subsidiary did not run any operating activities.

As continued internal restructuring Antigo investment Sp. z o.o. purchased limited partner's rights in 2/124 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. and 18 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k.

On 18 October 2021 shareholders resolved on redemption of all the acquired own shares and resulting share capital reduction down to PLN 896,6 thousand. Until the moment of preparation of these interim condensed consolidated financial statements the reduction has not been registered by the court.

Except of the above, there were no reportable significant post balance sheet events.

## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated)

### 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 - 30/9/2021	1/1/2020 - 30/9/2020	1/7/2021- 30/9/2021	1/7/2020- 30/9/2020
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues		118	114	40	38
Administrative costs	29.11	(3 272)	(3 559)	(1 332)	(1 112)
Fair value adjustment on loans granted	29.12	9 484	16 460	( 288)	9 432
Other operating expenses		0	( 79)	0	0
<b>OPERATING RESULT</b>		<b>6 330</b>	<b>12 978</b>	<b>(1 580)</b>	<b>8 400</b>
Financial income	29.12	99 616	61 017	65	60 339
Financial costs	29.12	(18 346)	( 341)	844	( 134)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>87 600</b>	<b>73 654</b>	<b>( 671)</b>	<b>68 605</b>
Income tax		61	154	( 72)	191
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>87 661</b>	<b>73 808</b>	<b>( 743)</b>	<b>68 796</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>87 661</b>	<b>73 808</b>	<b>( 743)</b>	<b>68 796</b>
<b>BASIC EARNINGS PER SHARE (IN PLN)</b>	29.10	5,52	3,53	(0,06)	3,89
<b>DILUTED EARNINGS PER SHARE (IN PLN)</b>	29.10	5,52	3,53	(0,06)	3,89

Colin Kingsnorth  
Chairman of the Board

Elzbieta Donata Wiczowska  
Board Member

John Purcell  
Board Member

Iwona Makarewicz  
Board Member



## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated)

### 29.2 Condensed statement of financial position

	Note	30/9/2021 (unaudited)	31/12/2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Long-term receivables	29.6	38 720	84 301
Shares in subsidiaries	29.5	18 595	35 043
<b>Total non-current assets</b>		<b>57 315</b>	<b>119 344</b>
<b>Current assets</b>			
Trade receivables and other receivables, including:	29.7	39 005	115 789
- receivables and loans		38 978	115 786
- prepayments		27	3
Cash and cash equivalents		57 904	15 529
<b>Total current assets</b>		<b>96 909</b>	<b>131 318</b>
<b>Total assets</b>		<b>154 224</b>	<b>250 662</b>
<b>EQUITY</b>			
Share capital	29.8	2 637	2 637
Treasury shares		(288 973)	(117 395)
Share premium		677 034	677 034
Embedded element at inception date		(27 909)	(27 909)
Other reserves		987	987
Retained earnings		(244 885)	(332 546)
<b>Total equity</b>		<b>118 891</b>	<b>202 808</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	29.9	( 0)	32 073
Deferred tax liabilities		4 821	10 629
<b>Total non-current liabilities</b>		<b>4 821</b>	<b>42 702</b>
<b>Current liabilities</b>			
Borrowings	29.9	30 230	4 903
Trade payables and other payables		282	249
<b>Total current liabilities</b>		<b>30 512</b>	<b>5 152</b>
<b>Total equity and liabilities</b>		<b>154 224</b>	<b>250 662</b>

Colin Kingsnorth  
Chairman of the Board

Elzbieta Donata Wiczowska  
Board Member

John Purcell  
Board Member

Iwona Makarewicz  
Board Member



## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated)

### 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)	677 034	( 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	73 808	73 808
		0	0	0	0	0	73 808	73 808
As of 30/09/2020/unaudited		2 637	( 117 395)	677 034	( 27 909)	987	( 395 853)	139 501
As of 1/1/2020		2 637	( 43 010)	677 034	( 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)	677 034	( 27 909)	987	( 332 546)	202 808
As of 1/1/2021		2 637	( 117 395)	677 034	( 27 909)	987	( 332 546)	202 808
Treasury shares acquisition		0	(171 578)	0	0	0	0	(171 578)
		0	(171 578)	0	0	0	0	(171 578)
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	87 661	87 661
		0	0	0	0	0	87 661	87 661
As of 30/09/2021/unaudited		2 637	( 288 973)	677 034	( 27 909)	987	( 244 885)	118 891

Colin Kingsnorth  
Chairman of the Board

Elżbieta Donata Wiczowska  
Board Member

John Purcell  
Board Member

Iwona Makarewicz  
Board Member

## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated)

### 29.4 Condensed statement of cash flows

	Note	1/1/2021 - 30/9/2021 <i>(unaudited)</i>	1/1/2020 - 30/9/2020 <i>(unaudited)</i>	1/7/2021- 30/9/2021 <i>(unaudited)</i>	1/7/2020- 30/9/2020 <i>(unaudited)</i>
<b>Cash flows from operating activities</b>					
Cash generated from operations	29.13	95 960	57 617	(1 142)	59 686
Income tax paid		(5 747)	0	(21)	0
<b>Net cash generated from investing activities</b>		<b>90 213</b>	<b>57 617</b>	<b>(1 163)</b>	<b>59 686</b>
<b>Cash flows from investing activities</b>					
Payment of capital to a subsidiary		0	(36 916)	0	(36 916)
Return of contribution from subsidiary	29.5	15 069	0	0	0
Investments in a subsidiary	29.5	(16 614)	0	0	0
Loans granted		(11 319)	(15 203)	(483)	(15 003)
Loan repayments received		111 124	33 616	4 586	8 078
Interest received		32 580	2 696	2	1 346
<b>Net cash generated from investing activities</b>		<b>130 840</b>	<b>(15 807)</b>	<b>4 105</b>	<b>(42 495)</b>
<b>Cash flows from financing activities</b>					
Treasury shares acquisition	29.8	(171 578)	(74 385)	(171 578)	0
Loans received		0	20 441	0	0
Loans repaid	29.9	(7 050)	(797)	(276)	(129)
Interest repaid		(50)	(68)	(50)	(8)
<b>Net cash generated from financing activities</b>		<b>(178 678)</b>	<b>(54 809)</b>	<b>(171 904)</b>	<b>(137)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>42 375</b>	<b>(12 999)</b>	<b>(168 962)</b>	<b>17 054</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>15 529</b>	<b>30 234</b>	<b>226 866</b>	<b>181</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>57 904</b>	<b>17 235</b>	<b>57 904</b>	<b>17 235</b>

Colin Kingsnorth  
Chairman of the Board

Elzbieta Donata Wiczowska  
Board Member

John Purcell  
Board Member

Iwona Makarewicz  
Board Member

## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated)

### Notes to the interim condensed financial statements

#### 29.5 Shares in subsidiaries

Name	Country	Share	30/9/2021	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			(1 376)	0
Imes Poland sp. z o.o.	Poland	100%	3	3
Impairment			(3)	0
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)
			<b>18 595</b>	<b>35 043</b>

(\*) 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

	30/9/2021	31/12/2020
Long-term loans with related parties, including:		
- loans	64 307	119 168
- fair value adjustment	(25 587)	(34 867)
	<b>38 720</b>	<b>84 301</b>
Long-term loans to other parties, including:		
- loans	6	6
- fair value adjustment	(6)	(6)
	<b>0</b>	<b>0</b>

#### Details of the loans granted to related parties 30.09.2021

Related party	Currency of the loan	Date of agreement	Fair value of granted loans	Interest Rate	Margin	Maturity
Antigo Investments	PLN	2012	579	3M WIBOR	1,55%	on demand, not later than 16.10.2022
Belise Investments	PLN	2014	9 705	3M WIBOR	1,55%	on demand, not later than 24.09.2024
Celtic Asset Management	PLN	2015	449	3M WIBOR	1,55%	on demand, not later than 12.02.2025
Elara Investments	PLN	2013	1 056	3M WIBOR	1,55%	on demand, not later than 24.01.2023
Lakia Enterprises Limited	PLN	2012	4 204	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	2014	7 323	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	2015	15 404	3M WIBOR	1,55%	on demand
			<b>38 720</b>			

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

(All amounts in PLN thousands unless otherwise stated)

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

	30/9/2021	31/12/2020
Short-term loans with related parties, including:	17 075	94 395
- loans	46 369	122 227
- fair value adjustment	(29 294)	(27 832)
Other receivables from related parties	21 844	21 343
Other receivables from other parties	22	48
Prepayments	27	3
<b>Short-term receivables</b>	<b>39 005</b>	<b>115 789</b>

**Details of the loans granted to related parties 30.09.2021**

Related party	Currency of the loan	Date of agreement	Fair value of granted loans	Interest Rate	Margin	Maturity
Belise Investments	PLN	2012	14 696	3M WIBOR	1,55%	on demand, not later than 01.05.2022
Elara Investments	PLN	2012	346	3M WIBOR	1,55%	on demand, not later than 01.05.2022
HUB Developments	PLN	2012	1 869	3M WIBOR	1,55%	on demand, not later than 01.05.2022
Ursus Development	PLN	2020	165	3M WIBOR	2%	on demand, not later than 29.09.2021
			<b>17 075</b>			

**29.8 Share capital**

	The number of shares (in thousands), including treasury shares		Value of shares	
	30/9/2021	31/12/2020	30/9/2021	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 September 2021 and as at the date of these financial statements amounts to PLN 2 637 thousand.

On 3 August 2021, the Company purchased for redemption, in accordance with Article 362 § 1(5) of the CCC, 8 705 110 (eight million seven hundred and five thousand one hundred and ten) treasury shares, series AA ordinary bearer shares, with the nominal value of PLN 0.10 (ten groszy) each, corresponding to 33.01% of the Company's share capital and entitling to 8 705 110 votes at the Company's General Meeting, representing 33.01% of the total number of votes at the Company's General Meeting ("Shares"), at the price of PLN 19.71 per purchased share. Prior to the acquisition, the Company already held 8 699 836 million (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 million 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 shares acquisition, the Company owns in total 17 404 946 million (seventeen million four hundred and four thousand nine hundred and forty six) treasury shares of the Company, representing 66.00% of shares in the Company's share capital and entitling to 17 404 946 million votes at the Company's General Meeting, which represents 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 any shareholding rights attached to the Company's own shares, including voting rights, except for the right to sell them or perform actions aiming at preserving such rights.

All shares issued by the Company to date are ordinary bearer shares. The Company's Articles of Association do not grant any special rights to the Company's shares, including voting privileges and preferences with respect to the appointment of members of the Company's bodies. The Company's shareholders do not hold shares conferring special control rights.



## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated)

### Notes to the interim condensed financial statements

#### 29.9 Borrowings

	30/9/2021	31/12/2020
Bank borrowings	0	0
Loans from related parties	30 230	36 976
- long-term	0	32 073
- short-term	30 230	4 903
	<b>30 230</b>	<b>36 976</b>

Loan payables as of 31 December 2020 and 30 September 2021 relate to a loan from a subsidiary Lokia Enterprises (interest rate on the loan is 3M WIBOR + margin 0.50%), loan from a subsidiary Lokia 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 September 2021 loan balances are as follows: Lokia Enterprises: PLN 3 764 thousand (capital: PLN 1 152 thousand, interest: PLN 2 612 thousand), during the period PLN 5 939 thousand of principal was repaid; Lokia Investments: PLN 3 828 thousand (capital: PLN 3 056 thousand, interest: PLN 772 thousand), during the period PLN 1 110 thousand of principal was repaid; Robin Investments: PLN 1 820 thousand PLN (capital: PLN 1 600 thousand, interest PLN 220 thousand), IMES Poland: PLN 20 819 thousand PLN (capital: PLN 20 370 thousand, interest PLN 449 thousand) during the period PLN 50 thousand of interests was repaid.

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

The loans are not secured.

#### 29.10 Earnings (loss) per share

	1/1/2021 - 30/9/2021	1/1/2020 - 30/9/2020	1/7/2021 - 30/9/2021	1/7/2020 - 30/9/2020
Profit attributable to the shareholders	87 661	73 808	( 743)	68 796
Weighted average number of ordinary shares (in '000)	15 892	20 932	12 372	17 671
Earnings per share (in PLN)	5,52	3,53	(0,06)	3,89
Diluted profit attributable to shareholders	87 661	73 808	( 743)	68 796
Weighted average number of ordinary shares (in '000)	15 892	20 932	12 372	17 671
Diluted earnings per share (in PLN)	5,52	3,53	(0,06)	3,89

#### 29.11 Administrative costs

	1/1/2021 - 30/9/2021	1/1/2020 - 30/9/2020	1/7/2021 - 30/9/2021	1/7/2020 - 30/9/2020
Advisory services	414	281	346	96
Salaries	2 447	2 827	835	931
Auditor's remuneration	113	125	38	43
Costs of non deductible VAT	105	96	40	39
Other services	193	230	73	3
	<b>3 272</b>	<b>3 559</b>	<b>1 332</b>	<b>1 112</b>

(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 - 30/9/2021	1/1/2020 - 30/9/2020	1/7/2021 - 30/9/2021	1/7/2020 - 30/9/2020
Fair value adjustment on loans granted	9 484	16 460	( 288)	9 432

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 - 30/9/2021	1/1/2020 - 30/9/2020	1/7/2021 - 30/9/2021	1/7/2020 - 30/9/2020
Interest income:				
- Bank interest	0	68	0	2
Received dividends	99 100	60 287	0	60 287
Other financial income	490	446	39	0
Net exchange differences	26	216	26	50
<b>Financial income</b>	<b>99 616</b>	<b>61 017</b>	<b>65</b>	<b>60 339</b>
Interest costs:				
- Interest from related parties	354	341	114	134
Impairment of investments in subsidiaries	17 992	0	( 871)	0
Net exchange differences	0	0	0	0
Other financial costs	0	0	( 87)	0
<b>Financial costs</b>	<b>18 346</b>	<b>341</b>	<b>( 844)</b>	<b>134</b>

**29.13 Cash flow from operating activities**

	1/1/2021 - 30/9/2021	1/1/2020 - 30/9/2020	1/7/2021 - 30/9/2021	1/7/2020 - 30/9/2020
Profit/loss before tax	87 600	73 654	( 671)	68 605
Adjustments for:				
- interest costs	354	341	114	134
- fair value adjustment on loans granted	(9 484)	(16 460)	288	(9 432)
- loss on sale of shares in subsidiaries	0	79	0	0
- impairment of investments in subsidiaries	17 992	0	( 871)	0
Changes in working capital:				
- changes in trade receivables and other	( 536)	( 27)	( 91)	452
- change in trade liabilities and other	34	30	89	( 73)
	<b>95 960</b>	<b>57 617</b>	<b>(1 142)</b>	<b>59 686</b>

## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(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:

<b>a) Transactions with key management personnel</b>	<b>1/1/2021 - 30/9/2021</b>	<b>1/1/2020 - 30/9/2020</b>	<b>1/7/2021 - 30/9/2021</b>	<b>1/7/2020 - 30/9/2020</b>
Remuneration of members of the Supervisory Board	413	414	137	138
Remuneration of members of the Board of Directors	1 320	1 718	443	574

#### **b) Transactions with subsidiaries**

	<b>1/1/2021 - 30/9/2021</b>	<b>1/1/2020 - 30/9/2020</b>	<b>1/7/2021 - 30/9/2021</b>	<b>1/7/2020 - 30/9/2020</b>
Revenues				
5/92 Gaston Investments	0	121	0	11
6/150 Gaston Investments	0	8	0	0
7/120 Gaston Investments	0	8	0	0
12/132 Gaston Investments	0	91	0	21
13/155 Gaston Investments	0	104	0	24
16/88 Gaston Investments	5	15	0	3
18 Gaston Investments	6	22	0	5
19/97 Gaston Investments	0	7	0	0
20/140 Gaston Investments	0	6	0	0
Antigo Investments	57	44	25	10
Belise Investments	665	252	89	59
Celtic Asset Management	13	21	4	5
Celtic Investments Ltd	3	6	1	2
Challenge Eighteen	39	385	0	35
Elara Investments	43	62	14	15
Gaston Investments	177	213	59	60
Hub Developments	33	48	11	11
Lakia Enterprises Ltd	346	511	116	120
Lakia Investments	18	18	6	6
Mandy Investments	224	328	76	77
Ursus Development	599	2	7	2
Ursa Sky	38	0	38	0

## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated)

### Notes to the interim condensed financial statements

#### 29.14 Related party transactions - continued

	1/1/2021 - 30/9/2021	1/1/2020 - 30/9/2020	1/7/2021 - 30/9/2021	1/7/2020 - 30/9/2020
<b>Costs</b>				
<i>Lakia Enterprises Ltd</i>	20	84	2	13
<i>Lakia Investments</i>	45	87	14	19
<i>Robin Investments</i>	21	31	7	7
<i>Imes Poland</i>	268	138	90	93
<i>Imes Poland - loss on sale of shares</i>	0	79	0	0
<i>Gaston Investments</i>	5	2	0	0
<b>Liabilities</b>	<b>30/9/2021</b>	<b>31/12/2020</b>		
<i>Lakia Enterprises Ltd</i>	3 764	9 674		
<i>Lakia Investments</i>	3 828	4 903		
<i>Robin Investments</i>	1 820	1 799		
<i>Imes Poland</i>	20 819	20 601		
<i>Gaston Investments</i>	7	2		
<b>Receivables</b>	<b>30/9/2021</b>	<b>31/12/2020</b>		
<i>Antigo Investments</i>	579	0		
<i>Belise Investments</i>	25 790	18 430		
<i>Celtic Asset Management</i>	449	535		
<i>Challenge Eighteen</i>	0	35 310		
<i>Elara Investments</i>	1 402	1 547		
<i>Gaston Investments</i>	42	42		
<i>Hub Developments</i>	1 869	1 701		
<i>Lakia Enterprises Ltd</i>	26 931	27 701		
<i>Lakia Investments</i>	2	7		
<i>Ursus Development</i>	165	94 395		
<i>Imes Poland</i>	20 370	20 370		
<i>Ursa Sky</i>	38	0		
<b>c) Transactions with other related party</b>				
<b>Costs</b>	<b>1/1/2021 - 30/9/2021</b>	<b>1/7/2020 - 30/9/2020</b>		
<i>Kancelaria Radców Prawnych Oleś&amp;Rodzynekiewicz sp. komandytowa</i>	88	101		



**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 9 months of 2021, and this 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 9 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 9 months 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. 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.

## CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2021

(All amounts in PLN thousands unless otherwise stated)

### Notes to the interim condensed financial statements

#### 29.16 Events after the balance sheet date

On 1 October 2021, the Company sold its shares in its subsidiary, IMES Poland Sp. z o.o., in exchange for consideration of PLN 100.