



HALF YEAR REPORT FOR I HALF OF 2022



CPD S.A.

HALF YEAR REPORT FOR 1ST HALF OF 2022

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the 1h 2022 report of CPD S.A. published on 29 September 2022.

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

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

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

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

In the first half of 2022, the Group's activities focused on finalizing the flagship project in the Ursus district of Warsaw and completing the monetization process of the land bank located in the Ursus district, which was carried out successively in recent years.

In April 2021, CPD sold its last residential plots in Ursus. The company plans to complete a housing project in Ursus in 2022 and pay out profits to shareholders. CPD 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 18 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 18 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:

- On 15 February 2022, liquidation proceedings of Challenge Eighteen sp. z o.o. were initiated.

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

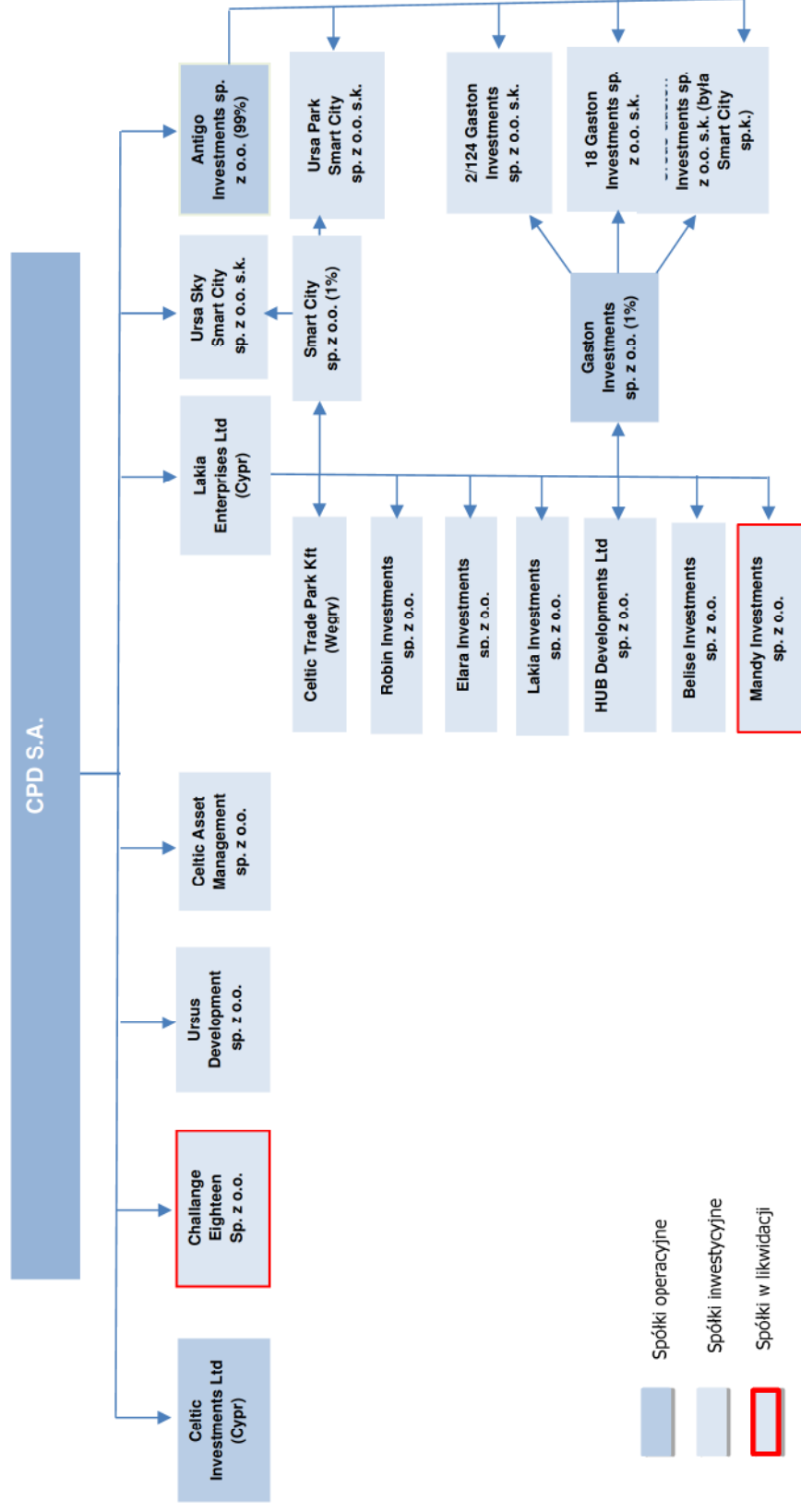
- On 26 July 2022, liquidation proceedings for Ursus Development sp. z o.o. were initiated.

As of the day of publication hereof all the Group companies are consolidated by the full method, except for two Group companies – Ursa Sky Smart City sp. z o.o. sp. k. and Ursa Park Smart City sp. z o.o. sp. k., which are consolidated with the equity method in accordance with the requirements of the International Financial Reporting Standards.

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CPD Group's structure as on 30 June 2022.



3. SELECTED FINANCIAL DATA

Selected items of the consolidated statement of comprehensive income

	6 months period		Change (%)
	From 01.01.2022 to 30.06.2022 (PLN thous.)	From 01.01.2021 to 30.06.2021 (PLN thous.)	
Revenue	10 742	9 712	10,6%
Cost of sales	-41	-1 264	-96,8%
Sales profit	10 701	8 448	26,7%
Administrative expenses - property related	-5 038	-5 501	-8,4%
Other administrative expenses	-4 919	-3 125	57,4%
Selling and marketing costs	-79	-10	690,0%
Gain (loss) on disposal of investment properties	0	235	-100,0%
Other income	315	2 747	-88,5%
Gain (loss) on revaluation of investment properties	-40 247	-2 671	1406,8%
Gain (loss) on revaluation of assets held for sale	0	293	-100,0%
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	2 791	18 741	-85,1%
Impairment of receivables	7 271	854	751,4%
Profit/ loss from operations	-29 205	20 011	
Finance income	429	2 160	-80,1%
Finance costs	-3 304	-1 891	74,7%
Profit/ loss before tax	-32 080	20 280	
Income tax	5 613	-350	
Profit/ loss for the period	-26 467	19 930	

In the first half of 2022 CPD SA Group generated a net loss of PLN 26.47 M. The result was lower by PLN 46.4 M in comparison with the analogous period of 2021.

There were two main factors that had a positive impact on CPD Group's financial results in the first half of 2022 in comparison with the first half of 2021. The sales profit amounted to PLN 10.7 M and was higher by PLN 2.25 M. What is more, the reversal of impairment of receivables in the first half of 2022 was higher by PLN 6.42 M in comparison to the first half of 2021.

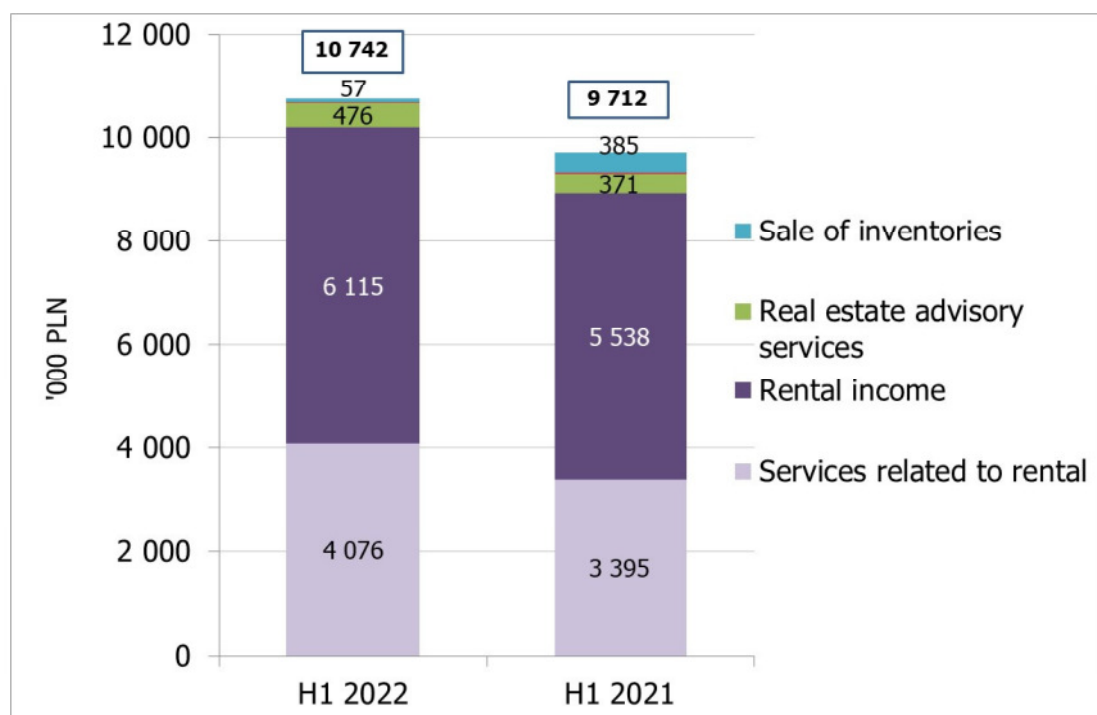
The rise in sales profit resulted from higher revenue and lower cost of sales. The substantial reversal of impairment of receivables resulted from the fact that in the first half of 2022 the CPD Group received money from the official receiver of Energetyka Ursus Sp. z o.o. in liquidation.

On the other hand, a much higher loss on revaluation of investment properties and much lower share in the profits of the joint-venture were the main factors that had a negative impact on CPD Group's financial results in the first half of 2022 in comparison with the first half of 2021.

The following table shows the selected items of the consolidated statement of comprehensive income translated into euro. The figures for the first half of 2022 assumed an average semi-annual fx rate published by the National Bank of Poland, i.e., 4.6365. The figures for the first half of 2021 assumed an average semi-annual fx rate published by the National Bank of Poland, i.e., 4.5408.

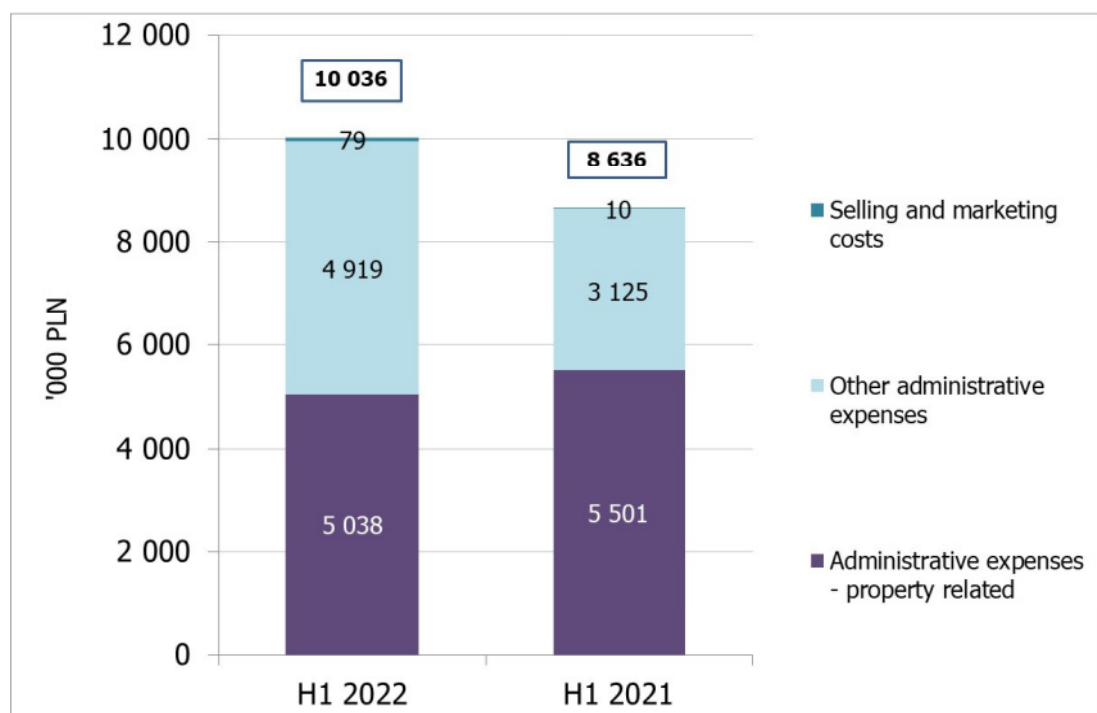
	6 months period		Change (%)
	From 01.01.2022 to 30.06.2022	From 01.01.2021 to 30.06.2021	
	(EUR thous.)	(EUR thous.)	
Revenue	2 317	2 139	8,3%
Cost of sales	-9	-278	-96,8%
Sales profit	2 308	1 860	24,1%
Administrative expenses - property related	-1 087	-1 211	-10,3%
Other administrative expenses	-1 061	-688	54,2%
Selling and marketing costs	-17	-2	673,7%
Gain (loss) on disposal of investment properties	0	52	-100,0%
Other income	68	605	-88,8%
Gain (loss) on revaluation of investment properties	-8 680	-588	1375,7%
Gain (loss) on revaluation of assets held for sale	0	65	-100,0%
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	602	4 127	-85,4%
Impairment of receivables	1 568	188	733,8%
Profit from operations	-6 299	4 407	
Finance income	93	476	-80,5%
Finance costs	-713	-416	71,1%
Profit/loss before tax	-6 919	4 466	
Income tax	1 211	-77	
Profit/loss for the period	-5 708	4 389	

The following chart shows the structure of revenue in the first half of 2022 and 2021.



Revenue went up in comparison with the first half of 2021 as a result of higher rental income, higher services related to rental and higher real estate advisory services.

The following chart shows the structure of operating costs in the first half of 2022 and 2021.



The value of other administrative expenses increased as a result of higher consultancy and legal costs.

Selected items of the consolidated statement of financial position

	As at:		Change (%)
	2022-06-30 (PLN thous.)	2021-12-31 (PLN thous.)	
TOTAL ASSETS	250 024	275 322	-9,2%
Non-current assets, including:	49 424	181 654	-72,8%
<i>Investment properties</i>	47 848	167 667	-71,5%
<i>Investments in joint ventures accounted for using the equity method</i>	829	12 795	-93,5%
Current assets, including:	200 600	93 668	114,2%
<i>Assets held for sale</i>	83 952	4 744	1669,6%
<i>Inventory</i>	3 803	3 887	-2,2%
<i>Trade and other receivables</i>	10 317	3 264	216,1%
<i>Cash and cash equivalents</i>	102 528	81 773	25,4%
TOTAL EQUITY AND LIABILITIES	250 024	275 322	-9,2%
Equity, including:	117 957	144 663	-18,5%
<i>Share capital</i>	897	2 637	-66,0%
<i>Reserve capital</i>	987	987	0,0%
<i>Own shares for redemption</i>	0	-288 973	-100,0%
<i>Fair value of capital element at inception date</i>	-27 909	-27 909	0,0%
<i>Translation reserve</i>	-6 482	-6 243	3,8%
<i>Retained earnings</i>	150 464	464 164	-67,6%
Total liabilities, including:	132 067	130 659	1,1%
<i>Non-current liabilities</i>	66 583	74 412	-10,5%
<i>Current liabilities</i>	65 484	56 247	16,4%

At the end of June 2022, the value of assets was 9,2% lower compared to December 2021.

The value of investment properties was 71.5% lower as a result of a transfer of one investment property to assets held for sale in the amount of PLN 80.88 M and a loss on revaluation of investment properties in the amount of PLN 40.25 M.

The value of current assets went up by 114.2% as a consequence of, among other things, a transfer of one investment property to assets held for sale in the amount of PLN 80.88 M, getting CPD's equity in joint venture back in the amount of PLN 14.94 M and receiving share in the profits of the joint-venture in the amount of PLN 5.67 M.

At the end of June 2022, the value of equity amounted to PLN 117.96 M, which accounted for 47.2% of total assets. Total liabilities accounted for 52.8% of total assets. These ratios changed slightly in comparison with December 2021, when they amounted to 52.5% and 47.5% respectively.

The value of total liabilities rose by 1.1% (PLN 1.41 M) in the first half of 2022.

The following table shows the impact that CPD shares buyback done on 29 July 2022 will have on the CPD Group's consolidated net asset value per share.

	Data as at 2022-06-30	Impact of the 29 July 2022 buyback on Net Asset Value and the number of shares	Figures after taking into account the buyback
Net Asset Value (PLN '000)	117 957	-50 010	67 947
No. of shares ('000)	8 966	-1 673	7 294
Net Asset Value per share (PLN)	13,16		9,32

The following table shows the selected items of the consolidated statement of financial position translated into euro. The figures for 30 June 2022 assumed an fx rate published by the National Bank of Poland as of June 30, 2022, i.e., 4.6806. The figures for 31 December 2021 assumed an fx rate published by the National Bank of Poland as of December 31, 2021, i.e., 4.5994.

	As at:		Change (%)
	2022-06-30 (EUR thous.)	2021-12-31 (EUR thous.)	
TOTAL ASSETS	53 417	59 860	-10,8%
Non-current assets, including:	10 559	39 495	-73,3%
Investment properties	10 223	36 454	-72,0%
Investments in joint ventures accounted for using the equity method	177	2 782	-93,6%
Current assets, including:	42 858	20 365	110,4%
Assets held for sale	17 936	1 031	1638,9%
Inventory	813	845	-3,9%
Trade and other receivables	2 204	710	210,6%
Cash and cash equivalents	21 905	17 779	23,2%
TOTAL EQUITY AND LIABILITIES	53 417	59 860	-10,8%
Equity, including:	25 201	31 453	-19,9%
Share capital	192	573	-66,6%
Reserve capital	211	215	-1,7%
Own shares for redemption	0	-62 828	-100,0%
Fair value of capital element at inception date	-5 963	-6 068	-1,7%
Translation reserve	-1 385	-1 357	2,0%
Retained earnings	32 146	100 918	-68,1%
Total liabilities, including:	28 216	28 408	-0,7%
Non-current liabilities	14 225	16 179	-12,1%
Current liabilities	13 991	12 229	14,4%

The following table shows the structure of liabilities as of 30 June 2022 and 31 December 2021.

	2022-06-30	2021-12-31
Liabilities to total assets	52,8%	47,5%
Non-current liabilities to total assets	26,6%	27,0%
Borrowings including leases	22,2%	20,9%
Deferred income tax liabilities	3,4%	5,2%
Trade and other payables	1,1%	1,0%
Current liabilities to total assets	26,2%	20,4%
Borrowings including leases	14,2%	13,6%
Trade and other payables	10,7%	6,1%
Payables linked to assets held for sale	1,2%	0,8%

The structure of liabilities changed slightly in the first half of 2022. The share of non-current liabilities in total assets went down from 27% as of 31 December 2021 to 26.6% as of June 30, 2022. The share of current liabilities in total assets increased from 20.4% to 26.2%.

At the end of June 2022 non-current liabilities accounted for 50.4% of total liabilities.

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

• REGISTRATION OF SHARES REDEMPTION, REDUCTION OF THE SHARE CAPITAL AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

16 March 2022 Company received the decision of the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register issued on March 14, 2022 on registration by the court of amendments to the Issuer's Articles of Association and changes in the Company's share capital in connection with the resolutions adopted by the Extraordinary General Meeting of the Company on October 18, 2021 (submitted by The Company to the public in the current report No. 32/2021 of October 18, 2021):

1. Changes in connection with the content of Resolution No. 4 of the Extraordinary General Meeting of the Company of 18 October 2021, on the reduction of the share capital of CPD S.A. and changes to the Company's Articles of Association:

4 section 1 of the Company's Articles of Association received a new, following wording:

1. The share capital of the Company amounts to PLN 896,618.50 (say: eight hundred ninety-six thousand six hundred and eighteen zlotys fifty groszy) and is divided into 8,966,185

(say: eight million nine hundred sixty-six thousand one hundred eighty-five) series AA shares with a nominal value of PLN 0.10 (ten groszy) each.

The above amendments to the Articles of Association became effective from the date of their registration in the register of entrepreneurs, which took place on 14 March 2022.

Changes in the share capital in connection with the content of Resolution No. 3 of the Extraordinary General Meeting of the Company of October 18, 2021 on the redemption of own shares of CPD S.A. – as a result, a total of 17,404,946 (in words: seventeen million four hundred four thousand nine hundred and forty six) own shares marked with ISIN PLCELPD00013 code, entitling to exercise 17,404,946 votes (in words: seventeen million four hundred and four thousand nine hundred and forty-six) were redeemed.

Accordingly, the share capital of the Company currently amounts to PLN 896,618.50 (say: eight hundred ninety six thousand six hundred and eighteen zlotys fifty groszy) and is divided into 8,966,185 (say: eight million nine hundred sixty six thousand one hundred eighty five) series AA shares with a nominal value of PLN 0.10 (ten groszy) each, which entitle to exercise a total of 8,966,185 votes (say: eight million nine hundred sixty six thousand one hundred eighty five).

- **RESIGNATION OF SUPERVISORY BOARD MEMBER**

19 April 2022, company received the resignation of Supervisory Board Member.

Ms Hanna Karwat-Ratajczak, previously a Member of the Supervisory Board of the Company, resigned of the position with effect on the date of the Ordinary General Meeting, the subject of which is to review and approve the Management Board Activity Report and financial statements for 2021 and to validate the operation of management 2021.

Ms Hanna Karwat-Ratajczak meets the criteria of an independent Member of the Supervisory Board. Ms Hanna Karwat-Ratajczak did not give reasons for her resignation.

- **APPOINTMENT OF SUPERVISORY BOARD MEMBER**

28 June 2022, the Ordinary General Meeting of the Company appointed Mr. Emil Tomaszewski to act as a Member of the Supervisory Board of the Company from 28 June 2022.

Information on the education, qualifications and professional work of Mr. Emil Tomaszewski is presented on the company's website.

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

- **INFORMATION ON THE INVITATION TO SUBMIT OFFERS FOR THE SALE OF SHARES OF CPD S.A.**

Acting pursuant to Resolution No. 1 / VII / 2022 of the Management Board of the Company of 5 July 2022 on establishing detailed terms and conditions of purchasing the Company's shares, in connection with Resolution No. 21 of the Ordinary General Meeting of CPD Spółka Akcyjna with its registered office in Warsaw of 28 June 2022 regarding the authorization of the Management Board of the Company to

purchase its own shares for redemption, hereby invites the Company's shareholders to submit offers to sell its shares for redemption on the terms specified in the Invitation.

• **INFORMATION ON ACCEPTING OFFERS FOR THE SALE OF SHARES**

In connection with the Invitation to submit Offers for the Sale of Company Shares announced on 5 July 2022, on the basis of which the Company proposed to purchase no more than 1,672,591 (one million six hundred seventy two thousand five hundred and ninety one) ordinary shares for bearer of the Company marked with the ISIN code PLCELPD00013 ("Shares"), during the period of accepting the Share Sale Offers from 12 to 25 July 2022, 152 valid Share Sale Offers were submitted for a total of 7,554,438 (seven million five hundred fifty four thousand four hundred and thirty eight) shares of the Company.

On 26 July 2022, the Company decided to accept all valid Shares sale offers and to reduce them in accordance with the rules set out in the Invitation. As the sale offers were for a greater number of shares than the 1,672,591 shares proposed by the Company, each Share Sale Offer will be implemented in part – the reduction of offers will be carried out in accordance with the rules described in the Invitation and the sale offers will be reduced by an average of approximately 78%.

• **PURCHASE OF COMPANY'S OWN SHARES FOR REDEMPTION**

29 July 2022, as a result of transaction settlement for purchase of CPD SA own shares being a result of the invitation to submit offers for sale of the Company's shares announced on 5 July 2022 (hereinafter the "Invitation"), the Company acquired 1,672,591 own shares through the brokerage house Pekao Investment Banking S.A. with its seat in Warsaw and Bank Polska Kasa Opieki S.A. with its seat in Warsaw, Biuro Maklerskie Pekao.

The shares were acquired in accordance with Resolution No.21 of the Extraordinary General Meeting of CPD S.A. of 28 June 2022 regarding the authorization of Company's Management Board to purchase its own shares for redemption, pursuant to Art. 362 § 1 point 5) of the Commercial Companies Code

The purchase price for one share was PLN 29.90.

All acquired shares are ordinary shares with a nominal value of PLN 0.10 each. Acquired shares of CPD S.A. (1,672,591 shares) constitute 18.65% of the Company's share capital and represent 1,672,591 votes at the General Meeting of the Company (18.65% of the total number of votes at the General Meeting of the Company), however, in accordance with applicable regulations, the Company is not entitled to exercise voting rights from treasury shares.

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

The COVID-19 pandemic has continued since 2020. Due to the fading nature of the pandemic and the essence of this event, it did not have a significant impact on the Group's results for the first half of 2022.

Real estate development is characterized by a long production cycle, therefore the effects of negative events are felt in the long term. In the jointly controlled company Ursa Sky Smart City Sp. z o.o. Sp.k. revenues from the sale of apartments, service premises and parking spaces for the first half of 2022 amounted to PLN 58.75 million and were generated by transactions from about a year ago with payment in instalments. Therefore, the events that took place in the first half of 2022 will be visible in the income statement for subsequent periods. In the jointly controlled company Ursa Park Smart City Sp. z o.o. Sp.k. revenues from the sale of apartments, service premises and parking spaces for the first half of 2022 amounted to PLN 0.51 million and were generated by transactions from about a year ago with

payment in instalments. 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 ongoing pandemic in the world and Russia's aggression against Ukraine started in March 2022, resulting in an increase in prices of goods and services and interest rates in Q2 and Q3 2022, the company assumes that the effects of these events 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 continuation of 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.

The Ursa Sky stage is being carried out according to the assumed schedule. Taking into account the fact that the construction works were completed in the first quarter of 2022 and the sales level of this project is very advanced and the management board of CPD S.A. as at the date of publication of the report, he did not notice the resignation from the already signed development contracts, therefore he expects the project to be completed on schedule.

CPD S.A. and its subsidiaries are taking steps to adapt their activities to the existing conditions, maintaining the common recommendations of sanitary services and actively engaging in helping refugees from Ukraine residing on the territory of Poland.

7. ACQUISITION AND SALE OF PROPERTY, PLANT AND EQUIPMENT

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

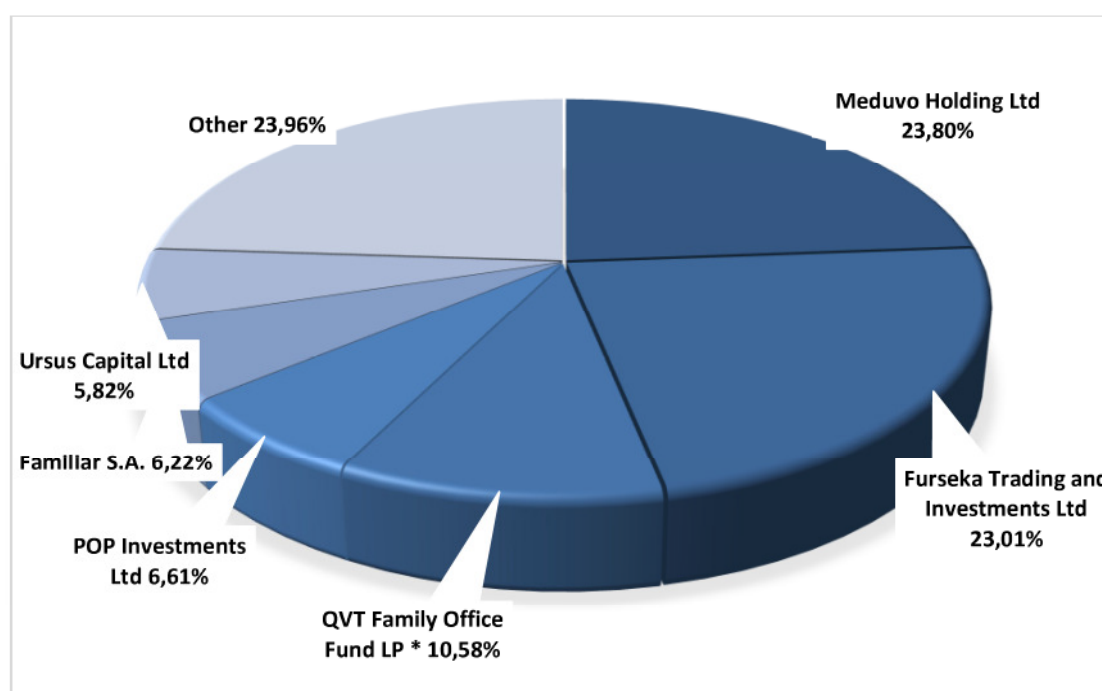
8. TRANSACTIONS WITH RELATED PARTIES CONCLUDED ON OTHER THAN MARKET CONDITIONS

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

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

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

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



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

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Shareholder	No. of shares	Type	No. of votes	Shareholder structure on a basis of votes no.	Shareholder structure on a basis of shares no.
Meduvo Holding Ltd	2 133 604	bearer shares	2 133 604	23.80 %	23.80 %
Furseka Trading and Investments Ltd	2 063 234	bearer shares	2 063 234	23.01 %	23.01 %
QVT Family Office Fund LP*	948 922	bearer shares	948 922	10.58 %	10.58 %
POP Investments Ltd	592 585	bearer shares	592 585	6.61 %	6.61 %
Ursus Capital Ltd	522 216	bearer shares	522 216	5.82 %	5.82 %
Familiar S.A.	557 608	bearer shares	557 608	6.22 %	6.22 %
Other	2 148 016	bearer shares	2 148 016	23.96 %	23.96 %

* Data on the basis of the list of persons entitled to participate in the General Meeting

In relation to the status presented in the consolidated quarterly report for I quarter of 2022, published on 30 May 2022, there were no changes occurred in the ownership structure of significant blocks of shares in the Company as of the balance sheet date.

After the balance sheet date, i.e., 29 July 2022, as a result of the settlement of the transaction for the purchase of shares of CPD S.A. as a result of the invitation to submit offers for the sale of the Company's shares announced on 5 July 2022, the Company acquired 1,672,591 shares of the Company (own shares).

11. COMPANY SHARES HELD BY MANAGING AND SUPERVISING PARTIES

The table below presents the Company's shares held by Management Board members as at the publication date 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	11 192	1119	0,12%	0,15%
Iwona Makarewicz	Member	1 847	184	0.02%	0.03%
Collin Kingsnorth	President	0	0	0	0
John Purcell	Member	0	0	0	0
RAZEM		13 039	1 303	0,14%	0,18%

On 2 August 2022, the Company received from Ms Elżbieta Wiczowska and Ms Iwona Makarewicz, a member of the management board of CPD S.A., notifications about transactions in shares concluded on 29 July 2022, referred to in Art. 19 paragraph 3 of the MAR Regulation.

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

12.IMPORTANT COURT, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS

On 6 February 2019, a customs and tax inspection were initiated against Celtic Investments Limited with its registered office in Cyprus, part of the Group. The scope of the audit covers the accuracy of the declared tax bases and the correctness of calculating and paying the corporate income tax for 2016 by Blaise Investments sp. z o.o., which was acquired by Celtic Investments Limited as a result of a cross-border merger completed on 31 December 2017. On 29 June 2020, Celtic Investments Limited received a decision to transform the customs and tax control into tax proceedings. The tax proceedings were finished on 26 February 2021 and the relevant decision was delivered to Celtic Investments Limited with its registered office in Cyprus on 29 March 2021. The CPD SA consolidated statement of financial position includes the liability resulting from the decision.

13. LOAN GUARANTEES

As of 30 June 2022, CPD SA guaranteed to Santander Bank Polska SA payable and due amounts that are required (or may be required) to cover debt service or any other payments due to be paid to Bank Santander by its subsidiary doing business as Belise Investments sp. z o.o. based on a payment request up to a maximum of EUR 20,666,000.

On 30 June 2022 the balance of the secured loan was EUR 11,897,325. The guarantee period ends on the day on which Bank Santander considers that the secured claims have been irrevocably, unconditionally and fully repaid and satisfied, but in any case, not later than 31 May 2029.

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

14.THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

On 30 June 2022, the composition of the Management Board of the Company was as follows:

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

On 30 June 2022, the composition of the Supervisory Board of the Company was as follows:

- Mr. Andrew Pegge – President of Supervisory Board
- Mr. Wiesław Oleś – Secretary of Supervisory Board
- Mr. Mirosław Gronicki - Supervisory Board Member
- Mr. Emil Tomaszewski - Supervisory Board Member
- Mr. Krzysztof Laskowski - Supervisory Board Member

On 30 June 2022, the composition of the Audit Committee of the Company was as follows:

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

15. OTHER IMPORTANT INFORMATION

Nothing other than the information provided above.

16. FACTORS AFFECTING RESULTS OF THE FOLLOWING QUARTERS

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

- The effects of Russia's ongoing and protracted aggression against Ukraine,
- The situation on the financial markets which may affect the valuation of properties in the Group's portfolio,
- Continuation of increases in prices and goods and services in Poland and in the world,
- The state of global financial markets and their impact on the Polish economy and the national banking system,
- Availability of mortgages, and in particular their attractiveness to potential customers,
- The economic trend in the housing market, on which the Company operates,
- The availability of external financing (loans, bonds) for real estate development entities,
- Changes in the legal and tax regulations that may influence the market demand for products offered by the Company in an uncontrollable manner,
- Maintaining a stable political situation and creating a positive economic climate by the government and local authorities,
- The economic situation affecting regular income from the rental of office space,
- The vacancy of individual office buildings,
- Costs of sale and general administrative of companies as well as properties,
- Quarterly revaluation at fair value of the Group's properties and receivables,
- Risk related to the related to an expiring COVID-19 pandemic in the world.

II. STATEMENT OF THE MANAGEMENT BOARD

The Management Board of CPD S.A. confirms that to the best of its knowledge condensed interim consolidated financial statements of the Group CPD S.A. for the first half ended 30 June 2022 and condensed interim financial statements of the Company for the first half ended 30 June 2022 as well as comparative figures have been prepared in accordance with applicable accounting principles and give a true and fair financial and asset situation of the Group and its financial results and that the Groups half-year activities report includes the true development and achievements description and Capital Group's situation, including threats and risks.

The Management Board of CPD S.A. confirms that the entity authorized to audit and review the condensed interim consolidated financial statements and the condensed interim financial statements of CPD S.A., which has reviewed Group's condensed interim consolidated financial statements and the Company's condensed interim financial statements was selected in accordance with the law, that entity as well as the auditor who has carried out the review fulfilled the conditions required by law to issue an independent and unbiased review condensed interim consolidated financial statements and the condensed interim financial statements report, in accordance with applicable regulations and professional standards. Financial reports of CPD S.A. and the Capital Group in 2022 were reviewed and audited by the audit company Grant Thornton Polska sp. z o.o. sp. k. based in Poznan.

COLIN KINGSNORTH
PRESIDENT OF THE MANAGEMENT BOARD

ELŻBIETA WICKOWSKA
MEMBER OF THE MANAGEMENT BOARD

IWONA MAKAREWICZ
MEMBER OF THE MANAGEMENT BOARD

JOHN PURCELL
MEMBER OF THE MANAGEMENT BOARD

CPD S.A.HALF YEAR REPORT FOR 1st HALF OF 2022

**III. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 ALONG
WITH CONDENSED FINANCIAL STATEMENTS OF CPD S.A.**

Report on Review of the Condensed Interim Consolidated Financial Statements

Grant Thornton Polska

Sp. z o.o. sp. k.
ul. Abpa Antoniego Baraniaka 88 E
61-131 Poznań
Polska

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For the Shareholders of CPD S.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of a Group (the Group), in which the parent entity is CPD S.A. (the Parent) with its registered office in Warsaw, 7B Cybernetyki Street, which comprise the condensed consolidated statement of financial position as of June 30, 2022, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows for the period from January 1, 2022 to June 30, 2022 and selected explanatory notes.

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

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

Scope of Review

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

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

Conclusion

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

Marcin Diakonowicz

Statutory Auditor No. 10524

Key Audit Partner performing the review on behalf of
Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k.,
Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Warsaw, September 29, 2022.

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

Report on Review of the Condensed Interim Financial Statements

Grant Thornton Polska

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For the Shareholders of CPD S.A.

Introduction

We have reviewed the accompanying condensed interim financial statements of CPD S.A. (the Company) with its registered office in Warsaw, 7B Cybernetyki Street, which comprise the condensed statement of financial position as of June 30, 2022, condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows for the period from January 1, 2022 to June 30, 2022 and selected explanatory notes.

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

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

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

Conclusion

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

Marcin Diakonowicz

Statutory Auditor No. 10524

Key Audit Partner performing the review on behalf of
Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k.,
Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Warsaw, September 29, 2022.

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

CPD S.A.

Condensed interim consolidated financial statements

for the period of 6 months ended 30 June 2022

and the condensed financial statements of CPD S.A.

for the period of 6 months ended 30 June 2022

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

(unaudited financial data, reviewed by an auditor)

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Condensed consolidated statement of comprehensive income

	Note	For the 6 month period ended		For the 3 month period ended	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021
				<i>(not reviewed by an auditor)</i>	
Revenues	13	10 742	9 712	5 448	4 886
Cost of sales	14	(41)	(1 264)	354	(786)
PROFIT ON SALES		10 701	8 448	5 802	4 100
Administrative costs property related	15	(5 038)	(5 501)	(2 446)	(2 397)
Administrative expenses - other	16	(4 919)	(3 125)	(3 734)	(2 068)
Selling and marketing expenses		(79)	(10)	(79)	(4)
Net profit (loss) from sale of investment property		0	235	0	156
Other income	17	315	2 747	51	62
Net profit (loss) from fair value adjustments on investment properties	4	(40 247)	(2 671)	(41 614)	(3 964)
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	8	2 791	18 741	(3 129)	95
Receivables valuation allowances		7 271	854	7 260	858
Net profit (loss) from assets held for sale valuation		0	293	0	0
OPERATING RESULT		(29 205)	20 011	(37 889)	(3 162)
Financial income	18	429	2 160	588	1 969
Financial costs	18	(3 304)	(1 891)	(1 455)	(189)
RESULT BEFORE INCOME TAX		(32 080)	20 280	(38 756)	(1 382)
Income tax	19	5 613	(350)	6 137	197
PROFIT FROM CONTINUED OPERATIONS		(26 467)	19 930	(32 619)	(1 185)
Result of discontinued operations		0	0	0	0
RESULT OF THE PERIOD		(26 467)	19 930	(32 619)	(1 185)
- attributable to the Group equity holders		(26 467)	19 930	(32 619)	(1 185)
- attributable to non controlling interest		0	0	0	0
OTHER COMPREHENSIVE INCOME					
Other comprehensive income to be reclassified to profit or loss upon condition		(239)	270	(134)	345
Other comprehensive income not to be reclassified to profit nor loss		0	0	0	0
Other comprehensive income		(239)	270	(134)	345
TOTAL COMPREHENSIVE INCOME		(26 706)	20 200	(32 753)	(840)
- attributable to the Group equity holders		(26 706)	20 200	(32 753)	(840)
- attributable to non controlling interest		0	0	0	0
BASIC EARNINGS PER SHARE (PLN)	23	(2,95)	1,13	(3,64)	(0,07)
DILUTED EARNINGS PER SHARE (PLN)	23	(2,95)	1,13	(3,64)	(0,07)

Colin William Kingsnorth
Chairman of the Board

John Purcell
Board Member

Elżbieta Donata Wiczowska
Board Member

Iwona Ewa Makarewicz
Board Member

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

Condensed consolidated statement of financial position

	Note	30.06.2022	31.12.2021
ASSETS			
Non-current assets			
Investment properties	4	47 848	167 667
Property, plant and equipment		60	103
Investments in joint ventures accounted for using the equity method	8	829	12 795
Long-term financial investments		681	595
Long-term receivables	5	6	494
		49 424	181 654
Current assets			
Inventories	6	3 803	3 887
Trade receivables and other receivables	5	10 317	3 264
Cash and cash equivalents	7	102 528	81 773
Current assets excluding assets held for sales		116 648	88 924
Assets held for sale	27	83 952	4 744
Current assets		200 600	93 668
Total assets		250 024	275 322

CPD S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2022

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position - cont.

	Note	30.06.2022	31.12.2021
EQUITY			
Equity attributable to owners of the parent company			
Share capital	9	897	2 637
Own shares for redemption	9	0	(288 973)
Other reserves		987	987
Embedded element at inception date		(27 909)	(27 909)
Translation reserve		(6 482)	(6 243)
Retained earnings		150 464	464 164
Capital and reserves attributable to the Group equity holders		117 957	144 663
Non-controlling interest		0	0
Total equity		117 957	144 663
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities	10	2 627	2 629
Borrowings, including leasing	11	55 425	57 551
Deferred tax liabilities	12	8 531	14 232
Non-current liabilities		66 583	74 412
Current liabilities			
Trade payables and other liabilities	10	26 847	16 694
Borrowings, including leasing	11	35 568	37 309
Current liabilities excluding liabilities held for sale		62 415	54 003
Liabilities classified as held for sale	27	3 069	2 244
Current liabilities		65 484	56 247
Total liabilities		132 067	130 659
Total Equity and liabilities		250 024	275 322

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Board Member

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

CPD S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2022
(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	Reserve capital	Retained earnings	Capital and reserves attributable to the Group equity holders	Non-controlling interest	Total equity
Balance as at 01.01.2021	2 637	(117 396)	(27 909)	(6 262)	987	432 991	285 048	0	285 048
Comprehensive income									
Currency translation differences	0	0	0	270	0	0	270	0	270
Result of the period	0	0	0	0	0	19 930	19 930	0	19 930
	0	0	0	270		19 930	20 200	0	20 200
Balance as at 30.06.2021	2 637	(117 396)	(27 909)	(5 992)	987	452 921	305 248	0	305 248
Balance as at 01.01.2022	2 637	(288 973)	(27 909)	(6 243)	987	464 164	144 663	0	144 663
Transactions with owners									
Share capital reduction	(1 740)	288 973	0	0	0	(287 233)	0	0	0
	(1 740)	288 973	0	0	0	(287 233)	0	0	0
Comprehensive income									
Currency translation differences	0	0	0	(239)	0	0	(239)	0	(239)
Result of the period	0	0	0	0	0	(26 467)	(26 467)	0	(26 467)
	0	0	0	(239)	0	(26 467)	(26 706)	0	(26 706)
Balance as at 30.06.2022	897	0	(27 909)	(6 482)	987	150 464	117 957	0	117 957

Colin William Kingsnorth
Chairman of the Board

John Purcell
Board Member

Elzbieta Donata Wiczowska
Board Member

Iwona Ewa Makarewicz
Board Member

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

Condensed consolidated statement of cash flows

	Note	For the 6 month period ended	
		30.06.2022	30.06.2021
Cash flows from operating activities			
Profit before income tax		(32 080)	20 280
Total operating activity adjustments	20	38 016	(18 893)
Basic cash generated from (used in) operations		5 936	1 387
Interest paid		(1 089)	(1 453)
Income paid		(87)	(6 275)
Net cash generated from investing activities		4 760	(6 341)
Cash flows from investing activities			
Capital expenditure on investments property		(2 811)	0
Purchase of property, plant and equipment		0	(13)
Proceeds from the sale of investment property		0	73 213
Acquisition of shares in non-consolidated entities		0	143
Interest received		0	1
Proceeds from reduction of joint ventures contributions		14 938	15 069
Proceeds from of joint ventures profit participation		5 880	0
Net cash from investing activities		18 007	88 413
Cash flows from financing activities			
Acquisition of derivatives		0	(580)
Repayment of borrowings		(2 012)	(9 225)
Net cash from financing activities		(2 012)	(9 805)
Net (decrease)/increase in cash and cash equivalents		20 755	72 267
Cash and cash equivalents at beginning of the year		81 773	170 146
Cash and cash equivalents at the end of the period		102 528	242 413

Colin William Kingsnorth
Chairman of the Board

John Purcell
Board Member

Elżbieta Donata Wiczowska
Board Member

Iwona Ewa Makarewicz
Board Member

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

Notes to the interim condensed consolidated financial statements

1 General information

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

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

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

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

Information about the Capital Group

As at balance sheet date CPD Group comprised CPD S.A. as a parent entity, 18 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 2021, except for the application of the following new or revised standards and interpretations applicable for annual periods beginning on or after 1 January 2022.

The interim consolidated financial statements as at 30 June 2022 have been prepared under going concern assumption in the foreseeable future.

Due to calculation mistake published condensed consolidated financial statements for the first half of 2021 included incorrect data for 3 months ended 30 June 2021 in the statement of comprehensive income. These condensed consolidated financial statements include correct data for this period. As a result these data are not consistent with the published condensed consolidated financial statements for the first half of 2021.

2.1 Basis of preparation

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

The following new standards, interpretations and amendments which came into force in 2022 and description of the impact of applying the amendments:

Amendments to **IAS 16 Proceeds before Intended use**.

Amendments to **IAS 37 Cost of Fulfilling a Contract**.

Set of amendments **Annual Improvements 2018–2020**.

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

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

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

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 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.

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 January 2022 20/140 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k. has been cancelled from the entrepreneurs' register.

3 Significant changes in major accounting estimates and judgments

During preparation of these condensed consolidated financial statements the Board has made an assessment of the significant estimates and judgments, which have an impact on the accounting principles applied and the amounts recognised in the financial statements for a period of 6 months ended 30 June 2022.

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 2021.

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

Determination of the fair value of Investment properties

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

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

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

- (i) non-developed land
- (ii) investment properties generating significant rent income (office buildings in Warsaw);
- (iii) property with an office building in Warsaw under consideration to convert into residential property.

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

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

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

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

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

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

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

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

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

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

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

In the first half of 2022 the Group recorded loss on the revaluation of investment properties to their fair values, which amounted to PLN 40.247 thousand.

Notes to the interim condensed consolidated financial statements**3 Significant changes in accounting estimates - cont.****Accounting treatment of joint ventures**

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

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

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

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

The first one - Ursa Park - has been completed in 2019 and comprised of 385 flats. Ursa Home is under construction now and consists of 341 flats (153 in the first stage and 188 flats in the second one). As at the balance sheet date all the flats in this project were sold.

Based on annex dated 22 September 2020 Unidevelopment joined Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp. k., who bought land and cumulated project outlays related to Ursa Sky from Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp. k. Since that moment the company is accounted for as joint venture. Ursa Sky consists of 183 and 201 flats respectively in the first and second stage. Sales contracts were concluded for all flats in the first stage and 190 flats in the second stage by the end of the second quarter.

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

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

Determination of fair value of derivatives

In February 2016 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.

Notes to the interim condensed consolidated financial statements**3 Significant changes in major accounting estimates and judgments - cont.*****Balance sheet valuation of shares in subsidiaries and loans granted to subsidiaries (related to the standalone financial statements)***

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

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

At the same time, as at the balance sheet date, the Company analysed the possibility of recovering receivables from loans granted to its subsidiaries. The Company impairs the value of loans granted to its subsidiaries if the value of their net assets was negative as at 30 June 2022. In the Management's opinion, due to the negative value of net assets of these subsidiaries, there is a substantial risk that these companies will not be able to repay the loans in full.

Tax settlements/deferred tax and activation of tax losses

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

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

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

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

Notes to the interim condensed consolidated financial statements**3.1 Managing financial risks - cont.*****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 investments with external debt bearing variable rate interest. In connection with the current debt level, the Group is exposed to the risk of changes in interest rates charged on the bank loans.

Within the Group, only Belise Investments hedges the risk of fluctuations in cash flows resulting from variable rate debt with CAP option.

Other financial risks CPD Group have been presented in the consolidated financial statements for the year ended 31 December 2021.

Liquidity risk

The cash balance increased during the first half of 2022. This resulted mainly from retrieving the contributions from the joint venture and prepaid joint venture profit participation.

(All amounts in PLN thousands unless otherwise stated)

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

	01.01.2022 30.06.2022	01.01.2021 31.12.2021
At the beginning of the reporting period	167 667	165 618
Capital expenditure	2 811	708
Transfer of capitalised financial liabilities from joint venture	0	2 464
Capitalised financial liabilities in disposed investment properties	(220)	(75)
Transfer of capitalised financial liabilities to assets held for sale	(3 069)	(2 244)
Change of capitalised financial liabilities	(3)	(3)
Transfer of investment property to assets held for sale	(80 883)	(2 500)
Net profit (loss) from fair value adjustments on investment properties	(40 247)	3 699
Other reclassifications	1 792	0
At the end of the reporting period	47 848	167 667

Decrease in the balance of investment properties in the reporting period resulted mainly from transfer to assets held for sale and impact of the fair value adjustment.

	For the 6 month period ended	
	30.06.2022	30.06.2021
Direct operating costs for investment properties:		
- generating rent income	2 772	2 726
- other	24	69
	2 796	2 795

5 Trade receivables and other receivables

	30.06.2022	31.12.2021
Trade receivables	1 355	1 160
Receivables from the state	1 902	1 271
Receivables from related parties	6 029	231
Prepaid expenses	1 025	602
Other receivables	6	0
Short-term receivables	10 317	3 264
Long-term receivables	6	494
Total receivables	10 323	3 758

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

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements**6 Inventories**

	30.06.2022	31.12.2021
At the beginning of the reporting period	3 887	3 601
Disposal	(57)	(353)
Change in impairment	0	679
Exchange differences	(27)	(40)
At the end of the reporting period	3 803	3 887

7 Cash and cash equivalents

	30.06.2022	31.12.2021
Cash at bank and on hand	8 906	75 254
Restricted cash	71 428	3 234
Short-term bank deposits	22 194	3 285
	102 528	81 773

Restricted cash covers mainly the funds blocked as a part of own shares acquisition. Moreover it includes money transferred as a result of the implementation of the credit agreement with mBank Hipoteczny and VAT accounts within split payment mechanism .

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

8 Joint ventures

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

	30.06.2022	31.12.2021
a) Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	0	0
b) Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	829	1 105
c) Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	0	11 690
	829	12 795

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

	30.06.2022	31.12.2021
Opening balance as at 1 January	0	85
Group's share of the net profit or loss of the joint ventures presented in these interim condensed consolidated financial statements	0	26
Conversion of the joint venture into subsidiary	0	(111)
Closing balance	0	0

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

	30.06.2022	31.12.2021
Opening balance as at 1 January	1 105	0
Group's share of the net profit or loss of the joint ventures presented in these interim consolidated financial statements	(276)	18 025
Other adjustments	0	(16 920)
Closing balance	829	1 105

(All amounts in PLN thousands unless otherwise stated)

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

Opening balance as at 1 January	11 690	27 136
Group's share in joint venture contributions	0	3 514
Group's share in reduction of joint venture contributions	(11 093)	(11 253)
Group's share in the change of declared joint venture contributions	0	(5 278)
Group's share in joint venture profit participation	(11 336)	(8 545)
Change in Group's property rights to the joint venture	(1 668)	(1 415)
Group's share of the net profit or loss of the joint ventures presented in theses interim consolidated financial statements	6 541	7 531
Other adjustments	5 866	0
Closing balance	0	11 690

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

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

	30.06.2022	31.12.2021
Total assets	0	0
Total liabilities	0	0
Net assets	0	0

Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements	0	0
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Financial information from statement of comprehensive income

	30.06.2022	31.12.2021
Result from continued operations	0	(58)

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

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

	30.06.2022	31.12.2021
Total non-current assets	752	659
Deferred tax	752	659
Total current assets	5 436	6 109
Inventory	0	354
receivables	106	1 963
Cash and cash equivalents	5 330	3 792
Total assets	6 188	6 768
Trade payables and other liabilities	4 531	4 558
Net assets	1 657	2 210
% held by the Group	50%	50%
Carrying amount of investment in joint venture presented in the consolidated financial statements	829	1 105

(All amounts in PLN thousands unless otherwise stated)

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

<i>Financial information from statement of comprehensive income</i>	30.06.2022	31.12.2021
Revenue	532	68 047
Interest cost	0	3
Result from continued operations	(552)	22 492

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

	30.06.2022	31.12.2021
Total non-current assets	261	261
Intangible assets	261	261
Total current assets	65 424	84 345
Inventory	41 959	73 809
receivables	662	539
Cash and cash equivalents	22 803	9 997
Total assets	65 685	84 606
Long-term payables	6 656	3 753
Trade payables and other liabilities	70 763	60 810
Total liabilities	77 419	64 563
Net assets	(11 734)	20 043
% held by the Group	50%	58%
Carrying amount of investment in joint venture presented in the consolidated financial statements	0	11 690

<i>Financial information from statement of comprehensive income</i>	30.06.2022	31.12.2021
Revenue	59 530	82 046
Interest cost	5	8
Result from continued operations	13 083	12 912

9 Share capital

	Number of shares (in thousands)		Value of shares	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Ordinary shares series AA	8 966	26 371	897	2 637
Total	8 966	26 371	897	2 637

Between 2019 and 2021 CPD SA acquired 17.404.946 own shares for redemption.

On 14 March 2022 KRS registered reduction of the share capital resulting from cancellation of all the acquired own shares.

(All amounts in PLN thousands unless otherwise stated)

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

	30.06.2022	31.12.2021
Tenant deposits	2 627	2 629

Current liabilities

	30.06.2022	31.12.2021
Trade payables	400	1 046
Payables to related parties	0	7
Output VAT and other tax payables	11 368	10 236
Tenant deposits	225	230
Other liabilities	12 861	503
Received prepayments	0	2 506
Accrued expenses	1 993	2 166
	26 847	16 694

11 Borrowings, including leasing

	30.06.2022	31.12.2021
Non-current		
Bank loans	53 122	51 957
Leasing	2 303	5 594
	55 425	57 551
Current		
Bank loans	35 568	37 309
IRS derivative	0	0
	35 568	37 309
Total borrowings	90 993	94 860

As of 30 June 2022 bank loans relate to the credits drawn up in Santander Bank Polska SA of PLN 55 505 thousand and in mBank Hipoteczny SA of PLN 33 185 thousand.

In February 2016 Belise Investments entered into a swap transaction rate (IRS), in order to hedge the streams of interest payments, for an amount corresponding to 80% of the loan BZ WBK. In the second quarter of 2021 the instrument expired and the company acquired CAP type interest rate option in order to hedge against the risk of interest rates increase. The instrument is presented as long term financial assets.

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

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

(All amounts in PLN thousands unless otherwise stated)

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

	30.06.2022	31.12.2021
Deferred tax assets before offset	1 908	1 379
Offset against deferred tax liability	(1 908)	(1 379)
Deferred tax assets after offset	0	0
Deferred income tax liabilities before offset	10 439	15 611
Offset against deferred tax asset	(1 908)	(1 379)
Deferred income tax liabilities after offset	8 531	14 232

13 Revenue by nature

	For the 6 month period ended		For the 3 month period ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Rent income	6 115	5 538	3 098	2 733
Sales of inventories	57	385	0	297
Real estate advisory services	476	371	219	182
Rent related services	4 076	3 395	2 122	1 665
Accounting services	18	23	9	9
	10 742	9 712	5 448	4 886

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

14 Cost of sales

	For the 6 month period ended		For the 3 month period ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Cost of inventories sold	113	367	56	275
The cost of services rendered	(72)	897	(410)	511
	41	1 264	(354)	786

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

15 Administrative costs property related

	For the 6 month period ended		For the 3 month period ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Personnel costs	1 475	2 053	725	955
Property maintenance	2 743	2 779	1 303	1 280
Property taxes	459	426	248	207
Perpetual usufruct	318	170	149	(88)
Depreciation of fixed assets and intangible assets	43	73	21	43
	5 038	5 501	2 446	2 397

(All amounts in PLN thousands unless otherwise stated)

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

	For the 6 month period ended		For the 3 month period ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Consultancy services	2 987	1 085	2 281	841
Legal services	886	637	734	393
Audit fees	83	75	45	62
Taxes	32	157	18	136
Office maintenance	285	314	182	209
Other services	557	740	426	355
Non deductible VAT	89	117	48	72
	4 919	3 125	3 734	2 068

17 Other income

	For the 6 month period ended		For the 3 month period ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Provisions released	262	273	0	0
Penalties and compensations received	51	1 897	51	43
Other	2	577	0	19
	315	2 747	51	62

18 Financial income and expenses

	For the 6 month period ended		For the 3 month period ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Interest expense:				
- Bank loans	(1 086)	(978)	(428)	(498)
- Tax interest	(340)	(272)	(207)	(143)
- Leasing interest	(195)	(290)	(98)	(287)
- Other interest	0	0	0	0
Valuation of amortized cost	(211)	(149)	(211)	(63)
Net exchange differences	(1 472)	0	(511)	905
Financial costs	(3 304)	(1 891)	(1 455)	(189)
Interest income:				
- Bank interest	249	1	230	0
- Interest from third parties	63	0	0	0
Revaluation of derivatives	86	212	355	112
Other financial income	31	92	3	2
Net exchange differences	0	1 855	0	1 855
Financial income	429	2 160	588	1 969

19 Income tax

	For the 6 month period ended		For the 3 month period ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Tax on current year income	88	6 275	45	6 234
Deferred taxes	(5 701)	(5 925)	(6 182)	(6 431)
	(5 613)	350	(6 137)	(197)

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements**20 Operating cash flow adjustments**

	For the 6 month period ended	
	30.06.2022	30.06.2021
Adjustments for:		
- depreciation of tangible fixed assets	43	73
- currency translation adjustments	(212)	221
- revaluation to fair value of investment property	40 247	2 671
- revaluation of assets held for sale	0	(293)
- share in net profit or loss of the joint venture	(2 791)	(1 822)
- result on sale of investment property	0	(235)
- interest costs	1 098	1 484
- interest income	0	(1)
- exchange differences	1 425	(2 650)
- result on derivatives revaluation	(86)	(213)
- other adjustments	2	0
Changes in working capital		
- changes in receivables	(2 685)	12 796
- changes in inventories	57	353
- change in trade and other liabilities	918	(31 277)
	38 016	(18 893)

21 Related party transactions

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

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

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

	For the 6 month period ended	
	30.06.2022	30.06.2021
(a) Transactions with key management personnel		
The cost of the salaries of members of the Board of Directors	901	889
The cost of the salaries of the members of the Supervisory Board	35	276
The cost of services rendered by the members of the Board of Directors	4 680	601
Total receivables	19	19
(b) Transactions with the other related parties		
Revenues		
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	0	8
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	10	124
Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	555	301
Costs		
Kancelaria Radców Prawnych Oleś i Rodzynkiewicz	23	30
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	19	0

(All amounts in PLN thousands unless otherwise stated)

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

	30.06.2022	31.12.2021
Receivables		
<i>Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.</i>	3	16
<i>Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.</i>	6 029	215
Payables		
<i>Kancelaria Radców Prawnych Oleś i Rodzynkiewicz</i>	0	7

22 Payment of dividends

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

23 Earnings per share

	For the 6 month period ended		For the 3 month period ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit attributable to the shareholders of the parent company	(26 467)	19 930	(32 619)	(1 185)
Weighted average number of ordinary shares (in '000)	8 966	17 671	8 966	17 671
Earnings per share	(2,95)	1,13	(3,64)	(0,07)
Diluted profit attributable to shareholders	(26 467)	19 930	(32 619)	(1 185)
Weighted average number of ordinary shares (in '000)	8 966	17 671	8 966	17 671
Diluted earnings per share	(2,95)	1,13	(3,64)	(0,07)
	30.06.2022	31.12.2021		
Net assets at book value	117 957	144 663		
Number of ordinary shares (in '000)	8 966	8 966		
Net assets per share	13,16	16,13		

24 Contingent liabilities

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

25 Segment reporting

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

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

26 Seasons of activity and unusual events

The activity of the Group of the CPD is not seasonal or cyclical. There were no unusual events in the current interim period.

(All amounts in PLN thousands unless otherwise stated)

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

	30.06.2022	31.12.2021
Assets		
Investment properties	80 883	2 500
Capitalised financial liabilities	3 069	2 244
	83 952	4 744
Liabilities		
Borrowings, including leasing	3 069	2 244
	3 069	2 244
Net assets held for sale	80 883	2 500

In the reporting period Antigo Investments spółka z ograniczoną odpowiedzialnością concluded final agreements to dispose perpetual usufruct rights to part of its plots located in Warsaw, reported as assets held for sale. On the other hand Iris office building owned by Belise Investments sp. z o.o. has been transferred to assets held for sale.

28 Events after the end of the reporting period

On 29 July 2022 CPD SA acquired 1.672.591 of own shares for redemption. The acquisition price amounted to PLN 29,90. The shares represent 18,65% of CPD SA share capital. However based on the relevant regulations the Company is prevented from executing voting rights from own shares.

On 22 August 2022 Lakia Investments sp. z o.o. repaid full amount of the bank loan due to mBank Hipoteczny SA.

On 16 August 2022 Robin Investments Sp. z o.o. concluded preliminary conditional agreement to sell Aquarius office property. The parties agrees deadline to transfer ownership until 9 January 2023.

There were no other significant post balance sheet events.

29 Interim financial information of the parent

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

Information required by IAS 34 is presented in note 2.1 to the consolidated condensed financial statements of CPD Group.

29.1 Condensed statement of comprehensive income

	Note	1/1/2022- 30/6/2022	1/1/2021- 30/6/2021	1/4/2022- 30/6/2022	1/4/2021- 30/6/2021
<i>(not reviewed by an auditor)</i>					
Revenues		12	78	6	39
Administrative costs	29.11	(1 604)	(1 940)	(818)	(1 026)
Fair value adjustment on loans granted	29.12	(22 845)	9 772	(22 743)	6 040
OPERATING RESULT		(24 437)	7 910	(23 555)	5 053
Financial income	29.12	12 222	99 551	11 464	99 512
Financial costs	29.12	(1 306)	(19 190)	(1 180)	(19 066)
PROFIT (LOSS) BEFORE INCOME TAX		(13 521)	88 271	(13 271)	85 499
Income tax		(736)	133	(592)	225
PROFIT (LOSS) FOR THE PERIOD		(14 257)	88 404	(13 863)	85 724
OTHER COMPREHENSIVE INCOME		0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(14 257)	88 404	(13 863)	85 724
BASIC EARNINGS PER SHARE (IN PLN)	29.10	(1,59)	5,00	(1,55)	4,85
DILUTED EARNINGS PER SHARE (IN PLN)	29.10	(1,59)	5,00	(1,55)	4,85

Colin Kingsnorth
Chairman of the Board

Elżbieta Donata Wiczowska
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

29.2 Condensed statement of financial position

	Note	30/6/2022	31/12/2021
ASSETS			
Non-current assets			
Long-term receivables	29.6	26 278	37 657
Shares in subsidiaries	29.5	4 241	19 993
Total non-current assets		30 519	57 650
Current assets			
Trade receivables and other receivables, including:	29.7	10 089	22 276
- receivables and loans		10 014	22 270
- prepayments		75	6
Income tax receivables		195	195
Cash and cash equivalents		83 801	64 384
Total current assets		94 085	86 855
Total assets		124 604	144 505
EQUITY			
Share capital	29.8	897	2 637
Treasury shares		0	(288 972)
Share premium		389 802	677 034
Embedded element at inception date		(27 909)	(27 909)
Other reserves		987	987
Retained earnings		(247 766)	(233 509)
Total equity		116 011	130 268
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		5 680	4 944
Total non-current liabilities		5 680	4 944
Current liabilities			
Borrowings	29.9	2 758	9 069
Trade payables and other payables		155	224
Total current liabilities		2 913	9 293
Total equity and liabilities		124 604	144 505

Colin Kingsnorth
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Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

29.3 Condensed statement of changes in equity

	Note	Share capital	Treasury shares	Share premium	Embedded element at inception date	Other reserves	Retained earnings	Total
As of 1/1/2021		2 637	(117 395)	577 034	(27 909)	987	(332 546)	202 808
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	88 404	88 404
		0	0	0	0	0	88 404	88 404
As of 30/06/2021/unaudited		2 637	(117 395)	577 034	(27 909)	987	(244 142)	291 212
As of 1/1/2021		2 637	(117 395)	577 034	(27 909)	987	(332 546)	202 808
Treasury shares acquisition		0	(171 577)	0	0	0	0	(171 577)
		0	(171 577)	0	0	0	0	(171 577)
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	99 037	99 037
		0	0	0	0	0	99 037	99 037
As of 31/12/2021		2 637	(288 972)	577 034	(27 909)	987	(233 509)	130 268
As of 1/1/2022		2 637	(288 972)	577 034	(27 909)	987	(233 509)	130 268
Redemption of treasury shares	29.8	(1 740)	288 972	(287 232)	0	0	0	0
		(1 740)	288 972	(287 232)	0	0	0	0
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	(14 257)	(14 257)
		0	0	0	0	0	(14 257)	(14 257)
As of 30/06/2022/unaudited		897	0	389 802	(27 909)	987	(247 766)	116 011

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Board Member

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Iwona Makarewicz
Board Member

29.4 Condensed statement of cash flows

	Note	1/1/2022- 30/6/2022	1/1/2021- 30/6/2021	1/4/2022- 30/6/2022	1/4/2021- 30/6/2021
<i>(not reviewed by an auditor)</i>					
Cash flow from operating activities					
Cash generated from operations	29.13	4 221	97 102	4 239	97 998
Income tax paid		0	(5 726)	0	(5 726)
Net cash generated from investing activities		4 221	91 376	4 239	92 272
Cash flows from investing activities					
entity	29.5	14 938	15 069	0	15 069
Investments in a subsidiary	29.5	(400)	(16 614)	(400)	(16 614)
Loans granted		(205)	(10 836)	(33)	(10 783)
Loan repayments received		6 492	106 538	4 723	71 298
Interest received		775	32 578	775	32 367
Net cash generated from investing activities		21 600	126 735	5 065	91 337
Cash flows from financing activities					
Loans repaid	29.9	(3 774)	(6 774)	(3 034)	(6 003)
Interest repaid		(2 630)	0	(2 630)	0
Net cash generated from financing activities		(6 404)	(6 774)	(5 663)	(6 003)
Net (decrease)/increase in cash and cash equivalents		19 417	211 337	3 640	177 606
Cash and cash equivalents at beginning of year		64 384	15 529	80 161	49 260
Cash and cash equivalents at the end of the period		83 801	226 866	83 801	226 866

Colin Kingsnorth
Chairman of the Board

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Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements**29.5 Shares in subsidiaries and jointly controlled entities**

			30/6/2022	31/12/2021
Name	Country	Share		
Celtic Investments Ltd	Cyprus	100%	48 000	48 000
Impairment			(48 000)	(48 000)
Lakia Enterprises Ltd	Cyprus	100%	105 400	105 000
Impairment			(105 400)	(105 000)
Celtic Asset Management (*)	Poland	100%	0	0
Challenge Eighteen sp. z o.o.	Poland	100%	5 032	5 032
Impairment			(1 934)	(1 566)
Imes Poland sp. z o.o.	Poland	100%	0	23 769
Odpis aktualizujący wartość udziałów			0	(23 769)
Antigo Investments	Poland	100%	16 614	16 614
Impairment			(15 472)	(15 026)
Ursa Sky Smart City	Poland	49%	1	14 939
Ursus Development	Poland	100%	5	5
Impairment			(5)	(5)
			4 241	19 993

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

During the first quarter, the jointly controlled entity Ursa Sky Smart City returned PLN 14,938 thousand in contributions.

On 24 May 2022, Lakia Enterprises Ltd issued 1,000 new shares with a nominal value of EUR 1 each, which were subscribed by CPD S.A. for PLN 400,000 thousand.

29.6 Long-term receivables

	30/6/2022	31/12/2021
Long-term loans with related parties, including:		
- loans	77 995	63 073
- fair value adjustment	(51 717)	(25 416)
	26 278	37 657

Details on the loans granted to related parties as of 30.06.2022

Related party	Currency of the loan	Date of agreement	Fair value of granted loans	Interest Rate	Margin	Maturity
Belise Investments	PLN	2012	9 861	3M WIBOR	1,55%	on demand, not later than 01.05.2027
Belise Investments	PLN	2014	10 196	3M WIBOR	1,55%	on demand, not later than 24.09.2024
Celtic Asset Management	PLN	2015	454	3M WIBOR	1,55%	on demand, not later than 12.02.2025
Elara Investments	PLN	2012	141	3M WIBOR	1,55%	on demand, not later than 01.05.2027
HUB Developments	PLN	2012	1 110	3M WIBOR	1,55%	on demand, not later than 01.05.2027
Gaston Investment	PLN	2010	146	3M WIBOR	0,75%	on demand
Gaston Investment	PLN	2013	1 432	3M WIBOR	0,75%	on demand, not later than 01.10.2023
Ursus Gaston Investments Sp. z o.o. Sp.k.	PLN	2022	10	3M WIBOR	2,00%	on demand, not later than 31.03.2027
Lakia Enterprises Limited	PLN	2012	2 926	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	2014	0	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	2015	0	3M WIBOR	1,55%	on demand
			26 278			

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements**29.6 Long-term receivables - continued****Details on the loans granted to related parties as of 31.12.2021**

Related party	Date of agreement	Currency of the loan	Fair value of granted loans	Interest Rate	Margin	Maturity
Belize Investments	2014	PLN	9 914	3M WIBOR	1,55%	on demand, not later than 24.09.2024
Elara Investments	2013	PLN	1 074	3M WIBOR	1,55%	on demand, not later than 24.01.2023
Celtic Asset Management	2015	PLN	459	3M WIBOR	1,55%	on demand, not later than 12.02.2025
Lakia Enterprises Limited	2012	PLN	4 031	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	2014	PLN	7 143	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	2015	PLN	15 036	3M WIBOR	1,55%	on demand
			37 657			

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

29.7 Trade receivables and other receivables

	30/6/2022	31/12/2021
Short-term loans with related parties, including:	1 734	20 262
- loans	27 740	47 698
- fair value adjustment	(26 005)	(27 437)
Other receivables from related parties	8 256	1 985
Other receivables from other parties	24	23
Prepayments	75	6
Short-term receivables	10 089	22 276

Details on the loans granted to related parties as of 30.06.2022

Related party	Currency of the loan	Date of agreement	Fair value of granted loans	Interest Rate	Margin	Maturity
Antigo Investments	PLN	2012	513	3M WIBOR	1,55%	on demand, not later than 16.10.2022
Elara Investments	PLN	2013	1 222	3M WIBOR	1,55%	on demand, not later than 24.01.2023
			1 734			

Details on the loans granted to related parties as of 31.12.2021

Related party	Date of agreement	Currency of the loan	Fair value of granted loans	Interest Rate	Margin	Maturity
Antigo Investments	2012	PLN	2 185	3M WIBOR	1,55%	on demand, not later than 16.10.2022
Belize Investments	2012	PLN	14 997	3M WIBOR	1,55%	on demand, not later than 01.05.2022
Elara Investments	2012	PLN	1 027	3M WIBOR	1,55%	on demand, not later than 01.05.2022
HUB Developments	2012	PLN	2 053	3M WIBOR	1,55%	on demand, not later than 01.05.2022
			20 262			

(All amounts in PLN thousands unless otherwise stated)

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

	The number of shares (in thousands), including treasury shares		Value of shares	
	30/6/2022	31/12/2021	30/6/2022	31/12/2021
Ordinary shares (AA series)	8 966	26 371	897	2 637

The share capital as of 31 December 2021 amounted to PLN 2,637 thousand. On 14 March 2022, the District Court for the City of Warsaw in Warsaw, XIII Commercial Department of the National Court Register, registered a reduction in the Company's share capital as a result of the redemption of treasury shares. As a result, the Company's share capital currently amounts to PLN 896,618.50 (in words: eight hundred and ninety-six thousand six hundred and eighteen zlotys fifty groszy) and is divided into 8,966,185 (in words: eight million nine hundred and sixty-six thousand one hundred and eighty-five) series AA shares with a nominal value of PLN 0.10 (ten groszy) each, which entitle to exercise a total of 8,966,185 votes (in words: eight million nine hundred and sixty-six thousand one hundred and eighty-five).

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

29.9 Borrowings

	30/6/2022	31/12/2021
Bank borrowings	0	0
Loans from related parties	2 758	9 069
- long-term	0	0
- short-term	2 758	9 069
	2 758	9 069

Loans payable as of 31 December 2021 and 30 June 2022 relate to loans from the following subsidiaries: a loan from a subsidiary of Lakia Enterprises (loan interest rate is 3M Wibor + 0.50% margin), a loan from a subsidiary of Lakia Investments (loan interest rate is 3M Wibor + 1.55% margin) and a loan from a subsidiary of Robin Investments (loan interest rate is 3M Wibor + 1.55% margin).

As of 30 June 2022, the loan from Lakia Enterprises has been repaid; the balance of the loan from Lakia Investments amounts to PLN 890 thousand (principal: PLN 68 thousand, interest: PLN 822 thousand), during the period PLN 2,626 thousand of principal was repaid; the balance of the loan from Robin Investments amounts to PLN 1,869 thousand (principal: PLN 1,600 thousand, interest: PLN 269 thousand).

As of both 30 June 2022 and 31 December 2021, all loans were classified as short-term.

The loans are not secured.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements**29.10 Earnings (loss) per share**

	1/1/2022- 30/6/2022	1/1/2021- 30/6/2021	1/4/2022- 30/6/2022	1/4/2021- 30/6/2021
Profit attributable to the shareholders	(14 257)	88 404	(13 863)	85 724
Weighted average number of ordinary shares (in '000)	8 966	17 671	8 966	17 671
Earnings per share (in PLN)	(1,59)	5,00	(1,55)	4,85
Diluted profit attributable to shareholders	(14 257)	88 404	(13 863)	85 724
Weighted average number of ordinary shares (in '000)	8 966	17 671	8 966	17 671
Diluted earnings per share (in PLN)	(1,59)	5,00	(1,55)	4,85

29.11 Administrative costs

	1/1/2022- 30/6/2022	1/1/2021- 30/6/2021	1/4/2022- 30/6/2022	1/4/2021- 30/6/2021
Advisory services	113	68	56	54
Salaries	1 223	1 612	571	784
Auditor's remuneration	83	75	83	75
Costs of non deductible VAT	71	65	44	53
Other services	114	120	64	60
	1 604	1 940	818	1 026

(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**

	1/1/2022- 30/6/2022	1/1/2021- 30/6/2021	1/4/2022- 30/6/2022	1/4/2021- 30/6/2021
Fair value adjustment on loans granted	(22 845)	9 772	(22 743)	6 040

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.

	1/1/2022- 30/6/2022	1/1/2021- 30/6/2021	1/4/2022- 30/6/2022	1/4/2021- 30/6/2021
Interest income:				
- Bank interest	199	0	190	0
Dividends received	11 452	99 100	10 780	99 100
Other financial income	496	451	468	451
Net exchange differences	74	0	25	(39)
Financial income	12 221	99 551	11 463	99 512
Interest costs:				
- Interest from related parties	93	240	45	116
Impairment of investments in subsidiaries	1 213	18 863	1 135	18 863
Net exchange differences	0	0	0	0
Other financial costs	0	87	0	87
Financial costs	1 306	19 190	1 180	19 066

29.13 Cash flow from operating activities

	1/1/2022- 30/6/2022	1/1/2021- 30/6/2021	1/4/2022- 30/6/2022	1/4/2021- 30/6/2021
Profit/loss before tax	(13 521)	88 271	(13 271)	85 499
Adjustments for:				
- interest costs	93	240	45	116
- fair value adjustment on loans granted	22 845	(9 772)	22 743	(6 040)
- impairment of investments in subsidiaries	1 213	18 863	1 135	18 863
Changes in working capital:				
- changes in trade receivables and other receivables, excluding loans	(6 341)	(445)	(6 350)	(408)
- change in trade liabilities and other liabilities, excluding loans	(68)	(55)	(63)	(32)
	4 221	97 102	4 239	97 998

(All amounts in PLN thousands unless otherwise stated)

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

CPD S.A. has no direct parent company or ultimate parent company. Meduvo Holding and Furseka Trading are significant investors with significant influence over the Company.

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

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

a) Transactions with key management personnel

	1/1/2022- 30/6/2022	1/1/2021- 30/6/2021	1/4/2022- 30/6/2022	1/4/2021- 30/6/2021
Remuneration of members of the Supervisory Board	35	276	16	138
Remuneration of members of the Board of Directors	892	877	448	436

b) Transactions with subsidiaries

	1/1/2022- 30/6/2022	1/1/2021- 30/6/2021	1/4/2022- 30/6/2022	1/4/2021- 30/6/2021
Revenues				
<i>Ursa Sky Smart City</i> jointly controlled entity	28	0	0	0
<i>5/92 Gaston Investments</i> subsidiary	0	0	0	0
<i>6/150 Gaston Investments</i> subsidiary	0	0	0	0
<i>7/120 Gaston Investments</i> subsidiary	0	0	0	0
<i>12/132 Gaston Investments</i> subsidiary	0	0	0	0
<i>13/155 Gaston Investments</i> subsidiary	0	0	0	0
<i>16/88 Gaston Investments</i> subsidiary	0	5	0	2
<i>18 Gaston Investments</i> subsidiary	0	6	0	2
<i>19/97 Gaston Investments</i> subsidiary	0	0	0	0
<i>20/140 Gaston Investments</i> subsidiary	0	0	0	0
<i>Antigo Investments</i> subsidiary	15	31	0	22
<i>Belise Investments</i> subsidiary	987	126	786	69
<i>Celtic Asset Management</i> subsidiary	25	9	15	4
<i>Celtic Investments Ltd</i> subsidiary	2	2	2	1
<i>Challenge Eighteen</i> subsidiary	0	39	0	5
<i>Elara Investments</i> subsidiary	87	28	54	14
<i>Gaston Investments</i> subsidiary	146	118	85	59
<i>Hub Developments</i> subsidiary	66	22	40	11
<i>Lakia Enterprises Ltd</i> subsidiary	683	229	418	115
<i>Lakia Investments</i> subsidiary	12	12	6	6
<i>Mandy Investments</i> subsidiary	444	149	272	75
<i>Ursus Development</i> subsidiary	31	593	19	108

(All amounts in PLN thousands unless otherwise stated)

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

		1/1/2022- 30/6/2022	1/1/2021- 30/6/2021	1/4/2022- 30/6/2022	1/4/2021- 30/6/2021
Costs					
<i>Lakia Enterprises Ltd</i>	<i>subsidiary</i>	15	18	7	5
<i>Lakia Investments</i>	<i>subsidiary</i>	37	30	13	15
<i>Robin Investments</i>	<i>subsidiary</i>	42	14	25	7
<i>Imes Poland</i>	<i>subsidiary</i>	0	178	0	89
<i>Gaston Investments</i>	<i>subsidiary</i>	4	5	2	3
Liabilities					
		30/6/2022	31/12/2021		
<i>Lakia Enterprises Ltd</i>	<i>subsidiary</i>		0	3 763	
<i>Lakia Investments</i>	<i>subsidiary</i>		890	3 479	
<i>Robin Investments</i>	<i>subsidiary</i>		1 869	1 827	
<i>Gaston Investments</i>	<i>subsidiary</i>		2	9	
Receivables					
		30/6/2022	31/12/2021		
<i>Ursa Sky Smart City</i>	<i>jointly controlled entity</i>	5 909	94		
<i>Antigo Investments</i>	<i>subsidiary</i>	513	2 185		
<i>Belise Investments</i>	<i>subsidiary</i>	22 397	26 750		
<i>Celtic Asset Management</i>	<i>subsidiary</i>	454	459		
<i>Elara Investments</i>	<i>subsidiary</i>	1 363	2 100		
<i>Gaston Investments</i>	<i>subsidiary</i>	1 579	48		
<i>Hub Developments</i>	<i>subsidiary</i>	1 110	2 053		
<i>Lakia Enterprises Ltd</i>	<i>subsidiary</i>	2 926	26 210		
<i>Lakia Investments</i>	<i>subsidiary</i>	5	2		
<i>Ursus Gaston Investments</i>	<i>subsidiary</i>	10	0		

c) Transactions with other related party

	1/1/2022- 30/6/2022	1/1/2021- 30/6/2021
Costs		
<i>Kancelaria Radców Prawnych Oleś&Rodzyńkiewicz sp. komandytowa</i>	29	30

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

CPD S.A.'s business is not seasonal or cyclical.

The outbreak of the coronavirus pandemic (COVID-19), declared a "pandemic" by the World Health Organization on March 11, 2020, has affected many aspects of daily life and the global economy. The impact has not spared the real estate market, which has experienced lower levels of transaction activity and liquidity over the past two years. While the impact on the housing market in Poland appeared to be temporary and mainly related to the first few months of the pandemic, uncertainty about the potential future impact COVID-19 may have on the economy and consequently the real estate market remains.

Further disruption is occurring as a result of the Russian Federation's aggression against Ukraine. In February 2022, a number of countries (including the U.S., the UK and EU member states) imposed sanctions on certain entities and individuals in Russia as a result of the Russian Federation's official recognition of the Donetsk People's Republic and the Lugansk People's Republic, and later following the outbreak of armed conflict that the Russian Federation launched against Ukraine. These events, along with the growing turmoil caused by fluctuations in commodity prices and exchange rates, caused a surge in market volatility. The war in Ukraine has disrupted supply chains, including the availability of construction materials and the cost of other raw materials, reinforcing inflationary pressures already in place as a result of the impact of the COVID-19 pandemic.

Both COVID-19 and the war in Ukraine, along with the Polish government's fiscal policy, are affecting Poland's inflation rate, which recently rose to 15% on an annualized basis, prompting the National Bank of Poland to raise interest rates. This affects the creditworthiness of potential residential customers in Poland, who often need bank financing to afford to buy an apartment. All factors may also affect the risk appetite of institutional investors.

In the opinion of the Board of Directors, the COVID-19 pandemic as well as the war in Ukraine have so far had no significant direct impact on the CPD Group's performance in the first half of 2022, and thus no significant impact on CPD S.A.'s results. The COVID-19 pandemic may have an indirect impact on CPD S.A.'s results by affecting the operations of the Company's subsidiaries. The Company's management is monitoring the changing situation and its impact on the financial position and operations of the Company and the CPD Group.

29.16 Events after the balance sheet date

On 29 July 2022, the Company acquired 1,672,591 shares of CPD S.A. (treasury shares) as a result of the settlement of the acquisition of CPD S.A.'s shares following the call for tenders for the sale of the Company's shares announced on 5 July 2022. The shares were acquired in accordance with resolution No. 21 of the Extraordinary General Meeting of CPD S.A. dated 28 June 2022 on authorizing the Company's Board of Directors to acquire treasury shares for redemption. The purchase price per share amounted to PLN 29.90.

All acquired shares are ordinary shares with a nominal value of PLN 0.10 each. The acquired shares of CPD S.A. (in the number of 1,672,591 shares) constitute 18.65% of the Company's share capital and represent 1,672,591 votes at the Company's General Meeting (18.65% of the total number of votes at the Company's General Meeting), except that, in accordance with applicable regulations, the Company is not entitled to exercise voting rights from its treasury shares.