



QUARTERLY REPORT FOR III QUARTER OF 2022



CPD S.A.

QUARTERLY REPORT FOR 3rd QUARTER 2022

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the third quarter 2022 report of CPD S.A. published on 28 November 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.

CONTENTS

I.	OPERATING REPORT.....	3
1.	INFORMATION OF CPD CAPITAL GROUP	3
2.	CAPITAL GROUP'S STRUCTURE.....	4
3.	SELECTED FINANCIAL DATA.....	6
4.	IMPORTANT ACHIEVEMENTS, FAILURES, AND THE MOST IMPORTANT EVENTS CONCERNING THE COMPANY IN REPORTING PERIOD.....	11
5.	IMPORTANT ACHIEVEMENTS, FAILURES, AND THE MOST IMPORTANT EVENTS CONCERNING THE COMPANY AFTER REPORTING PERIOD	11
6.	FACTORS AND EVENTS OF UNUSUAL NATURE HAVING AN IMPORTANT INFLUENCE ON FINANCIAL STATEMENT	14
7.	ACQUISITION AND SALE OF PROPERTY, PLANT AND EQUIPMENT.....	15
8.	TRANSACTIONS WITH RELATED PARTIES CONCLUDED ON OTHER THAN MARKET CONDITIONS	15
9.	THE MANAGEMENT BOARD'S POSITION ON THE PREVIOUSLY PUBLISHED FINANCIAL FORECASTS	15
10.	SHAREHOLDERS ENTITLED TO AT LEAST 5% OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS	16
11.	THE COMPANY'S SHARES HELD BY THE MANAGING AND SUPERVISORY PARTIES.....	17
12.	IMORTANT COURT, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS.....	17
13.	LOAN GUARANTEES	18
14.	THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD	18
15.	OTHER IMPORTANT INFORMATION	18
16.	FACTORS AFFECTING RESULTS OF THE FOLLOWING QUARTERS	19
II.	INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2022 ALONG WITH CONDENSED FINANCIAL STATEMENTS OF CPD S.A.	20

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 third quarter of 2022 the Group's activities were focused on finalizing of residential development project in Ursus i.e. Warsaw district. The Company plans to finish residential project in Ursus in 2022 enabling it to return the proceeds to its shareholders and it is currently converting one of its office assets into a residential project.

As at the date of publication of the report, CPD S.A. is a holding company that controls a group of 18 subsidiaries and two jointly controlled companies, operating mainly in Poland, in the residential and office segment.

2. CAPITAL GROUP'S STRUCTURE

As of the day of publication hereof, the CPD Group (hereinafter referred to as "the Group" or "CPD Group" or "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 Antigo Investments sp. z o.o. and Lokia Enterprises Ltd (Cyprus). The dominant entity - CPD S.A. - coordinates and supervises the activities of 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.

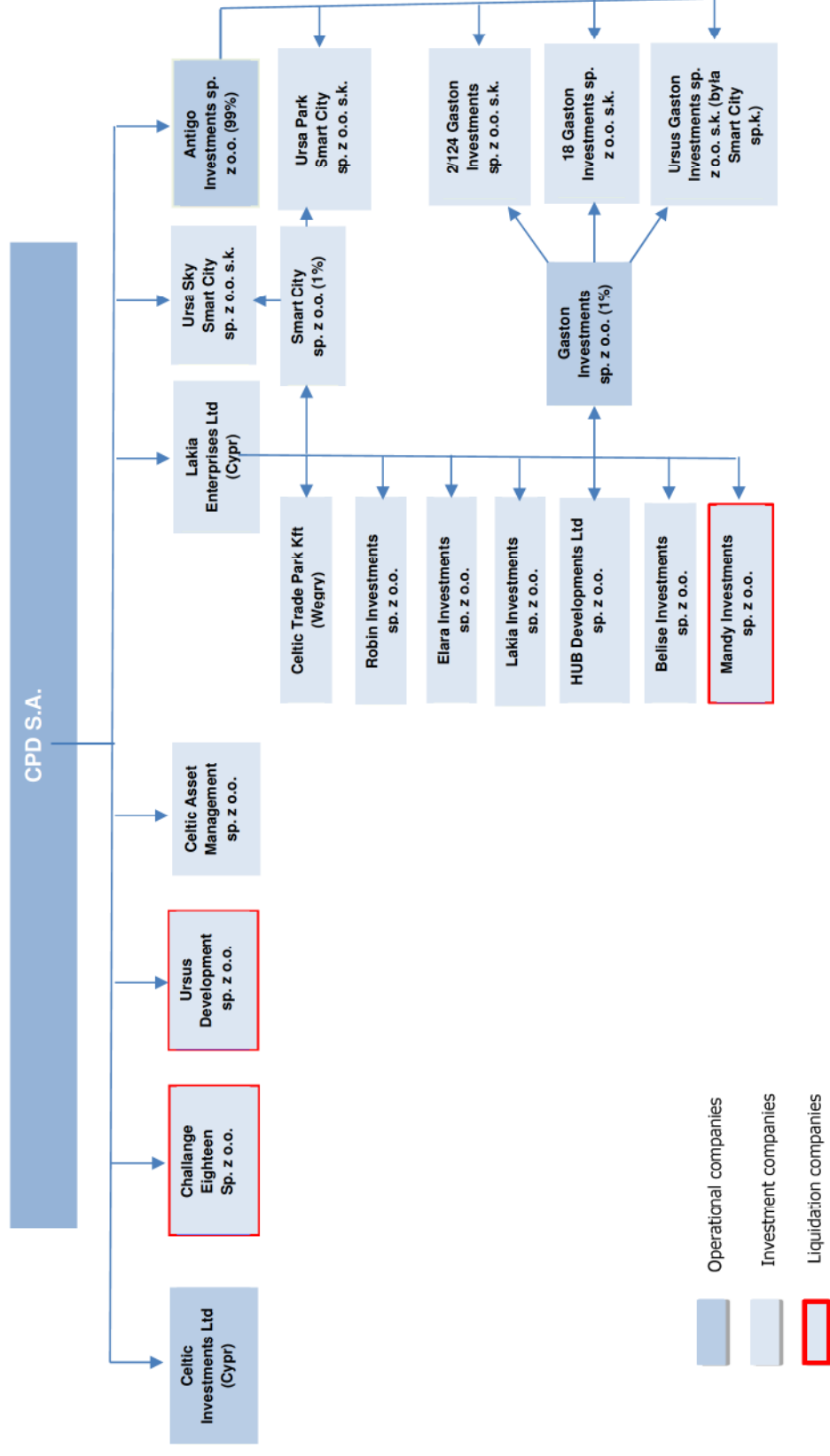
During the reporting period, CPD Group structure was changed in the following manner:

- On 15 February 2022, liquidation proceedings of Challenge Eighteen sp. z o.o. were initiated,
- On 26 July 2022, liquidation proceedings of Ursus Development sp. z o.o. were initiated.

After the balance sheet date, there were no changes in the structure of the Company.

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

CPD Group's structure as on 30 September 2022.



3. SELECTED FINANCIAL DATA

The description of financial results for the third quarter of 2022

Selected items of the consolidated statement of comprehensive income

	3 months period		Change (%)
	From 01.07.2022 to 30.09.2022	From 01.07.2021 to 30.09.2021	
	(PLN thous.)	(PLN thous.)	
Revenue	4 777	4 477	6,7%
Cost of sales	-368	-703	-47,7%
Gross profit	4 409	3 774	16,8%
Administrative expenses - property related	-2 119	-2 720	-22,1%
Other administrative expenses	-894	-1 470	-39,2%
Selling and marketing costs	-23	-10	130,0%
Gain (loss) on disposal of investment properties	0	575	-100,0%
Other income	2	803	-99,8%
Gain (loss) on revaluation of investment properties	716	5 685	-87,4%
Gain (loss) on revaluation of assets held for sale	2 929	0	
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	14 031	-618	
Impairment of receivables	237	3	7800,0%
Profit from operations	19 288	6 022	220,3%
Finance income	871	224	288,8%
Finance costs	-3 859	-3 097	24,6%
Profit before tax	16 300	3 149	417,6%
Income tax	-654	-605	8,1%
Profit for the period	15 646	2 544	515,0%

In the third quarter of 2022 CPD SA Group generated a net profit of PLN 15.65 M. The net profit was over 6 times higher in comparison with the third quarter of 2021.

There were four main factors that had a positive impact on CPD Group's financial results in the third quarter of 2022 in comparison with the third quarter of 2021. Firstly, share in the profits of the joint-venture rose by PLN 14.65 M. The positive result on valuation of assets held for sale was higher by PLN 2.93 M. What is more, profit on sales went up by PLN 0.64 M. Moreover, property related administrative costs and other administrative expenses dropped by PLN 1.18 M in total.

The share in the profit of joint ventures in the amount of PLN 14.03 M resulted from the fact that the special-purpose company responsible for the Ursa Sky project transferred a considerable number of apartments to buyers in the third quarter of 2022. The positive result on valuation of assets held for

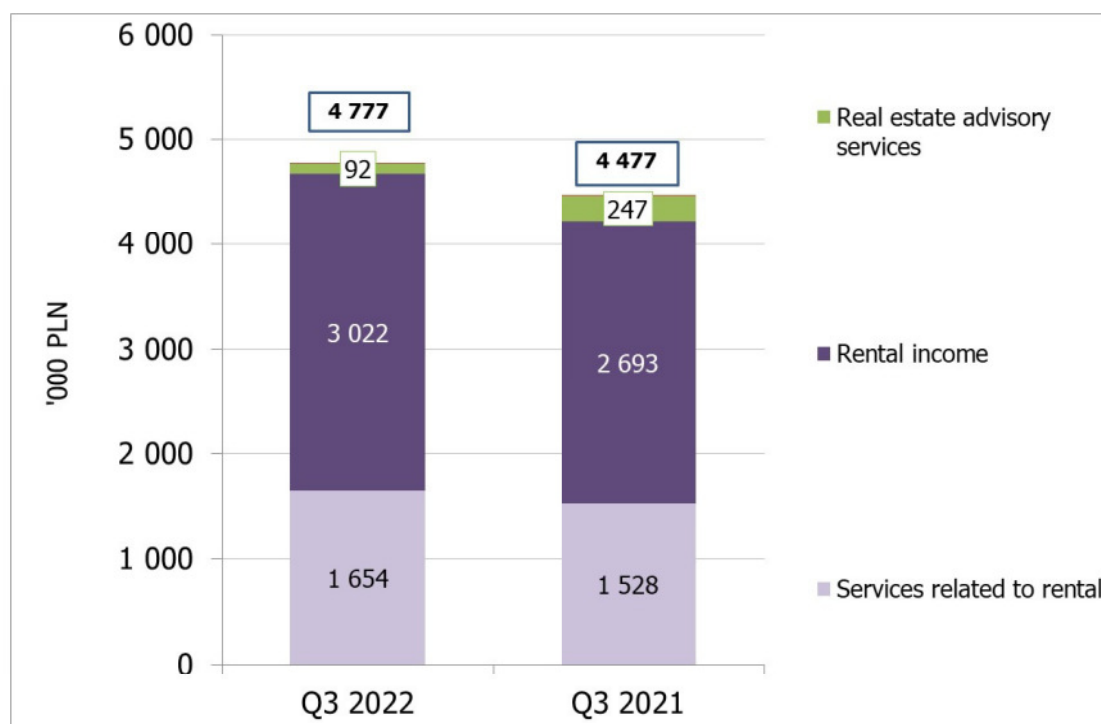
sale was a consequence of fluctuations in EUR/PLN exchange rate in the third quarter of 2022. The higher profit on sales stemmed from a rise in rental income and a drop in cost of sales. The decrease in the administrative costs resulted from lower consultancy, perpetual usufruct, property maintenance and staff costs.

On the other hand, there were two main factors that had a negative impact on CPD Group's financial results in the third quarter of 2022 in comparison with the third quarter of 2021. The net gain from fair value adjustment on investment properties fell by PLN 4.97 M when compared to the prior year period. What is more, financial costs rose by PLN 0.76 M due to unfavourable foreign exchange differences.

The following table shows the selected items of the consolidated statement of comprehensive income translated into euro. The figures for the third quarter of 2022 assumed an average quarterly fx rate for the third quarter of 2022 published by the National Bank of Poland, i.e., 4.744. The figures for the third quarter of 2021 assumed an average quarterly fx rate for the third quarter of 2021 published by the National Bank of Poland, i.e., 4.5665.

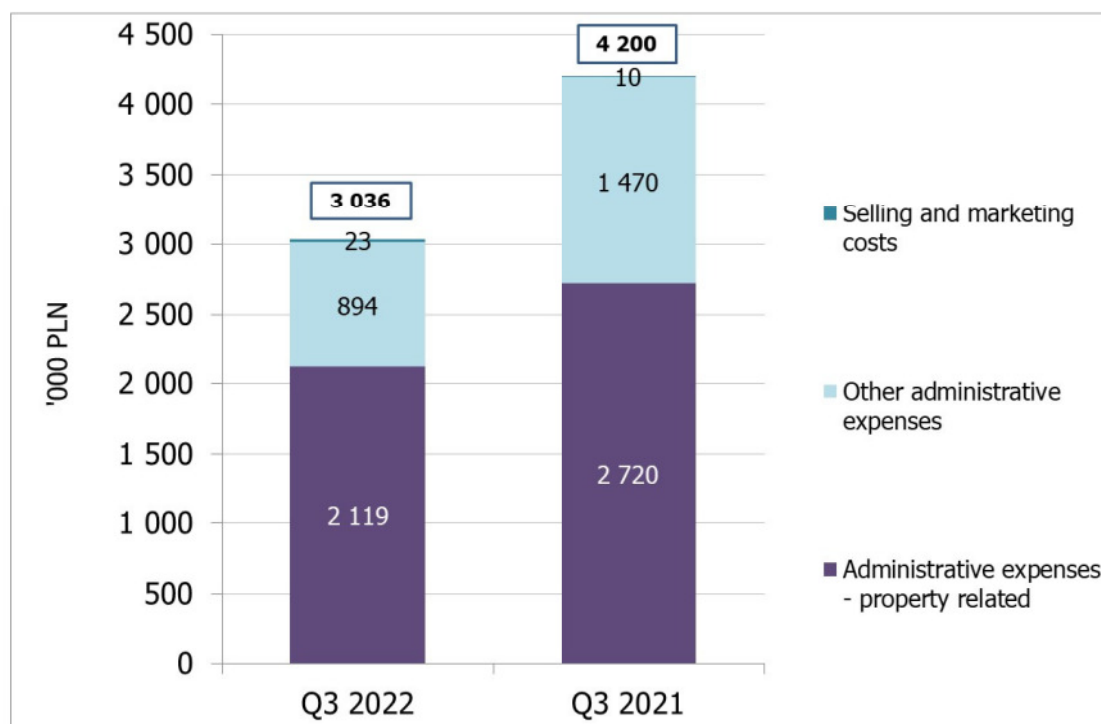
	3 months period		Change (%)
	From 01.07.2022 to 30.09.2022 (EUR thous.)	From 01.07.2021 to 30.09.2021 (EUR thous.)	
Revenue	1 007	980	2,7%
Cost of sales	-78	-154	-49,6%
Gross profit	929	826	12,5%
Administrative expenses - property related	-447	-596	-25,0%
Other administrative expenses	-188	-322	-41,5%
Selling and marketing costs	-5	-2	121,4%
Gain (loss) on disposal of investment properties	0	126	-100,0%
Other income	0	176	-99,8%
Gain (loss) on revaluation of investment properties	151	1 245	-87,9%
Gain (loss) on revaluation of assets held for sale	617	0	
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	2 958	-135	
Impairment of receivables	50	1	7504,4%
Profit from operations	4 066	1 319	208,3%
Finance income	184	49	274,3%
Finance costs	-813	-678	19,9%
Profit before tax	3 436	690	398,3%
Income tax	-138	-132	4,1%
Profit for the period	3 298	557	492,0%

The following chart shows the structure of revenue in the third quarter of 2022 and 2021.



Revenue went up in comparison with the third quarter of 2021 as a result of higher rental income and higher services related to rental.

The following chart shows the structure of operating costs in the third quarter of 2022 and 2021.



The value of total operating expenses decreased as a result of lower consultancy, perpetual usufruct, property maintenance and staff costs.

Selected items of the consolidated statement of financial position

	As at:		Change (%)
	2022-09-30 (PLN thous.)	2021-12-31 (PLN thous.)	
TOTAL ASSETS	186 487	275 322	-32,3%
Non-current assets, including:	25 606	181 654	-85,9%
<i>Investment properties</i>	<i>21 269</i>	<i>167 667</i>	<i>-87,3%</i>
<i>Investments in joint ventures accounted for using the equity method</i>	<i>3 033</i>	<i>12 795</i>	<i>-76,3%</i>
Current assets, including:	160 881	93 668	71,8%
<i>Assets held for sale</i>	<i>114 176</i>	<i>4 744</i>	<i>2306,7%</i>
<i>Inventory</i>	<i>3 793</i>	<i>3 887</i>	<i>-2,4%</i>
<i>Trade and other receivables</i>	<i>3 945</i>	<i>3 264</i>	<i>20,9%</i>
<i>Cash and cash equivalents</i>	<i>38 967</i>	<i>81 773</i>	<i>-52,3%</i>
TOTAL EQUITY AND LIABILITIES	186 487	275 322	-32,3%
Equity, including:	83 085	144 663	-42,6%
<i>Share capital</i>	<i>897</i>	<i>2 637</i>	<i>-66,0%</i>
<i>Reserve capital</i>	<i>987</i>	<i>987</i>	<i>0,0%</i>
<i>Own shares for redemption</i>	<i>-50 010</i>	<i>-288 973</i>	<i>-82,7%</i>
<i>Fair value of capital element at inception date</i>	<i>-27 909</i>	<i>-27 909</i>	<i>0,0%</i>
<i>Translation reserve</i>	<i>-6 990</i>	<i>-6 243</i>	<i>12,0%</i>
<i>Retained earnings</i>	<i>166 110</i>	<i>464 164</i>	<i>-64,2%</i>
Total liabilities, including:	103 402	130 659	-20,9%
<i>Non-current liabilities</i>	<i>11 357</i>	<i>74 412</i>	<i>-84,7%</i>
<i>Current liabilities</i>	<i>92 045</i>	<i>56 247</i>	<i>63,6%</i>

At the end of September 2022, the value of assets was 32% lower compared to December 2021.

The value of investment properties dropped by 87% in the 9-month period from January to September 2022.

The value of investments in joint ventures declined by 76% in the 9-month period as a result of 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 11.67 M.

The value of current assets went up by 71.8% as a consequence of a transfer of two investment properties to assets held for sale in the amount of PLN 108.18 M.

At the end of September 2022, the value of equity amounted to PLN 83.09 M, which accounted for 44.6% of total assets. Total liabilities accounted for 55.4% of total assets. These ratios changed

considerably in comparison with December 2021, when they amounted to 52.5% and 47.5% respectively.

The value of total liabilities went down by 20.9% (PLN 27.26 M), among others, due to a decrease in the balance of advances received of PLN 2.5 million, a drop in the balance of deferred income tax liabilities of PLN 5.18 million and a fall in the balance of borrowings (including leasing) of PLN 20.5 million resulting from a full repayment of credit loan by a related company Lakia Investments Sp. z o.o.

The following table shows the selected items of the consolidated statement of financial position translated into euro. The figures for 30 September 2022 assumed an fx rate published by the National Bank of Poland as of September 30, 2022, i.e., 4.8698. 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 (%)
	2022-09-30 (EUR thous.)	2021-12-31 (EUR thous.)	
TOTAL ASSETS	38 295	59 860	-36,0%
Non-current assets, including:	5 258	39 495	-86,7%
<i>Investment properties</i>	4 368	36 454	-88,0%
<i>Investments in joint ventures accounted for using the equity method</i>	623	2 782	-77,6%
Current assets, including:	33 036	20 365	62,2%
<i>Assets held for sale</i>	23 446	1 031	2173,1%
<i>Inventory</i>	779	845	-7,8%
<i>Trade and other receivables</i>	810	710	14,2%
<i>Cash and cash equivalents</i>	8 002	17 779	-55,0%
TOTAL EQUITY AND LIABILITIES	38 295	59 860	-36,0%
Equity, including:	17 061	31 453	-45,8%
<i>Share capital</i>	184	573	-67,9%
<i>Reserve capital</i>	203	215	-5,6%
<i>Own shares for redemption</i>	-10 269	-62 828	-83,7%
<i>Fair value of capital element at inception date</i>	-5 731	-6 068	-5,6%
<i>Translation reserve</i>	-1 435	-1 357	5,7%
<i>Retained earnings</i>	34 110	100 918	-66,2%
Total liabilities, including:	21 233	28 408	-25,3%
<i>Non-current liabilities</i>	2 332	16 179	-85,6%
<i>Current liabilities</i>	18 901	12 229	54,6%

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

	2022-09-30	2021-12-31
Liabilities to total assets	55,4%	47,5%
Non-current liabilities to total assets	6,1%	27,0%
Borrowings including leases	1,2%	20,9%
Deferred income tax liabilities	4,9%	5,2%
Trade and other payables	0,0%	1,0%
Current liabilities to total assets	49,4%	20,4%
Borrowings including leases	38,6%	13,6%
Trade and other payables	7,5%	6,1%
Payables linked to assets held for sale	3,2%	0,8%

The structure of liabilities changed considerably in the period of 9 months ended 30 September 2022. The share of non-current liabilities in total assets went down from 27% as of 31 December 2021 to 6.1% as of September 30, 2022. The share of current liabilities in total assets increased from 20.4% to 49.4%.

At the end of September 2022 non-current liabilities accounted for 11% of total liabilities, whereas at the end of December 2021 the share amounted to 57%.

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 14 March 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 18 October 2021 (submitted by The Company to the public in the current report No. 32/2021 of 18 October 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 did not give reasons for her resignation.

• APPOINTMENT OF A MEMBER OF THE SUPERVISORY BOARD

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

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

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

The Management Board of CPD S.A., acting on the basis of Resolution No. 1/VII/2022 of the Management Board of the Company of 5 July 2022 on determining the detailed conditions for the purchase of 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 on authorizing the Company's Management Board to purchase own shares for redemption, invited the Company's shareholders to submit offers for the sale of its shares for redemption under the conditions set out in the Invitation to Submit Sale Offers.

• INFORMATION ON ACCEPTANCE OF SHARES SALE OFFERS

In connection with the Invitation to submit Offers for the Sale of the Company's Shares announced on 5 July 2022, based on which the Company proposed the purchase of no more than 1,672,591 (one

million six hundred and seventy-two thousand five hundred and ninety-one) ordinary bearer shares of the Company marked with the ISIN code PLCELPD00013 ("Shares"), during the period of accepting Share Sale Offers from 12 July to 25 July 2022, 152 valid Share Sale Offers were submitted for a total of 7,554,438 (seven million five hundred and fifty-four thousand four hundred and thirty-eight) shares of the Company.

On 26 July 2022, the Company decided to accept all valid offers for the sale of the Shares and to reduce them in accordance with the principles set out in the Invitation. Since the sale offers covered a larger number of shares than the 1,672,591 shares proposed by the Company, each Share Sale Offer will be executed 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 approximately 78% on average.

• **PURCHASE OF OWN SHARES FOR REDEMPTION**

On 29 July 2022, as a result of the settlement of the purchase of shares in 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 (hereinafter the "Invitation"), the Company purchased 1,672,591 shares of the Company (treasury shares) through the brokerage house Pekao Investment Banking S.A. with its registered office in Warsaw and Bank Polska Kasa Opieki S.A. based in Warsaw, Pekao Brokerage House.

The shares were acquired in accordance with Resolution No. 21 of the Extraordinary General Meeting of CPD S.A. of 28 June 2022 on authorizing the Company's Management Board to purchase own shares for redemption, in accordance with Art. 362 § 1 point 5) k.s.h. the purchase price per share was PLN 29.90.

All purchased shares are ordinary shares with a nominal value of PLN 0.10 each. Acquired shares of CPD S.A. (in the number of 1,672,591 shares) constitute 18.65% of the share capital of the Company 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 own shares.

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

• **CONCLUSION OF A SALE AGREEMENT BY THE ISSUER'S SUBSIDIARY**

13 October 2022, the Issuer's subsidiary, i.e. Belise Investments sp. z o.o. (hereinafter referred to as the "Seller") concluded the promised agreement for the sale of the right of perpetual usufruct of the property consisting of a developed plot of land no. 146505_8.0813, located in Warsaw in the Mokotów District, at 9 Cybernetyki Street, with an area of 7,449 m², described in the land and mortgage register No. WA2M/00143456/6, kept by the District Court for Warszawa-Mokotów in Warsaw, 7th Land and Mortgage Register Division, as well as the sale of the ownership right to the IRIS office building located on the Land, together with the ownership of buildings and other facilities located on the Land and all rights related thereto.

The sales contract with a total gross value of PLN 104 million was concluded with DL Invest Group XXXVII limited liability company with its registered office in Katowice.

The provisions of the above agreement concluded by the Seller do not differ from the standards commonly applicable to this type of agreement.

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

The COVID-19 pandemic has been in progress since 2020, which had no significant impact on the Group's results for the third quarter of 2022.

Real estate development is characterized by a long production cycle; therefore, the effects of negative events can be 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 three quarters 2022 amounted to PLN 116,75 million and were generated by transactions from the previous and current year with the payment deadline spread over instalments. 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 three quarters 2022 amounted to PLN 0,52 million and were generated by transactions from about a year ago with payment dates spread in instalments. However, it should be noted that the construction industry, including the development of apartments in multi-family buildings, did not record any declines in sales or a slowdown in the growth dynamics observed in the previous years.

Due to the global pandemic and Russia's aggression against Ukraine that began in February this year, resulting in an increase in the prices of goods and services and interest rates in the 2nd and 3rd quarter of 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 potential tightening of mortgage lending criteria by banks or other disruptions on the housing or banking market,
- decrease in revenues from office space rents,
- demand for office rent and investment demand for office buildings,
- timeliness of implementation of projects by companies from the CPD capital group and its related entities, i.e., resulting from the pace of issuing administrative decisions leading to obtaining building permits and admission of ready facilities for use,
- process of extracting and transferring ownership of premises to buyers and selling real estate,
- availability and terms of new financing if banks and other lenders are severely affected by the protracted economic downturn,
- level and deadline for meeting contractors' financial obligations,
- obtaining administrative decisions
- fluctuations in the value of assets because of changes in the exchange rate of PLN in relation to foreign currencies, especially EUR.

The Ursa Sky stage is being conducted in accordance with 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 according to the schedule. In connection with the above, the escalation of the war in Ukraine should not affect the date of completion of this project and the financial results generated from it.

However, CPD S.A. and subsidiaries have taken intensive steps to adapt their activities to the existing conditions, while maintaining common recommendations of sanitary services and WHO guidelines, and actively engage in helping refugees from Ukraine residing on Polish territory.

7. ACQUISITION AND SALE OF PROPERTY, PLANT AND EQUIPMENT

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

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

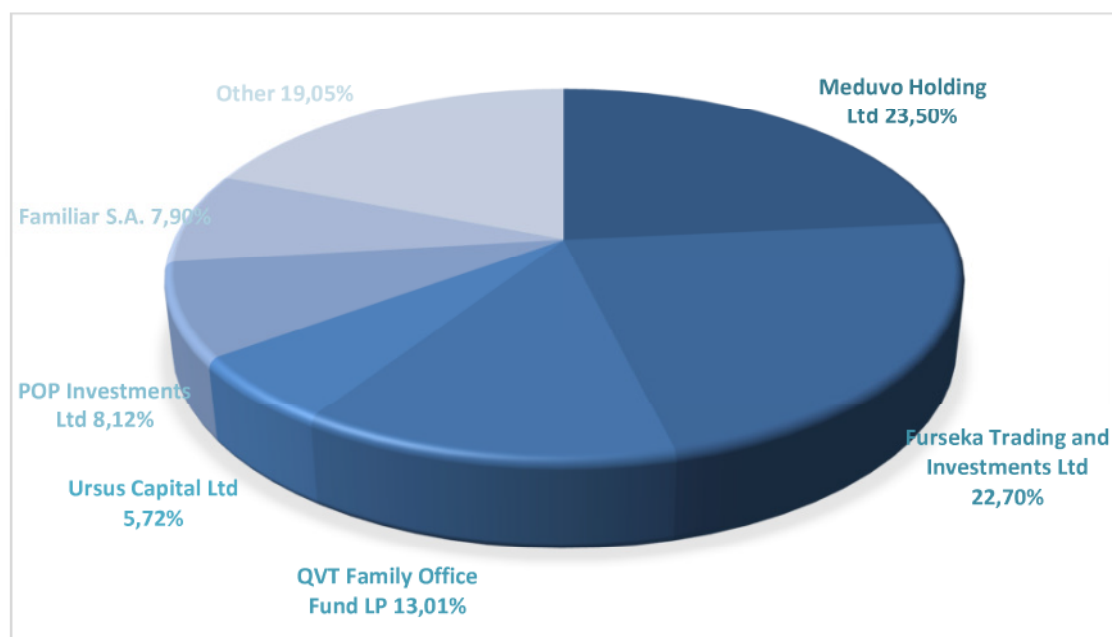
During the reporting period, the Company did not conclude any transactions with related parties on terms other than the market.

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

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

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

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



Shareholder	Number of held shares	Type of shares	Number of held votes	Shareholding structure by held votes	Shareholding structure by held shares
Meduvo Holding Ltd	1 713 330	bearer shares	1 713 330	23.50 %	19.11 %
Furseka Trading and Investments Ltd	1 655 857	bearer shares	1 655 857	22.70 %	18.47 %
QVT Family Office Fund LP*	948 922	bearer shares	948 922	13.01 %	10.58 %
POP Investments Ltd*	592 585	bearer shares	592 585	8.12 %	6.61 %
Ursus Capital Ltd	417 380	bearer shares	417 380	5.72 %	4.66 %
Familiar S.A.*	557 608	bearer shares	576 166	7.90 %	6.22 %
Pozostali	1 389 354	bearer shares	1 389 354	19.05 %	15.50 %
Akcje własne	1 672 591		0	0 %	18.65 %

* data on the basis of the list of persons authorized to participate in the General Meeting

Compared to the status presented in the consolidated half year report for 2022, published on 29 September 2022, the following changes occurred in the ownership structure of significant blocks of shares in the Company as at the balance sheet date:

On 29 July 2022, as a result of the settlement of the purchase of shares in 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 Company shares (treasury shares), which constitutes 18.56% of the non-voting shareholders.

11. COMPANY SHARES HELD BY MANAGING AND SUPERVISING PARTIES

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

Name	Function	No. of owned shares	Nominal value of shares (PLN)	% of total no. of shares	% of total no. of votes
Elzbieta Wiczowska	Member	11 192	1 119	0,12%	0,15%
Iwona Makarewicz	Member	1 847	184	0,02%	0,03%
Colin 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 Mrs. Elzbieta Wiczowska and Mrs. Iwona Makarewicz, member of the management board at CPD S.A., notifications about share transactions concluded on 29 July 2022, referred to in Art. 19 sec. 3 of MAR.

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

12. IMPORTANT COURT, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS

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

New court, administrative and arbitration proceedings did not occur until the publication of this report.

13. LOAN GUARANTEES

As at 30 September 2022, CPD SA guaranteed to Santander Bank Polska SA the due and due payment of amounts that are required (or may be required) to cover debt service or any other due payments due to be paid to Bank Santander by its subsidiary Belise Investments Sp. z o. o. based on a demand for payment up to the maximum amount of EUR 20,666,000.

On 30 September 2022, the balance of the guaranteed loan amounted to EUR 11,772,090.

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

As at the date of publication of the report, the surety period ended. The secured receivables were irrevocably, unconditionally and fully repaid on 13 October 2022 by the subsidiary Belise Investments Sp. z o. o. from the funds obtained from the sale of the asset, which transaction is described in point 5 of this report.

14. THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

At 30 September 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

At 30 September 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

At 30 September 2022, the composition of the Audit Committee of the Company was as follows:

- Mr. Mirosław Gronicki - Chairman of the Audit Committee
- Mr. Krzysztof Laskowski- 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:

- Inflation growth above the medium-term inflation target of the Monetary Policy Council from the "Monetary Policy Assumptions for 2022", which was aimed at maintaining inflation at the level of 2.5% with a band of deviations of ± 1 percentage point,
- The situation on the financial markets which may affect the valuation of properties in the Group's portfolio,
- The economic trend in the housing market, on which the Company operates,
- The state of global financial markets and their impact on the Polish economy and the national banking system,
- Availability of mortgages, and in particular their attractiveness to potential customers,
- Timely, compliant with schedules, completion of the following phase of the Smart City Ursus project,
- The availability of external financing (loans, bonds) for real estate development entities,
- Changes in the legal and tax regulations that may influence the market demand for products offered by the Company in an uncontrollable manner;
- Maintaining a stable political situation and creating a positive economic climate by the government and local authorities,
- The economic situation affecting regular income from the rental of office space,
- Selling, general and administrative expenses,
- Quarterly revaluation at fair value of the Group's properties and receivables,
- Higher prices of construction work observed on the development market,
- Risk related to the COVID-19 pandemic in the world,
- Risk related to the ongoing war in Ukraine.

CPD S.A.QUARTERLY REPORT FOR 3rd QUARTER 2022

**II. INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENT FOR THE PERIOD OF 9 MONTHS ENDED 30
SEPTEMBER 2022 ALONG WITH CONDENSED FINANCIAL
STATEMENTS OF CPD S.A.**

CPD S.A.

Condensed interim consolidated financial statements

for the period of 9 months ended 30 September 2022

and the condensed financial statements of CPD S.A.
for the period of 9 months ended 30 September 2022

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

(unaudited financial data)



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



CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2022

	Page
29.15 Seasonality and one-off events	36
29.16 Events after the balance sheet date	36

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2022

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of comprehensive income

	Note	For the period			
		01-07-2022- 2022-09-30	01-07-2021- 2021-09-30	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
		<i>(unaudited)</i>			
Revenues	13	4 777	4 477	15 519	14 189
Cost of sales	14	(368)	(703)	(409)	(1 967)
PROFIT ON SALES		4 409	3 774	15 110	12 222
Administrative costs property related	15	(2 119)	(2 720)	(7 157)	(8 221)
Administrative expenses-other	16	(894)	(1 470)	(5 813)	(4 595)
Selling and marketing expenses		(23)	(10)	(102)	(20)
Net (loss)/gain from sale of investment property		0	575	0	810
Other income	17	2	803	317	3 550
Net (loss)/ gain from fair value adjustments on investment properties	4	716	5 685	(39 531)	3 014
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method		14 031	(618)	16 822	18 123
Receivables valuation allowances		237	3	7 508	857
Valuation of assets held for sale		2 929	0	2 929	293
OPERATING RESULT		19 288	6 022	(9 917)	26 033
Financial income	18	871	224	1 300	529
Financial costs	18	(3 859)	(3 097)	(7 163)	(3 133)
PROFIT (LOSS) BEFORE INCOME TAX		16 300	3 149	(15 780)	23 429
Income tax	19	(654)	(605)	4 959	(955)
PROFIT (LOSS) FROM CONTINUED OPERATIONS		15 646	2 544	(10 821)	22 474
Result of discontinued operations		0	0	0	0
RESULT OF THE PERIOD		15 646	2 544	(10 821)	22 474
- attributable to the Group equity holders		15 646	2 544	(10 821)	22 474
- attributable to non controlling interest		0	0	0	0
OTHER COMPREHENSIVE INCOME					
Other comprehensive income to be reclassified to profit or loss upon condition		(508)	(274)	(747)	(4)
Other comprehensive income not to be reclassified to profit nor loss		0	0	0	0
Other comprehensive income		(508)	(274)	(747)	(4)
TOTAL COMPREHENSIVE INCOME		15 138	2 270	(11 568)	22 470
- attributable to the Group equity holders		15 138	2 270	(11 568)	22 470
- attributable to non controlling interest		0	0	0	0
BASIC EARNINGS PER SHARE	23	2,00	0,21	(1,26)	1,41
DILUTED EARNINGS PER SHARE	23	2,00	0,21	(1,26)	1,41

Colin Kingsnorth
Chairman of the Board

Elżbieta Donata Wiczowska
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

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



Condensed consolidated statement of financial position

	Note	30.09.2022 (unaudited)	31.12.2021
ASSETS			
Non-current assets			
Investment properties	4	21 269	167 667
Property, plant and equipment		42	103
Investments in joint ventures accounted for using the equity method	8	3 033	12 795
Ling-term financial assets in non-related entities		1 256	595
Long-term receivables		6	494
Non-current assets		25 606	181 654
Current assets			
Inventories	6	3 793	3 887
Trade receivables and other receivables	5	3 945	3 264
Cash and cash equivalents	7	38 967	81 773
Current assets excluding assets held for sales		46 705	88 924
Assets held for sales	27	114 176	4 744
Current assets		160 881	93 668
Total assets		186 487	275 322

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2022

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position - continuation

	Note	30.09.2022 (unaudited)	31.12.2021
EQUITY			
Equity attributable to owners of the parent company			
Share capital	9	897	2 637
Own shares for redemption		(50 010)	(288 973)
Embedded element at inception date		(27 909)	(27 909)
Translation reserve		(6 990)	(6 243)
Reserve capital		987	987
Retained earnings		166 110	464 164
Capital and reserves attributable to the Group equity holders		83 085	144 663
Non-controlling interest		0	0
Total equity		83 085	144 663
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities	10	0	2 629
Borrowings, including leasing	11	2 303	57 551
Deferred tax liabilities	12	9 054	14 232
Non-current liabilities		11 357	74 412
Current liabilities			
Trade payables and other liabilities	10	14 014	16 694
Borrowings, including leasing	11	72 033	37 309
Current liabilities excluding liabilities held for sale		86 047	54 003
Liabilities classified as held for sale	27	5 998	2 244
Current liabilities		92 045	56 247
Total liabilities		103 402	130 659
Total Equity and liabilities		186 487	275 322

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Board Member

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Board Member

Iwona Makarewicz
Board Member

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

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 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
<u>Transactions with owners</u>									
Shares acquisition for redemption	0	(171 577)	0	0	0	0	(171 577)	0	(171 577)
<u>Comprehensive income</u>									
Currency translation differences	0	0	0	(4)	0	0	(4)	0	(4)
Profit (loss) for the period	0	0	0	0	0	22 474	22 474	0	22 474
Total comprehensive income	0	0	0	(4)	0	22 474	22 470	0	22 470
Balance as at 30.09.2021 /unaudited	2 637	(288 973)	(27 909)	(6 266)	987	455 465	135 941	0	135 941
Balance as at 01.01.2022	2 637	(288 973)	(27 909)	(6 243)	987	464 164	144 663	0	144 663
<u>Transactions with owners</u>									
Shares acquisition for redemption	0	(50 010)	0	0	0	0	(50 010)	0	(50 010)
Share capital reduction	(1 740)	288 973	0	0	0	(287 233)	0	0	0
	(1 740)	238 963	0	0	0	(287 233)	(50 010)	0	(50 010)
<u>Comprehensive income</u>									
Currency translation differences	0	0	0	(747)	0	0	(747)	0	(747)
Profit (loss) for the period	0	0	0	0	0	(10 821)	(10 821)	0	(10 821)
Total comprehensive income	0	0	0	(747)	0	(10 821)	(11 568)	0	(11 568)
Balance as at 30.09.2022 /unaudited	897	(50 010)	(27 909)	(6 990)	987	166 110	(61 578)	0	83 085

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Board Member

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Board Member

Iwona Makarewicz
Board Member

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

Condensed consolidated statement of cash flows

		For the 9 month period ended	
	Nota	2022-09-30	2021-09-30
		(unaudited)	(unaudited)
Cash flow from operating activities			
PROFIT (LOSS) BEFORE INCOME TAX		(15 780)	23 429
Total operating activity adjustments	20	19 990	(19 196)
Basic cash generated from (used in) operations		4 210	4 233
Interest paid		(1 649)	(1 515)
Income tax paid		(219)	(6 322)
Net cash generated from operating activities		2 342	(3 604)
Cash flows from investing activities			
Capital expenditure on investments property		(2 811)	0
Purchase of property, plant and equipment		0	(13)
Interest received		544	1
Proceeds from the sale of investment property		(6)	76 288
Cash of joint venture transferred into subsidiary		0	143
Proceeds from joint ventures contribution withdrawal		14 938	15 069
Proceeds from of joint ventures profit participation		11 646	0
Net cash used in investing activities		24 311	91 488
Cash flows from financing activities			
Own shares acquisition		(50 010)	(171 577)
Acquisition of derivatives		0	(580)
Repayment of borrowings		(19 449)	(10 224)
Net cash used in financing activities		(69 459)	(182 381)
Net (decrease)/increase in cash and cash equivalents		(42 806)	(94 497)
Cash and cash equivalents at beginning of the year		81 773	170 146
Cash and cash equivalents at the end of the period	7	38 967	75 649

Colin Kingsnorth
Chairman of the Board

John Purcell
Board Member

Elżbieta Donata Wiczowska
Board Member

Iwona Makarewicz
Board Member

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

Notes to the interim condensed consolidated financial statements

1 General information

CPD S.A. ("Company", "CPD") with its registered office in Warsaw (02-677), Cybernetyki 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 2020, 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 September 2022 have been prepared under going concern assumption in the foreseeable future.

2.1 Basis of preparation

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

The following new standards, interpretations and amendments came into force in 2022:

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 2021:

IFRS 17 Insurance Contracts, issued by the International Accounting Standards Board on 18 May 2017, is effective for annual periods beginning on or after 1 January 2023. The standard is to replace the current insurance regulations (IFRS 4).

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

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

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

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

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

Amendments to **IFRS 16 Lease Liability in a Sale and Leaseback** - issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024.

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.

Liquidation of Ursus Development sp. z o.o. was opened on 29 July 2022.

3 Significant changes in major accounting estimates and judgments

During preparation of these condensed consolidated financial statements the Board has made an assessment of the significant estimates and judgments, which have an impact on the accounting principles applied and the amounts recognised in the financial statements for a period of 9 months ended 30 September 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 third party experts according to the Royal Institution of Chartered Surveyors' (RICS) Appraisal and Valuation Standards - Global Standards 2020. Pricing fees are not related to the value of the real properties or the outcome of pricing. Bearing in mind the market environment, the Management Board reviewed and confirmed experts' assumptions underlying the valuation models.

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.

Notes to the interim condensed consolidated financial statements**3 Significant changes in accounting estimates - cont.**The Group valued individual real investment properties using the following methods:

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

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

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

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

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

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

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

The 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.

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

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

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

In the first 9 months of 2022, the Group lost on the revaluation of investment properties to their fair values PLN 39.531 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 is to consist of 183 and 201 flats respectively in the first and second stage. Sales contracts were concluded for all flats in the first stage and 200 flats in the second stage by the end of the third quarter.

Following requirements of IFRS 10, the joint ventures and accounted for based on property rights to the joint ventures' net assets. The Group's property rights to the net assets of the joint ventures calculations are based on the binding investment agreements.

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

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

In February 2016 Belise Investments Sp. z o.o., the Group subsidiary, concluded interest rate swap (IRS) contract. The contract covered 80% of the amount of the loan granted by Santander Bank SA. The instrument expired in the second quarter 2021. In order to hedge against the risk of increase of the interest rates on 31 May 2021 the Company acquired CAP type interest rate option.

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

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

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

In case of investment in Challenge Eighteen Sp. z o.o., 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. The values of previously recognised impairments of shares in Challenge Eighteen Sp. z o.o. and Antigo Investments Sp. z o.o. were updated.

At the same time, as at the balance sheet date, the Company analysed the possibility of recovering receivables from loans granted to its subsidiaries. The Company impairs the value of loans granted to its subsidiaries if the value of their net assets was negative as at 30 September 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.

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

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

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

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

Risk of changes in interest rates

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

Within the Group, only Belise Investments hedges the risk of fluctuations in cash flows resulting from 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 2022.

Liquidity risk

During 9 months of 2022 Group's cash dropped mainly due to acquisition of own shares and repayment of the Lakia Investments sp. z o.o. bank loan. At the same time Ursa Sky was the main source of the cash proceeds.

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

	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
At the beginning of the reporting period	167 667	165 618
Capital expenditure	2 811	708
Capitalised financial liabilities related to disposed properties	(220)	(75)
Capitalised financial liabilities transferred from joint venture	0	2 464
Transfer of investment property to assets held for sale	(108 178)	(2 500)
Capitalised financial liabilities transferred to assets held for sale	(3 069)	(2 244)
Net (loss)/ gain from fair value adjustments on investment properties	(39 531)	3 699
Change in capitalised financial liabilities	(3)	(3)
Other reclassifications	1 792	0
At the end of the reporting period	21 269	167 667

The balance of the investment properties decreased during the reporting period resulting mainly from transfer of Iris and Aquarius buildings to assets held for sale.

Subsequent to the end of the reporting period Iris has been disposed.

Direct operating costs for investment properties:

	01-07-2022- 2022-09-30	01-07-2021- 2021-09-30	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
- rent income bearing	1 051	1 231	3 823	3 957
- other	14	15	38	84
	1 065	1 246	3 861	4 041

5 Trade receivables and other receivables

	30.09.2022	31.12.2021
Trade receivables	1 323	1 160
Receivables from the state budget	1 932	1 271
Receivables from related parties	41	231
Prepaid expenses and accrued revenue	626	602
Short-term receivables	3 945	3 264
Long-term receivables	6	494
Total receivables	3 951	3 758

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

(All amounts in PLN thousands unless otherwise stated)

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

	30.09.2022	31.12.2021
At the beginning of the reporting period	3 887	3 601
Disposal	(57)	(353)
Impairment loss	0	679
Exchange differences	(37)	(40)
At the end of the reporting period	3 793	3 887

7 Cash and cash equivalents

	30.09.2022	31.12.2021
Cash at bank and on hand	3 157	75 254
Restricted cash	6 092	3 234
Short-term bank deposits	29 718	3 285
	38 967	81 773

Restricted cash relates to the funds deposited on the bank accounts blocked as a collateral of the credits received and VAT accounts within split payment mechanism.

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

8 Joint ventures

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

	30.09.2022	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.	752	1 105
c) Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	2 281	11 690
	3 033	12 795

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

	30.09.2022	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
Joint venture profit distribution	0	(111)
Closing balance	0	0

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

	30.09.2022	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 condensed consolidated financial statements	(353)	18 025
Other adjustments	0	(16 920)
Closing balance	752	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.**

	30.09.2022	31.12.2021
Opening balance as at 1 January	11 690	27 136
Group's share in joint venture contributions	0	3 514
Group's share in declared joint venture contributions	(11 093)	(11 253)
Group's share in 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 in the joint venture	(1 668)	(1 415)
Group's share of the net profit or loss of the joint ventures presented in these interim condensed consolidated financial statements	14 688	7 531
Closing balance	2 281	11 690

Condensed financial information of individually material joint ventures of the Group as at 30 September 2022 and for the period from 1 January 2022 to 30 September 2022 is presented in the below table:

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

	30.09.2022	31.12.2021
<i>Financial information coming from statement of financial position</i>		
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
<i>Financial information from statement of comprehensive income</i>		
	01-01-2022- 30.09.2022	01-01-2021- 30.09.2021
Result from continued operations	0	(58)

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

	30.09.2022	31.12.2021
<i>Financial information coming from statement of financial position</i>		
Total non-current assets	743	659
Deferred tax	743	659
Total current assets, including:	5 181	6 109
Inventory	0	354
Trade receivables and other receivables	266	1 963
Cash and cash equivalents	4 915	3 792
Total assets	5 924	6 768
Trade payables and other liabilities	4 420	4 558
Total liabilities	4 420	4 558
Net assets	1 504	2 210
% held by the Group	50%	50%
Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements	752	1 105

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements**8 Joint ventures - cont.***Financial information from statement of comprehensive income*

	01-01-2022- 30.09.2022	01-01-2021- 30.09.2021
Revenue	532	66 221
Interest cost	0	2
Result from continued operations	(706)	20 441

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

	30.09.2022	31.12.2021
<i>Financial information coming from statement of financial position</i>		
Total non-current assets	178	261
Fixed assets	178	261
Total current assets, including:	22 044	84 345
Inventory	5 143	73 809
Trade receivables and other receivables	392	539
Cash and cash equivalents	16 509	9 997
Total assets	22 222	84 606
Long-term payables	6 243	3 753
Trade payables and other liabilities	11 416	60 810
Total liabilities	17 659	64 563
Net assets	4 563	20 043
% held by the Group	50%	58%
Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements	2 281	11 690

Financial information from statement of comprehensive income

	01-01-2022- 30.09.2022	01-01-2021- 2021-01-01
Revenue	117 932	4
Interest cost	27	0
Result from continued operations	29 379	4

9 Share capital

	Number of shares (thousands)		Value of shares	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
Ordinary shares series AA	8 966	26 371	897	2 637
Total	8 966	26 371	897	2 637

As of the date of these condensed consolidated financial statements share capital amounts to PLN 897 thousand. The shares issued are not privileged. Each of the issued shares has a nominal value of PLN 0,10 and has been fully paid.

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.

On 29 July 2022 CPD SA bought 1.672.591 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.

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

	30.09.2022	31.12.2021
Tenant deposits	0	2 629

Current liabilities

	30.09.2022	31.12.2021
Trade payables	137	1 046
Payables to related parties	5	7
Output VAT and other tax payables	11 467	10 236
Deposits of tenants	17	230
Received prepayments	0	2 506
Accrued expense	1 982	2 166
Other liabilities	406	503
	14 014	16 694

11 Borrowings, including leasing

	30.09.2022	31.12.2021
Non-current		
Bank loans	0	51 957
Leasing liabilities	2 303	5 594
	2 303	57 551
Current		
Bank loans	72 033	37 309
Total borrowings	74 336	94 860

As of 30 September 2022 bank loans consist of the payables of PLN 57 208 thousand to Santander Bank Polska SA and of PLN 14 825 thousand to mBank Hipoteczny SA.

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

During the third quarter of 2022 Lakia Investments sp. z o.o. fully repaid its loan to mBank SA.

Subsequent to the end of the reporting period Belise Investments sp. z o.o. fully repaid its loan to Santander Bank Polska SA

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

12 Deferred income taxes

	30.09.2022	31.12.2021
Deferred tax assets before offset	2 496	1 379
Offset against deferred tax liability	(2 496)	(1 379)
Deferred tax assets	0	0
Deferred income tax liabilities before offset	11 550	15 611
Offset against deferred tax asset	(2 496)	(1 379)
Deferred income tax liabilities after offset	9 054	14 232

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2022

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

13 Revenue by nature

	01-07-2022- 2022-09-30	01-07-2021- 2021-09-30	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
Rent income	3 022	2 693	9 137	8 231
Sales of inventories	0	0	57	385
Real estate advisory services	92	247	568	618
Rent related services	1 654	1 528	5 730	4 923
Accounting services	9	9	27	32
	4 777	4 477	15 519	14 189

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

14 Cost of sales

	01-07-2022- 2022-09-30	01-07-2021- 2021-09-30	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
Cost of inventories sold	0	0	113	367
The cost of services rendered	368	703	296	1 600
	368	703	409	1 967

15 Administrative costs property related

	01-07-2022- 2022-09-30	01-07-2021- 2021-09-30	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
Personnel costs	729	863	2 204	2 916
Property maintenance	1 056	1 217	3 799	3 996
Property taxes	168	204	627	630
Perpetual usufruct	148	410	466	580
Depreciation of fixed assets and intangible assets	18	26	61	99
	2 119	2 720	7 157	8 221

16 Administrative expenses-other

	01-07-2022- 2022-09-30	01-07-2021- 2021-09-30	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
Advisory services	361	695	3 348	1 780
Legal services	252	306	1 138	943
Audit fees	47	38	130	113
Taxes	22	32	54	189
Office maintenance	132	176	417	490
Other services	36	176	593	916
Cost related to non-deductible VAT	44	47	133	164
	894	1 470	5 813	4 595

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements**17 Other income**

	01-07-2022- 2022-09-30	01-07-2021- 2021-09-30	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
Provisions released	0	825	262	1 098
Penalties and compensations received	0	0	51	1 897
Other	2	(22)	4	555
	2	803	317	3 550

18 Financial income and expenses

	01-07-2022- 2022-09-30	01-07-2021- 2021-09-30	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
Interest expense:				
- Bank loans	(551)	(663)	(1 637)	(1 641)
- Interest from tax payables	(290)	(131)	(630)	(403)
- Interest from leases	(97)	(145)	(292)	(435)
- Other interest expense	0	(20)	0	(222)
Net exchange differences	(2 763)	(2 054)	(4 235)	(199)
Amortised cost valuation	(158)	(84)	(369)	(233)
Financial costs	(3 859)	(3 097)	(7 163)	(3 133)
Interest income:				
- Bank interest	295	0	544	1
- interest from unrelated parties	0	0	63	0
Revaluation of derivatives	575	15	661	227
Other financial income	1	209	32	301
Financial income	871	224	1 300	529

19 Income tax

	01-07-2022- 2022-09-30	01-07-2021- 2021-09-30	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
Current income tax	130	47	218	6 322
Deferred taxes	524	558	(5 177)	(5 367)
	654	605	(4 959)	955

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

	For the 9 month period ended	
	2022-09-30	2021-09-30
Adjustments for:		
- depreciation of tangible fixed assets	61	99
- currency translation adjustments	(710)	(53)
- gains (losses) on revaluation to fair value of investment property	39 531	(3 014)
- gains (losses) on sale of investment properties	0	(810)
- result on revaluation of assets held for sale	(2 929)	(293)
- share in the profit or loss of the joint venture	(16 822)	(1 205)
- interest expenses	1 768	1 555
- interest income	(544)	(1)
- exchange differences	2 098	(484)
- result on IRS revaluation	(661)	(227)
- other adjustments	0	0
Changes in working capital		
- changes in receivables	(1 985)	16 883
- changes in inventories	57	353
- change in trade and other liabilities	126	(31 999)
	19 990	(19 196)

21 Related party transactions

CPD S.A. does not have a direct parent or parent senior. Meduvo Holding Ltd oraz Furseka Trading and Investments Ltd are significant investors.

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

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

(a) Transactions with key management personnel

	01-07-2022- 2022-09-30	01-07-2021- 2021-09-30	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
The cost of the salaries of members of the Board of Directors	485	449	1 386	1 338
The cost of the salaries of the members of the Supervisory Board	17	137	52	413
The cost of services rendered by the members of the Board of Directors	0	0	4 680	601
			2022-09-30	2021-09-30
Total receivables			19	19
Total payables			2	0

(b) Transactions with the other related parties

	01-07-2022- 2022-09-30	01-07-2021- 2021-09-30	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
Revenues				
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	18	26	28	150
Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	114	285	669	586

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2022

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

21 Related party transactions - cont.

	01-07-2022- 2022-09-30	01-07-2021- 2021-09-30	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
Costs				
Kancelaria Radców Prawnych Oleś i Rodzyńkiewicz	22	41	45	71
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	0	0	19	0
			2022-09-30	31.12.2021
Payables				
Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.			27	0
Kancelaria Radców Prawnych Oleś i Rodzyńkiewicz			0	7
Receivables				
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.			19	16
Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.			17	215

22 Payment of dividends

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

23 Earnings per share

	01-07-2022- 2022-09-30	01-07-2021- 2021-09-30	01-01-2022- 2022-09-30	01-01-2021- 2021-09-30
Profit (loss) attributable to shareholders of the company	15 646	2 544	(10 821)	22 474
Ordinary shares (in thousands)	7 821	12 372	8 580	15 892
Earnings per share in PLN	2,00	0,21	(1,26)	1,41
Diluted profit /(loss) attributable to shareholders of the company	15 646	2 544	(10 821)	22 474
Ordinary shares (in thousands)	7 821	12 372	8 580	15 892
Diluted earnings per share in PLN	2,00	0,21	(1,26)	1,41
			2022-09-30	31.12.2021
Net assets at book value			83 085	144 663
Number of ordinary shares (in thousands)			7 294	8 966
Net assets per share			11,39	16,13

24 Contingent liabilities

As at the balance sheet date there were no significant changes in contingent liabilities as compared to 31 December 2021.

25 Segment reporting

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

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

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

The activity of the Group of the CPD is not seasonal nor cyclical.

27 Assets and liabilities held for sale

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

	30.09.2022	31.12.2021
Assets		
Investment properties	111 107	2 500
Capitalised leasing liabilities	3 069	2 244
	114 176	4 744
Liabilities		
Borrowings, including leasing	3 069	2 244
Other payables	2 929	0
Net assets of the group held for sale	108 178	2 500

28 Events after the end of the reporting period

On 13 October 2022 Belise Investments sp. z o.o. concluded final sales agreement for perpetual usufruct of the Iris property.

On the same date Belise Investments sp. z o.o. fully repaid its loan to Santander Bank Polska SA.

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 - 30/9/2022	1/1/2021 - 30/9/2021	1/7/2022 - 30/9/2022	1/7/2021 - 30/9/2021
		(unaudited)		(not reviewed by an auditor)	
Revenues		18	118	6	40
Administrative costs	29.11	(2 503)	(3 272)	(899)	(1 332)
Marketing costs		(20)	0	(20)	0
Fair value adjustment on loans granted	29.12	(27 162)	9 484	(4 317)	(288)
Other operating income		10	0	10	0
OPERATING RESULT		(29 657)	6 330	(5 220)	(1 580)
Financial income	29.12	12 635	99 616	413	65
Financial costs	29.12	(1 580)	(18 346)	(274)	844
PROFIT (LOSS) BEFORE INCOME TAX		(18 602)	87 600	(5 081)	(671)
Income tax		(985)	61	(249)	(72)
PROFIT (LOSS) FOR THE PERIOD		(19 587)	87 661	(5 330)	(743)
OTHER COMPREHENSIVE INCOME		0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(19 587)	87 661	(5 330)	(743)
BASIC EARNINGS PER SHARE (IN PLN)	29.10	(2,28)	5,52	(0,68)	(0,06)
DILUTED EARNINGS PER SHARE (IN PLN)	29.10	(2,28)	5,52	(0,68)	(0,06)

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	30/9/2022 (unaudited)	31/12/2021
ASSETS			
Non-current assets			
Long-term receivables	29.6	38 937	37 657
Shares in subsidiaries	29.5	4 128	19 993
Total non-current assets		43 065	57 650
Current assets			
Trade receivables and other receivables, including:	29.7	3 946	22 276
- receivables and loans		3 889	22 270
- prepayments		57	6
Income tax receivables		0	195
Cash and cash equivalents		22 739	64 384
Total current assets		26 685	86 855
Total assets		69 750	144 505
EQUITY			
Share capital	29.8	897	2 637
Treasury shares		(50 010)	(288 972)
Share premium		389 802	677 034
Embedded element at inception date		(27 909)	(27 909)
Other reserves		987	987
Retained earnings		(253 096)	(233 509)
Total equity		60 671	130 268
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		5 929	4 944
Total non-current liabilities		5 929	4 944
Current liabilities			
Borrowings	29.9	2 794	9 069
Trade payables and other payables		356	224
Total current liabilities		3 150	9 293
Total equity and liabilities		69 750	144 505

Colin Kingsnorth
Chairman of the Board

Elżbieta Donata Wiczowska
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

29.3 Condensed statement of changes in equity

	Note	Share capital	Treasury shares	Share premium	Embedded element at inception date	Other reserves	Retained earnings	Total
As of 1/1/2021		2 637	(117 395)	577 034	(27 909)	987	(332 546)	202 808
Treasury shares acquisition		0	(171 578)	0	0	0	0	(171 578)
		0	(171 578)	0	0	0	0	(171 578)
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	87 661	87 661
		0	0	0	0	0	87 661	87 661
As of 30/09/2021/unaudited		2 637	(288 973)	577 034	(27 909)	987	(244 885)	118 891
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
Treasury shares acquisition	29.8	0	(50 010)	0	0	0	0	(50 010)
		(1 740)	238 962	(287 232)	0	0	0	(50 010)
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	(19 587)	(19 587)
		0	0	0	0	0	(19 587)	(19 587)
As of 30/09/2022/unaudited		897	(50 010)	389 802	(27 909)	987	(253 096)	60 671

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(All amounts in PLN thousands unless otherwise stated)

29.4 Condensed statement of cash flows

	Note	1/1/2022 - 30/9/2022 (unaudited)	1/1/2021 - 30/9/2021 (not reviewed by an auditor)	1/7/2022 - 30/9/2022 (not reviewed by an auditor)	1/7/2021 - 30/9/2021 (not reviewed by an auditor)
Cash flow from operating activities					
Cash generated from operations	29.13	9 614	95 960	5 393	(1 142)
Income tax paid		195	(5 747)	195	(21)
Net cash generated from investing activities		9 809	90 213	5 588	(1 163)
Cash flows from investing activities					
Return of contribution from jointly controlled entity	29.5	14 938	15 069	0	0
Investments in a subsidiary	29.5	(524)	(16 614)	(124)	0
Loans granted		(18 351)	(11 319)	(18 146)	(483)
Loan repayments received		7 426	111 124	934	4 586
Interest received		1 471	32 580	696	2
Net cash generated from investing activities		4 960	130 840	(16 640)	4 105
Cash flows from financing activities					
Treasury shares acquisition	29.8	(50 010)	(171 578)	(50 010)	(171 578)
Loans repaid	29.9	(3 774)	(7 050)	0	(276)
Interest repaid	29.9	(2 630)	(50)	0	(50)
Net cash generated from financing activities		(56 414)	(178 678)	(50 010)	(171 904)
Net (decrease)/increase in cash and cash equivalents		(41 645)	42 375	(61 062)	(168 962)
Cash and cash equivalents at beginning of year		64 384	15 529	83 801	226 866
Cash and cash equivalents at the end of the period		22 739	57 904	22 739	57 904

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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**

			30/9/2022	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%	105 524	105 000
Impairment			(105 524)	(105 000)
Celtic Asset Management (*)	Poland	100%	0	0
Challenge Eighteen sp. z o.o.	Poland	100%	5 032	5 032
Impairment			(1 913)	(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			(15 606)	(15 026)
Ursa Sky Smart City	Poland	49%	1	14 939
Ursus Development	Poland	100%	5	5
Impairment			(5)	(5)
			4 128	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 of 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 thousand. On 21 July 2022, Lakia Enterprises Ltd issued another 1,000 new shares with a nominal value of EUR 1 each, which were subscribed by CPD S.A. for PLN 124 thousand.

29.6 Long-term receivables

	30/9/2022	31/12/2021
Long-term loans with related parties, including:		
- loans	97 595	63 073
- fair value adjustment	(58 658)	(25 416)
	38 937	37 657

Details on the loans granted to related parties as of 30.09.2022

Related party	Currency of the loan	Date of agreement	Fair value of granted loans	Interest Rate	Margin	Maturity
Belise Investments	PLN	2012	10 231	3M WIBOR	1,55%	on demand, not later than 01.05.2027
Belise Investments	PLN	2014	10 651	3M WIBOR	1,55%	on demand, not later than 24.09.2024
Celtic Asset Management	PLN	2015	468	3M WIBOR	1,55%	on demand, not later than 12.02.2025
Elara Investments	PLN	2012	123	3M WIBOR	1,55%	on demand, not later than 01.05.2027
HUB Developments	PLN	2012	1 138	3M WIBOR	1,55%	on demand, not later than 01.05.2027
Gaston Investment	PLN	2010	0	3M WIBOR	0,75%	on demand
Gaston Investment	PLN	2013	312	3M WIBOR	0,75%	on demand, not later than 01.10.2023
Lakia Investments	PLN	2022	12 583	3M WIBOR	2,00%	on demand, not later than 04.08.2027
Lakia Enterprises Limited	PLN	2012	3 432	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
			38 937			

(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
Belise 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

	30/9/2022	31/12/2021
Short-term loans with related parties, including:	1 274	20 262
- loans	26 459	47 698
- fair value adjustment	(25 185)	(27 437)
Other receivables from related parties	2 591	1 985
Other receivables from other parties	24	23
Prepayments	57	6
Short-term receivables	3 946	22 276

Details on the loans granted to related parties as of 30.09.2022

Related party	Date of agreement	Currency of the loan	Fair value of granted loans	Interest Rate	Margin	Maturity
Elara Investments	2013	PLN	1 274	3M WIBOR	1,55%	on demand, not later than 24.01.2023
			1 274			

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
Belise 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	
	30/9/2022	31/12/2021	30/9/2022	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).

On 29 July 2022, the Company acquired 1,672,591 shares in CPD S.A. (treasury shares) as a result of the settlement of the acquisition of CPD S.A.'s shares as a result of the Company's tender offer announced on 5 July 2022. The shares were acquired in accordance with Resolution No. 21 of the Extraordinary General Meeting of CPD S.A. of 28 June 2022 on authorising the Company's Management Board to acquire treasury shares for redemption. The purchase price per share was 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) represent 18.65% of the Company's share capital and 1,672,591 votes at the Company's General Meeting (18.65% of the total number of votes at the Company's General Meeting), with the exception that, in accordance with the applicable regulations, the Company is not entitled to exercise voting rights from its own shares.

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

29.9 Borrowings

	30/9/2022	31/12/2021
Bank borrowings	0	0
Loans from related parties	2 794	9 069
- long-term	0	0
- short-term	2 794	9 069
	2 794	9 069

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

As at 30 September 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), PLN 2,626 thousand of principal was repaid during the period; the balance of the loan from Robin Investments amounts to PLN 1,904 thousand (principal: PLN 1,600 thousand, interest: PLN 304 thousand).

At both 30 September 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 - 30/9/2022	1/1/2021 - 30/9/2021	1/7/2022- 30/9/2022	1/7/2021- 30/9/2021
Profit attributable to the shareholders	(19 587)	87 661	(5 330)	(743)
Weighted average number of ordinary shares (in '000)	8 580	15 891	7 821	12 352
Earnings per share (in PLN)	(2,28)	5,52	(0,68)	(0,06)
Diluted profit attributable to shareholders	(19 587)	87 661	(5 330)	(743)
Weighted average number of ordinary shares (in '000)	8 580	15 891	7 821	12 352
Diluted earnings per share (in PLN)	(2,28)	5,52	(0,68)	(0,06)

29.11 Administrative costs

	1/1/2022 - 30/9/2022	1/1/2021 - 30/9/2021	1/7/2022- 30/9/2022	1/7/2021- 30/9/2021
Advisory services	295	414	182	346
Salaries	1 803	2 447	580	835
Auditor's remuneration	121	113	38	38
Costs of non deductible VAT	107	105	36	40
Other services	177	193	63	73
	2 503	3 272	899	1 332

(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 - 30/9/2022	1/1/2021 - 30/9/2021	1/7/2022- 30/9/2022	1/7/2021- 30/9/2021
Fair value adjustment on loans granted	(27 162)	9 484	(4 317)	(288)

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 - 30/9/2022	1/1/2021 - 30/9/2021	1/7/2022- 30/9/2022	1/7/2021- 30/9/2021
Interest income:				
- Bank interest	421	0	222	0
Dividends received	11 452	99 100	0	0
Other financial income	496	490	0	39
Net exchange differences	266	26	192	26
Financial income	12 635	99 616	414	65
Interest costs:				
- Interest from related parties	130	354	37	114
Impairment of investments in subsidiaries	1 450	17 992	237	(871)
Net exchange differences	0	0	0	0
Other financial costs	0	0	0	(87)
Financial costs	1 580	18 346	274	(844)

29.13 Cash flow from operating activities

	1/1/2022 - 30/9/2022	1/1/2021 - 30/9/2021	1/7/2022- 30/9/2022	1/7/2021- 30/9/2021
Profit/loss before tax	(18 602)	87 600	(5 081)	(671)
Adjustments for:				
- interest costs	130	354	37	114
- fair value adjustment on loans granted	27 162	(9 484)	4 317	288
- impairment of investments in subsidiaries	1 450	17 992	237	(871)
Changes in working capital:				
- changes in trade receivables and other receivables, excluding loans	(658)	(536)	5 683	(91)
- change in trade liabilities and other liabilities, excluding loans	132	34	200	89
	9 614	95 960	5 393	(1 142)

(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 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 - 30/9/2022	1/1/2021 - 30/9/2021	1/7/2022- 30/9/2022	1/7/2021- 30/9/2021
Remuneration of members of the Supervisory Board		52	413	16	137
Remuneration of members of the Board of Directors		1 354	1 320	462	443
b) Transactions with subsidiaries		1/1/2022 - 30/9/2022	1/1/2021 - 30/9/2021	1/7/2022- 30/9/2022	1/7/2021- 30/9/2021
Revenues					
<i>Ursa Sky Smart City</i>	<i>jointly controlled entity</i>	28	38	0	38
<i>16/88 Gaston Investments</i>	<i>subsidiary</i>	0	5	0	0
<i>18 Gaston Investments</i>	<i>subsidiary</i>	0	6	0	0
<i>Antigo Investments</i>	<i>subsidiary</i>	15	57	0	25
<i>Belise Investments</i>	<i>subsidiary</i>	1 420	665	433	89
<i>Celtic Asset Management</i>	<i>subsidiary</i>	46	13	21	4
<i>Celtic Investments Ltd</i>	<i>subsidiary</i>	6	3	3	1
<i>Challange Eighteen</i>	<i>subsidiary</i>	0	39	0	0
<i>Elara Investments</i>	<i>subsidiary</i>	160	43	73	14
<i>Gaston Investments</i>	<i>subsidiary</i>	165	177	19	59
<i>Hub Developments</i>	<i>subsidiary</i>	121	33	55	11
<i>Lakia Enterprises Ltd</i>	<i>subsidiary</i>	1 253	346	570	116
<i>Lakia Investments</i>	<i>subsidiary</i>	254	18	242	6
<i>Mandy Investments</i>	<i>subsidiary</i>	814	224	370	76
<i>Ursus Development</i>	<i>subsidiary</i>	56	599	25	7

(All amounts in PLN thousands unless otherwise stated)

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

Costs		1/1/2022 - 30/9/2022	1/1/2021 - 30/9/2021	1/7/2022- 30/9/2022	1/7/2021- 30/9/2021
<i>Lakia Enterprises Ltd</i>	<i>subsidiary</i>	15	20	0	2
<i>Lakia Investments</i>	<i>subsidiary</i>	38	45	1	14
<i>Robin Investments</i>	<i>subsidiary</i>	76	21	35	7
<i>Imes Poland</i>	<i>subsidiary</i>	0	268	0	90
<i>Gaston Investments</i>	<i>subsidiary</i>	5	5	1	0

Liabilities		30/9/2022	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>	1 904	1 827
<i>Gaston Investments</i>	<i>subsidiary</i>	4	9

Receivables		30/9/2022	31/12/2021
<i>Ursa Sky Smart City</i>	<i>jointly controlled entity</i>	1	94
<i>Antigo Investments</i>	<i>subsidiary</i>	123	2 185
<i>Belise Investments</i>	<i>subsidiary</i>	23 316	26 750
<i>Celtic Asset Management</i>	<i>subsidiary</i>	468	459
<i>Elara Investments</i>	<i>subsidiary</i>	1 396	2 100
<i>Gaston Investments</i>	<i>subsidiary</i>	338	48
<i>Hub Developments</i>	<i>subsidiary</i>	1 138	2 053
<i>Lakia Enterprises Ltd</i>	<i>subsidiary</i>	3 432	26 210
<i>Lakia Investments</i>	<i>subsidiary</i>	7	2
<i>Ursus Gaston Investments</i>	<i>subsidiary</i>	12 583	0

c) Transactions with other related party

Costs	1/1/2022 - 30/9/2022	1/1/2021 - 30/9/2021
<i>Kancelaria Radców Prawnych Oleś&Rodzyńkiewicz sp. komandytowa</i>	45	88

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 Organisation on 11 March 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 months of the pandemic, uncertainty about the potential future impact that COVID-19 may have on the economy and consequently on the real estate market still exists.

Further disruption is occurring as a result of the Russian Federation's aggression against Ukraine. In February 2022, a number of countries (including the US, UK and EU member states) imposed sanctions on certain entities and individuals in Russia as a result of the official recognition of the Donetsk People's Republic and the Lugansk People's Republic by the Russian Federation, and later following the outbreak of the armed conflict that the Russian Federation launched against Ukraine. These events, together with the growing turmoil caused by fluctuations in commodity prices and exchange rates, caused a sharp increase 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 the inflationary pressures already in place as a result of the impact of the COVID-19 pandemic.

Both COVID-19 and the war in Ukraine, together with the fiscal policy of the Polish government, are affecting the inflation rate in Poland, which recently rose to 18% on an annualised 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 in order to afford a flat. All factors may also affect the risk appetite of institutional investors.

In the opinion of the Management Board, the COVID-19 pandemic as well as the war in Ukraine have so far not had a material direct impact on the CPD Group's results in 2022 and thus have not had a material impact on CPD S.A.'s results. The COVID-19 pandemic may have an indirect impact on the results of CPD S.A. 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

There were no significant events beyond the ordinary operating activities of the Company after the balance sheet date.