

**Assessment of the Management Board's report on Develia S.A. and Develia S.A. Capital Group's activities, the financial statements of the Company, the Management Board's motion regarding the distribution of profit for the financial year 2019 and recommendation for the Ordinary General Meeting.**

Pursuant to Article 382 Sec. 3 of the Code of Commercial Companies and Partnerships, the Supervisory Board assessed the following documents with respect to their compliance with the books and documents and with the actual state of affairs:

1. the financial statements of Develia S.A. for 2019, including:
  - a) the statement of financial position as of 31 December, 2019, with total assets and liabilities amounting to PLN 1,728,538 thousand (in words: one billion seven hundred and twenty-eight million five hundred and thirty-eight thousand zlotys).
  - b) the statement of comprehensive income for the financial year from 1 January, 2019, to 31 December, 2019, showing profit after tax amounting to PLN 176,268 thousand (in words: one hundred and seventy-six million two hundred and sixty-eight thousand zlotys) and comprehensive income amounting to PLN 176,268 thousand (in words: one hundred and seventy-six million, two hundred and sixty-eight thousand zlotys)
  - c) the statement of changes in equity for the financial year from 1 January, 2019, to 31 December, 2019, showing an increase in equity capital by PLN 55,391 thousand (in words: fifty-five million three hundred and ninety-one thousand zlotys),
  - d) the cash flow statement for the period from 1 January, 2019, to 31 December, 2019, showing a decrease in net cash balance by PLN 91,298 thousand (in words: ninety-one million two hundred and ninety-eight thousand zlotys).
  - e) notes to the financial statements – Accounting principles (policies) and explanatory notes.
2. the financial statements of Develia S.A. Capital Group for 2019, including:
  - a) the consolidated statement of financial position as of 31 December, 2019, with total assets and liabilities amounting to PLN 3,243,925 thousand (in words: three billion two hundred and forty-three million nine hundred and twenty-five thousand zlotys),
  - b) the consolidated statement of comprehensive income for the financial year from 1 January, 2019, to 31 December, 2019, showing profit after tax amounting to PLN 117,382 thousand (in words: one hundred and seventeen million three hundred and eighty-two thousand zlotys) and comprehensive income amounting to PLN 115,153 thousand (in words: one hundred and fifteen million one hundred and fifty-three thousand zlotys),
  - c) the consolidated statement of changes in equity for the financial year from 1 January, 2019, to 31 December, 2019, showing a decrease in equity capitals by PLN 5,688 thousand (in words: five million six hundred and eighty-eight thousand zlotys),
  - d) the consolidated cash flow statement for the period from 1 January, 2019, to 31 December 2019, showing a decrease in net cash balance by PLN 126,808 thousand (in words: one hundred and twenty-six million eight hundred and eight thousand zlotys),
  - e) notes to the consolidated financial statements – Accounting principles (policies) and explanatory notes.
3. the Management Board's report on the Company and Capital Group's activities for the period from 1 January, 2019, to 31 December, 2019, with respect to their consistency with the books and documents and with the actual state of affairs, and
4. the Management Board's motion regarding the distribution of profit for 2019.

Having reviewed the documents and having read the auditor's opinion of 12 March, 2020, the Supervisory Board is of the opinion that the financial statements of Develia S.A. and the

Management Board's report on the Company and Capital Group's activities for the period from 1 January, 2019, to 31 December, 2019, have been prepared in a reliable and correct manner and in accordance with the books and documents as well as with the facts and state of affairs known to the Supervisory Board. The Supervisory Board positively assesses the application of corporate governance principles by the Company.

The Supervisory Board positively assesses the Management Board's motion regarding the distribution of profit for 2019 and supports the Management Board's proposal to distribute the profit earned by the Company in 2019 in the amount of PLN 176,268 thousand (in words: one hundred and seventy-six million two hundred and sixty-eight thousand zlotys), in the full amount in zlotys and groszys of PLN 176,268,480.04 (in words: one hundred and seventy-six million two hundred and sixty-eight thousand four hundred and eighty zlotys four groszys) in the following manner:

- a) the amount of PLN 144,960,750.00 (in words: one hundred and forty-four million nine hundred and sixty thousand, seven hundred and fifty zlotys) to be allocated to reserve capital for the payment of dividends and advances towards dividends in the future,
- b) the amount of PLN 31,307,730.04 (in words: thirty-one million three hundred and seven thousand seven hundred and thirty zlotys four groszys) to be allocated to supplementary capital.

## **Recommendations**

The Supervisory Board positively assesses the Company's activities in 2019 as well as the reports and statements presented thereto for assessment. Therefore, it recommends to the General Meeting of Develia S.A.:

1. to approve the report on the Supervisory Board's activities for the financial year 2019, including: the assessment of the financial statements of Develia S.A. for the year ended on 31 December, 2019, the Management Board's report on Develia S.A. and Develia S.A. Capital Group's activities in 2019 as well as the financial statements of Develia S.A. Capital Group for the year ended on 31 December, 2019, and the assessment of the Management Board's motion regarding the distribution of profit,
2. to approve the Supervisory Board's assessment of the Company's situation, including the assessment of internal control systems, risk management, compliance and the internal audit function,
3. to examine and approve the financial statements of Develia S.A. for the financial year 2019,
4. to examine and approve the Management Board's report on Develia S.A. and Develia S.A. Capital Group's activity in 2019,
5. to examine and approve the financial statements of Develia S.A. Capital Group for the financial year 2019,
6. to grant the acknowledgement of fulfilment of their duties to Members of the Management Board in the financial year 2019,
7. to grant the acknowledgement of fulfilment of their duties to Members of the Supervisory Board in the financial year 2019,
8. to adopt a resolution on the distribution of profit for the financial year 2019.