

DOM DEVELOPMENT S.A.

**INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD
ENDED 30 SEPTEMBER 2021**



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1 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS BY THE MANAGEMENT BOARD OF THE COMPANY

These interim condensed financial statements for the three-month period ended on 30 September 2021, comprising:

- interim condensed balance sheet as at 30 September 2021,
- interim condensed income statement for the nine-month and three-month periods ended 30 September 2021,
- interim condensed statement of comprehensive income for the nine-month and three-month periods ended 30 September 2021,
- interim condensed statement of changes in shareholders' equity for the nine-month period ended 30 September 2021,
- interim condensed cash flow statement for the nine-month period ended 30 September 2021,
- additional notes to the interim condensed financial statements,

were prepared and approved by the Management Board of Dom Development S.A. on 9 November 2021.

The Management Board of Dom Development S.A. declares that to the best of its knowledge, these interim condensed financial statements for the three-month period ended 30 September 2021 with comparative data have been prepared in accordance with the applicable accounting policies, and reflect a true and fair economic and financial position of Dom Development S.A. and its financial result.

Jarosław Szanajca
President
of the Management Board

Leszek Stankiewicz
Vice President
of the Management Board

2 INTERIM CONDENSED BALANCE SHEET

ASSETS	Note	30.09.2021 (unaudited)	31.12.2020
Fixed assets			
Intangible assets		17 637	15 014
Tangible fixed assets	7.5	23 927	26 561
Investments in subsidiaries, associates and jointly controlled entities	7.6	383 796	366 671
Deferred tax assets		15 576	-
Loans granted and other long-term receivables		146 380	55 069
Other long-term assets		2 923	85
TOTAL FIXED ASSETS		590 239	463 400
Current assets			
Inventory	7.7	1 843 181	1 641 331
Trade and other receivables		39 120	48 588
Corporate income tax receivables		-	27 909
Other current assets		4 411	2 940
Loans granted		79 802	27 089
Short-term financial assets	7.8	51 395	12 358
Cash and cash equivalents	7.9	409 148	531 841
TOTAL CURRENT ASSETS		2 427 057	2 292 056
TOTAL ASSETS		3 017 296	2 755 456
EQUITY AND LIABILITIES			
	Note	30.09.2021 (unaudited)	31.12.2020
Shareholders' equity			
Share capital	7.10	25 398	25 218
Share premium	7.10	258 358	251 038
Other capital (supplementary capital)		628 185	614 804
Reserve capital from valuation of cash flow hedges		750	(3 591)
Reserve capital from reduction of share capital		510	510
Unappropriated profit		287 956	264 217
TOTAL SHAREHOLDERS' EQUITY		1 201 157	1 152 196
Long-term liabilities			
Loans, long-term portion	7.11	-	10 000
Bonds, long-term portion	7.12	360 000	250 000
Deferred tax provision		-	25 677
Long-term provisions		13 541	13 305
Lease liabilities, long-term portion	7.14	17 322	20 033
Other long-term liabilities		90 940	63 458
TOTAL LONG-TERM LIABILITIES		481 803	382 473
Short-term liabilities			
Trade payables, tax and other liabilities		195 258	272 734
Loans, short-term portion	7.11	-	-
Bonds, short-term portion	7.12	77 924	110 000
Accrued interest on loans and bonds	7.13	3 106	1 399
Lease liabilities, short-term portion	7.14	54 561	67 951
Corporate income tax payables		41 139	-
Short-term provisions		13 688	16 982
Deferred income	7.15	948 660	751 721
TOTAL SHORT-TERM LIABILITIES		1 334 336	1 220 787
TOTAL LIABILITIES		1 816 139	1 603 260
TOTAL EQUITY AND LIABILITIES		3 017 296	2 755 456

All amounts in PLN '000.

3 INTERIM CONDENSED INCOME STATEMENT

	Note	Nine-month period ended 30.09.2021 <i>(unaudited)</i>	Nine-month period ended 30.09.2020 <i>(unaudited)</i>	Nine-month period ended 30.09.2021 <i>(unaudited)</i>	Three-month period ended 30.09.2020 <i>(unaudited)</i>
Sales revenue	7.17	976 046	743 446	123 464	143 151
Cost of sales	7.17	(668 162)	(520 263)	(81 318)	(99 588)
Gross profit on sales	7.17	307 884	223 183	42 146	43 563
Selling costs		(29 174)	(31 979)	(8 880)	(10 813)
General administrative expenses		(58 465)	(52 621)	(19 931)	(17 778)
Other operating income		2 228	2 026	1 439	351
Other operating expenses		(4 371)	(5 173)	(497)	(962)
Operating profit		218 102	135 436	14 277	14 361
Financial income		119 248	70 901	2 741	68 614
Financial costs		(7 104)	(13 182)	(3 660)	(2 550)
Profit before tax		330 246	193 155	13 358	80 425
Income tax	7.18	(42 290)	(25 013)	(2 652)	(2 983)
Net profit from continued operations		287 956	168 142	10 706	77 442
Net profit from discontinued operations *)		-	-	-	-
Net profit		287 956	168 142	10 706	77 442
Earnings per share:					
Basic (in PLN)	7.19	11.35	6.68	0.42	3.07
Diluted (in PLN)	7.19	11.26	6.63	0.42	3.05

*) In the three-month and the nine-month periods ended 30 September 2021 and 2020 the Company did not discontinue any of its activities.

All amounts in PLN '000 unless stated otherwise.

4 INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Nine-month period ended 30.09.2021 <i>(unaudited)</i>	Nine-month period ended 30.09.2020 <i>(unaudited)</i>	Nine-month period ended 30.09.2021 <i>(unaudited)</i>	Three-month period ended 30.09.2020 <i>(unaudited)</i>
Net profit	287 956	168 142	10 706	77 442
Other comprehensive income:				
Net change to cash flow hedges	5 359	(2 674)	2 467	(43)
Items to be accounted for in the income statement	5 359	(2 674)	2 467	(43)
Items not to be accounted for in the income statement				
Other net comprehensive income / (loss), before tax	5 359	(2 674)	2 467	(43)
Income tax on other net comprehensive income to be accounted for in the income statement	(1 018)	508	(469)	8
Other net comprehensive income	4 341	(2 166)	1 998	(35)
Total net comprehensive income	292 297	165 976	12 704	77 407

All amounts in PLN '000.

5 INTERIM CONDENSED CASH FLOW STATEMENT

	Note	Nine-month period ended 30.09.2021 (unaudited)	Nine-month period ended 30.09.2020 (unaudited)
Cash flow from operating activities			
Profit before tax		330 246	193 155
Adjustments:			
Depreciation		7 787	7 854
(Profit)/loss on foreign exchange differences		1	131
(Profit)/loss on investments		(112 192)	(63 872)
Interest cost/(income)		6 093	6 124
Cost of the valuation of management option programmes		3 148	3 226
Changes in the operating capital:			
Changes in provisions		(3 058)	(1 161)
Changes in inventory		(203 523)	(34 362)
Changes in receivables		5 259	(15 340)
Changes in short-term liabilities, excluding loans and bonds		(79 847)	(32 492)
Changes in prepayments and deferred income		178 059	258 839
Other adjustments		(1)	(131)
Cash flow generated from operating activities		131 972	321 971
Interest received		-	953
Interest paid		(6 861)	(8 841)
Income tax paid		(15 513)	(74 162)
Net cash flow from operating activities		109 598	239 921
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		399	598
Dividends received	7.25	112 608	59 436
Proceeds from borrowings granted		30 199	3 168
Other proceeds from financial assets		18 025	7 043
Bank deposits with a maturity over three months		-	50
Borrowings granted		(169 827)	-
Acquisition of intangible and tangible fixed assets		(9 116)	(5 713)
Acquisition of financial assets and additional contributions to the share capital of subsidiaries		(36 019)	(750)
Net cash flow from investing activities		(53 731)	63 832
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)	7.10	7 500	6 000
Proceeds from contracted loans	7.11	-	210 000
Proceeds from commercial papers issued	7.12	110 000	100 000
Repayment of loans and borrowings	7.11	(10 000)	(200 000)
Redemption of commercial papers	7.12	(32 076)	(100 000)
Dividends paid	7.25	(253 984)	(239 575)
Net cash flow from financing activities		(178 560)	(223 575)
Increase / (decrease) in net cash and cash equivalents		(122 693)	80 178
Cash and cash equivalents – opening balance	7.9	531 841	220 111
Cash and cash equivalents – closing balance	7.9	409 148	300 289

All amounts in PLN '000.

6 INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital from valuation of cash flow hedges	Accumulated, unappropriated profit / (loss)	Total shareholders' equity
Balance as at 1 January 2021	25 218	251 038	614 804	510	(3 591)	264 217	1 152 196
Share capital increase by exercising share options (note 7.10)	180	7 320	-	-	-	-	7 500
Transfer of profit to supplementary capital	-	-	10 233	-	-	(10 233)	-
Dividends to shareholders	-	-	-	-	-	(253 984)	(253 984)
Creation of reserve capital from the valuation of the share options (note 7.21)	-	-	3 148	-	-	-	3 148
Net profit for the reporting period	-	-	-	-	-	287 956	287 956
Other net comprehensive income for the reporting period	-	-	-	-	4 341	-	4 341
Total net comprehensive income	-	-	-	-	4 341	287 956	292 297
Increase / (decrease) in equity capital	180	7 320	13 381	-	4 341	23 739	48 961
Balance as at 30 September 2021 (unaudited)	25 398	258 358	628 185	510	750	287 956	1 201 157

All amounts in PLN '000.

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital from valuation of cash flow hedges	Accumulated, unappropriated profit / (loss)	Total shareholders' equity
Balance as at 1 January 2020	25 068	245 188	543 715	510	(2 161)	304 665	1 116 985
Share capital increase by exercising share options	150	5 850	-	-	-	-	6 000
Transfer of profit to supplementary capital	-	-	65 090	-	-	(65 090)	-
Dividends to shareholders	-	-	-	-	-	(239 575)	(239 575)
Creation of reserve capital from the valuation of the share options (note 7.21)	-	-	3 226	-	-	-	3 226
Net profit for the reporting period	-	-	-	-	-	168 142	168 142
Other net comprehensive income for the reporting period	-	-	-	-	(2 166)	-	(2 166)
Total net comprehensive income	-	-	-	-	(2 166)	168 142	165 976
Increase / (decrease) in equity capital	150	5 850	68 316	-	(2 166)	(136 523)	(64 373)
Balance as at 30 September 2020 (unaudited)	25 218	251 038	612 031	510	(4 327)	168 142	1 052 612

All amounts in PLN '000.

7 ADDITIONAL NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS



7.1 GENERAL INFORMATION ABOUT DOM DEVELOPMENT S.A.

Name:	Dom Development S.A.
Registered office:	Plac Piłsudskiego 3, 00-078 Warszawa
Legal form:	Spółka Akcyjna (public limited company)
Country of registration:	Poland
Registered address of the office:	Plac Piłsudskiego 3, 00-078 Warszawa
Principal place of business:	Poland

There have been no changes to the name of the reporting entity or other identification data since the end of the previous reporting period.

The joint stock company Dom Development S.A. (the “Company”) is the parent company of Dom Development S.A. Capital Group (the “Group”). The Company has been entered into the National Court Register under number 0000031483 maintained by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register.

According to the Polish Classification of Business Activity the Company’s scope of activity is the development of building projects – PKD 4110Z (NACE F41.1). The Company conducts its activities mainly in Warsaw and its vicinity. The Company also has subsidiaries that run their real estate development activities in the Tricity, Wrocław and Kraków markets.

The Company is a majority-owned subsidiary of Groupe Belleforêt S.à r.l. with its registered office in Luxembourg (see note 7.10). As at 30 September 2021, Groupe Belleforêt S.à r.l. controlled 55.74% of the Company’s shares.

The main area of activity of the Company is the construction and sale of residential real estate.

The Company conducts its activities in the territory of Poland in compliance with the Code of Commercial Companies and Partnerships and its term of operations is unlimited.

In the three-month period ended 30 September 2021 the Company did not discontinue any of its activities.

7.2 BASIS FOR THE PREPARATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been prepared on a historical cost basis.

Certain information and disclosures, which in accordance with the International Financial Reporting Standards (“IFRS”) adopted by the European Union (EU) are normally included in annual financial statements, have been condensed or omitted in these interim condensed financial statements pursuant to International Accounting Standard No. 34, “Interim Financial Reporting” (IAS 34).

The interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. In the opinion of the Management Board of the Company, as at the date of approval of these interim condensed financial statements all the prerequisites have been fulfilled for the going concern assumption in the foreseeable future.

The Polish zloty (“PLN”) is the functional currency for the Company. The interim condensed financial statements are stated in Polish zloty. Financial data included in the interim condensed financial statements are expressed in thousands of PLN unless stated otherwise.

The presented interim condensed balance sheet, interim condensed income statement, interim condensed statement of comprehensive income, interim condensed cash flow statement and interim condensed statement of changes in shareholders' equity are unaudited and they have not been the subject of review by an independent certified auditor. These unaudited interim condensed financial statements do not include all the information and disclosures that are required from annual financial statements and therefore should be read in conjunction with the audited financial statements of the Company and the notes thereto for the year ended 31 December 2020.

The Company has also prepared interim condensed consolidated financial statements for Dom Development S.A. Capital Group for the three-month period ended 30 September 2021. These statements were approved by the Management Board of the Company on 9 November 2021.

7.3 ACCOUNTING POLICIES

Polish law requires the Company to prepare its interim condensed financial statements in accordance with IFRS, applicable to interim financial reporting as adopted by the European Union (“EU”) (IAS 34). At this particular time, due to the endorsement of IFRS by the EU and the activities of the Company, there are no differences in the IFRS policies applied by the Company and IFRS that have been endorsed by the EU.

The interim condensed financial statements have been prepared in accordance with IFRS applicable in the interim financial reporting (IAS 34) and all applicable IFRS that have been adopted by the EU.

These interim condensed financial statements are prepared based on the same accounting policies as for the financial statements of the Company for the year ended 31 December 2020, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the IBOR reform. In response to the expected reference rate reform (the IBOR reform), the International Accounting Standards Board published the second part of the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments relate to accounting issues that will arise when financial instruments based on the IBOR will move to new interest rates. The amendments introduce a number of guidelines and exemptions, in particular a practical simplification in the case of the modifications of agreements required by the reform, which will be accounted for by updating the effective interest rate, exemption from the obligation to terminate the hedge accounting, a temporary exemption from the need to identify the risk component, and the obligation to include additional disclosures.

The introduced amendments were scrutinised by the Management Board of the Company and they do not materially affect the Company’s financial position, operating results or the scope of information presented in these interim condensed financial statements.

The Company has not decided for earlier adoption of any standard, interpretation or improvement/amendment, which was published and has not yet come into force.

The following standards and interpretations issued by the International Accounting Standards Board or the International Financial Reporting Interpretation Committee that have not come into force or been endorsed by the EU:

- Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or joint venture. They remove the existing inconsistency between IFRS 10 and IAS 28. The effective date for the amendments has not been defined by the International Accounting Standards Board. The approval of this amendment has been postponed by the European Union as at the date of these interim condensed financial statements,
- *IAS 1 Presentation of Financial Statements, Amendments to IAS 1 Presentation of Financial Statements.* The IASB published amendments to IAS 1 which clarify the presentation issue of long-term and short-term liabilities. The published amendments are effective for financial statements for the periods beginning on or after 1 January 2023. These amendments have not been endorsed by the EU as at the date of these interim condensed financial statements.
- *Amendments to IAS 37 Provisions, Contingent liabilities and Contingent assets.* The amendments to IAS 37 provide clarifications regarding the costs that an entity is to consider when assessing whether a contract is an onerous contract. The amendments are effective for financial statements for the periods beginning on or after 1 January 2022. These amendments have not been endorsed by the EU as at the date of these interim condensed financial statements.
- Annual improvements to IFRS 2018 - 2020 introduce improvements to the following standards: IFRS 1 first-time Adoption of International Financial Reporting Standards, IFRS 9 Financial instruments, IAS 41 Agriculture, and examples illustrating IFRS 16 Leases. The amendments include clarifications and fine tune guidelines for standards in respect of recognition and measurement. These improvements have not been endorsed by the EU as at the date of these interim condensed financial statements.
- *Amendments to IAS 1 Presentation of Financial Statements and the IFRS Advisory Council’s guidance on disclosure of accounting policies in practice.* The amendment to IAS 1 requires disclosure of material information on accounting policies as defined in the standard. The amendment clarifies that information on accounting policies is material if, in the absence of such information, users of financial statements would not be able to understand other material information in the financial statements. Moreover, the Advisory Council’s guidance on the application of the materiality concept has also been amended to provide guidance on the application of the concept of materiality to disclosures of accounting policies. These amendments have not been endorsed by the EU as at the date of these interim condensed financial statements.
- *Amendments to IFRS 16 Leases.* On 28 May 2020, the IASB published an amendment to IFRS 16 in response to changes in lease agreements related to the coronavirus pandemic (COVID-19). Lessees may enjoy rent concessions that may take different forms, such as rent deferrals or rent holidays. Accordingly, the IASB introduced a simplification of assessment whether such changes constitute lease modification. Lessees may simplify accounting by electing not to apply the IFRS 16 guidelines for lease modification. As a result, rent deferrals and rent holidays under the lease will be recognised as variable lease payments during the period in which the event or condition occurs which results in the reduced payment. These amendments have not been endorsed by the EU as at the date of these interim condensed financial statements.

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In February 2021, the Council published an amendment to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors in the Definition of Estimates. This amendment to IAS 8 explains how entities should distinguish changes in accounting policies from changes in accounting estimates. These amendments have not been endorsed by the EU as at the date of these interim condensed financial statements.

The Management Board is verifying effect of the above standards on the Company's financial position, operating results or the scope of information presented in the Company's interim condensed financial statements. It is not expected by the Management Board of the Company that new standards and amendments to the existing standards could have a significant impact on the interim condensed financial statements of the Company for the period, when they are adopted for the first time.

7.4 KEY FIGURES BASED ON PROFESSIONAL JUDGEMENT AND BASIS FOR ESTIMATES

In addition to the accounting estimations, when applying the accounting policies in relation to the issues described below, the most significant was the professional judgement and the assumptions made by the management.

BUDGETS OF THE DEVELOPEMNT PROJECTS

The decision to purchase real estate (land) is based upon analysis, where the so called "purchase budget" is the major component. This budget is prepared to assess the future profitability of projects. The budgets for these construction projects are updated based on management's best knowledge and experience from when the real estate is purchased. The budgets for all construction projects are verified and updated when necessary, at least once every three months. Updated project budgets are the basis for:

- verification of their profitability and any potential inventory impairment write down,
- preparation of financial forecasts, annual budgets and medium term plans.

RECOGNITION OF REVENUE FROM THE SALE OF PRODUCTS

The revenue from the sale of real estate (housing units, commercial space, etc.) is recognised at the moment when control over the real estate is transferred to the buyer of said real estate together with the transfer of significant risks and rewards typical to the ownership rights. According to the Company's judgement this occurs at the moment of handover of the real estate to the buyer, which is based on a handover document signed by both parties and subject to the condition that the buyer has made 100% payment of the sale price for the real estate.

SEASONALITY

The operating activity of the Company is not subject to any major seasonality.

7.5 TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS	30.09.2021 (unaudited)	31.12.2020
Tangible fixed assets, including:		
Technical equipment and other tangible fixed assets	2 274	2 488
Vehicles	2 088	1 670
Land and buildings	-	-
Right-of-use of office space	19 565	22 403
Total	23 927	26 561

As at 30 September 2021 there were no circumstances that would require the Company to create revaluation write downs for its tangible fixed assets.

No collaterals have been established on fixed assets.

7.6 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY	30.09.2021	31.12.2020
Interest in subsidiaries, associates and jointly controlled entity	383 796	366 671
Borrowings granted to related entities (excluding accrued interest)	222 828	53 679
Closing balance	606 624	420 350

BORROWINGS GRANTED TO RELATED ENTITIES

The borrowings of related entities from the Company have been presented in the table below:

Date of the agreement	Borrower	Loan amount	Maturity	Balance as at 30.09.2021
26.02.2019	Euro Styl S.A.	150 000	31.12.2022	108 000
27.09.2019	Dom Development Wrocław Sp. z o.o.	100 000	31.12.2022	15 000
03.12.2020	Sento 22 Sp. z o.o.*	23 000	31.12.2021	23 000
23.06.2021	Sento 22 Sp. z o.o.*	15 800	31.12.2021	15 800
24.09.2021	Sento 22 Sp. z o.o.*	28 480	31.12.2025	21 780
23.02.2021	Sento S.A.	10 000	31.12.2021	2 000
19.05.2021	Sento S.A.	10 117	31.12.2021	10 117
20.07.2021	Sento S.A.	27 131	31.08.2022	27 131
Total				222 828

*Subsidiary of Sento S.A.

INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY

Investments in subsidiaries, associates and jointly controlled entity have been presented in the table below:

INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY	As at 30.09.2021			As at 31.12.2020		
	Company's interest (%)	Value of total investment	Net investment carrying value	Company's interest (%)	Value of total investment	Net investment carrying value
Dom Development Grunty sp. z o.o.	46%	24	24	46%	24	24
Dom Development Wrocław sp. z o.o.	100%	79 002	79 002	100%	79 002	79 002
Dom Development Kredyty sp. z o.o.	100%	505	505	100%	505	505
Mirabelle Investments sp. z o.o.	100%	58	58	100%	58	58
Euro Styl S.A.	100%	265 473	265 473	100%	265 473	265 473
Euro Styl Development sp. z o.o.	100%	252	252	100%	252	252
Dom Construction sp. z o.o.	100%	3 103	3 103	100%	3 103	3 103
Sento S.A.	77%	35 379	35 379	-	-	-
M2 Biuro sp. z o.o.	-	-	-	100%	18 254	18 254
Total		383 796	383 796		366 671	366 671

- Euro Styl S.A.

Euro Styl S.A. is the parent company of the Euro Styl S.A. Capital Group, whose composition as at 30 September 2021 is shown in the following table:

COMPANIES OF EURO STYL S.A. CAPITAL GROUP	Percentage share in the SPVs operating within the Euro Styl S.A. Capital Group.	
	Euro Styl S.A.	Euro Styl Development sp. z o.o.
Euro Styl Construction sp. z o.o.	100.00%	-
Euro Styl Montownia sp. z o.o.	100.00%	-
Euro Styl Development sp. z o.o. KWARTET POLANKI sp.k.	99.975%	0.025%
GGI Dolne Miasto sp. z o.o.	100.00%	-
GGI Dolne Miasto II sp. z o.o. w likwidacji (under liquidation)	50.00%	-

The scope of operations of this company involves real estate development projects in the Tricity area.

Residential projects are constructed by Euro Styl Construction sp. z o.o. as a general contractor only for the companies of the Euro Styl S.A. Capital Group.

- Dom Development Wrocław sp. z o.o.
The scope of operations of this company involves real estate development projects in the Wrocław area.
- Dom Development Kredyty sp. z o.o.
As part of its statutory operations, this company provides credit intermediation services for financial institutions.
- Dom Construction sp. z o.o.
Dom Construction sp. z o.o. is a subsidiary that operates as the general contractor in residential development projects. Dom Construction sp. z o.o. provides services only to the Group companies (to the Company and to Dom Development Wrocław sp. z o.o.).
- Dom Development Grunty sp. z o.o.
The Company holds 46% shares in the share capital of Dom Development Grunty spółka z o.o. That is a company participating in property (land) transactions within the Group.
- Mirabelle Investments sp. z o.o.
On 7 September 2017 a purchase agreement and transfer agreement concerning perpetual usufruct of real properties located in the Żoliborz District, Warsaw, where in 2018 the Company commenced development of further stages of Żoliborz Artystyczny, were entered into by the Company and Acciona Nieruchomości Żoliborz sp. z o.o. with its registered office in Warsaw.
Moreover, on 7 September 2017 the Company acquired 100% of the shares in the share capital of Mirabelle Investments sp. z o.o. with its registered office in Warsaw. Mirabelle Investments Sp. z o.o. was the addressee of administrative decisions and the party to the agreements required for the development of housing project on the above mentioned properties.
It is not the Company's intention to carry out operations through Mirabelle Investments Sp. z o.o., and the project is being developed directly by Development S.A. on the said real estate.

DESCRIPTION OF MATERIAL CHANGES IN THE PERIOD FROM 1 JULY UNTIL 30 SEPTEMBER 2021

- Acquisition of shares in Sento S.A.
On 1 July 2021 the Company acquired 77% of the shares in Sento S.A., a company with its registered office in Kraków, from Reno Sp. z o.o., another company with its registered office in Kraków (the "Transaction"). As a result of the Transaction, Dom Development S.A. controls Sento S.A. and its subsidiaries ("Sento Group") which operate in the residential real estate development market in Kraków.
The Company paid PLN 35 379 thousand as the initial sale price for the shares, as calculated according to the formula defined in the share sale agreement. The agreement stipulates the manner of calculating the adjusted sale price of the shares in Sento S.A. so as to account for the revaluation of its net assets at the time of the Transaction. The procedure for setting the adjusted sale price has not yet been completed as of the date of preparation of these condensed financial statements.
Through this acquisition, Dom Development S.A. Capital Group initiated its real estate development operations in the Kraków market, where Sento Group operates, with a desire to ensure the long-term growth of the consolidated income and profits of the Company.
The costs, in the amount of PLN 623 thousand, of the acquisition (such as the cost of due diligence in many areas) have been recognised directly in the income statement as "Other operating expenses".

7.7 INVENTORY

INVENTORY	30.09.2021 (unaudited)	31.12.2020
Advances on deliveries	237 129	208 379
including: at purchase prices/production costs	237 129	208 379
write down to the net realisable value	-	-
Semi-finished goods and work in progress	1 451 400	1 112 005
including: at purchase prices/production costs	1 432 167	1 104 017
rights of perpetual usufruct of land (lease)	47 555	37 179
write down to the net realisable value	(28 322)	(29 191)
Finished goods	154 652	320 947
including: at purchase prices/production costs	162 125	328 497
write down to the net realisable value	(7 473)	(7 550)
Total	1 843 181	1 641 331

INVENTORY REVALUATION WRITE DOWNS	01.01.-30.09. 2021 (unaudited)	01.01.-30.09. 2020 (unaudited)
Opening balance	36 741	39 660
Increments	-	100
(Decrease)	(946)	(333)
Closing balance	35 795	39 427

The value of inventory revaluation write downs have resulted from the impairment tests and analysis performed by the Company.

CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED	30.09.2021 (unaudited)	31.12.2020
MORTGAGES - value of mortgages to secure liabilities under:		
Real estate purchase agreements	-	-
Loan agreements of the Company	-	-
Loan agreements of the Company and Group companies	577 500	502 500

7.8 SHORT-TERM FINANCIAL ASSETS

SHORT-TERM FINANCIAL ASSETS	30.09.2021 (unaudited)	31.12.2020
Bank deposits with a maturity over three months	-	-
Cash in open-end residential escrow accounts	29 716	12 358
Other short-term financial assets	21 679	-
Total	51 395	12 358

Bank deposits with a maturity over three months as of the date when they are made are presented in *Bank deposits with a maturity over three months*.

Cash received from the Company's customers as advances for the sale of products which is deposited in open-end residential escrow accounts until the relevant requirements specified in the "Act on the Protection of Rights of a Dwelling Unit or House Buyer" are met, is presented in *Cash in open-end residential escrow accounts*.

Funds accumulated in escrow accounts intended for the joint infrastructural project on development projects completed by the Company are included in *Other short-term financial assets*.

7.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are represented by cash at bank and cash in hand, including short-term bank deposits with up to three months maturity on the date when they are made. The book value of these assets corresponds to their fair value.

CASH AND CASH EQUIVALENTS	30.09.2021 (unaudited)	31.12.2020	30.09.2020 (unaudited)
Cash in hand and at bank	13 573	528 194	172 344
Short-term deposits	395 575	3 606	127 904
Other	-	41	41
Total	409 148	531 841	300 289

7.10 SHARE CAPITAL

DESCRIPTION OF CHANGES TO THE SHARE CAPITAL IN THE COMPANY IN THE PERIOD FROM 1 JULY UNTIL 30 SEPTEMBER 2021

In the three-month period ended 30 September 2021 no changes were made by the Company to the share capital.

CHANGE IN THE REPORTING PERIOD	Share capital: Number of shares	Share capital: Value at the nominal value	Share premium
Balance as at 01.07.2021	25 398 422	25 398	258 358
Change	-	-	-
Balance as at 30.09.2021 (unaudited)	25 398 422	25 398	258 358

SHARE CAPITAL STRUCTURE FOR THE COMPANY AS AT 30 September 2021

Series/ issue	Type of share	Number of shares	Nominal value of series/issue (in PLN)	Capital covered with	Registration date	Right to dividends (from)
A	Bearer	21 344 490	21 344 490	cash	12.09.2006	12.09.2006
F	Bearer	2 705 882	2 705 882	cash	31.10.2006	31.10.2006
H	Bearer	172 200	172 200	cash	14.02.2007	14.02.2007
I	Bearer	92 700	92 700	cash	14.02.2007	14.02.2007
J	Bearer	96 750	96 750	cash	14.02.2007	14.02.2007
L	Bearer	148 200	148 200	cash	14.02.2007	14.02.2007
Ł	Bearer	110 175	110 175	cash	12.03.2012	07.05.2012
M	Bearer	24 875	24 875	cash	03.10.2012	09.11.2012
N	Bearer	20 000	20 000	cash	03.10.2012	09.11.2012
O	Bearer	26 000	26 000	cash	05.03.2013	17.05.2013
P	Bearer	925	925	cash	31.10.2013	23.12.2013
R	Bearer	11 000	11 000	cash	31.10.2013	23.12.2013
S	Bearer	17 075	17 075	cash	20.03.2014	02.05.2014
T	Bearer	1 000	1 000	cash	14.01.2015	27.03.2015
U	Bearer	10 320	10 320	cash	17.05.2016	01.06.2016
V	Bearer	1 000	1 000	cash	17.05.2016	01.06.2016
W	Bearer	85 830	85 830	cash	10.01.2017	10.03.2017
Y	Bearer	100 000	100 000	cash	29.03.2018	21.05.2018
Z	Bearer	100 000	100 000	cash	28.02.2019	24.04.2019
AA	Bearer	100 000	100 000	cash	31.03.2020	28.05.2020
AB	Bearer	50 000	50 000	cash	31.03.2020	28.05.2020
AC	Bearer	100 000	100 000	cash	18.02.2021	23.04.2021
AD	Bearer	80 000	80 000	cash	18.02.2021	23.04.2021
Total number of shares		25 398 422				
Total share capital			25 398 422			

Each share in Dom Development S.A. has a nominal value of PLN 1.

None of the Company's shares are preference and restricted shares.

LIST OF SHAREHOLDERS WHO HOLD, DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5% OF THE OVERALL NUMBER OF VOTES AT THE GENERAL SHAREHOLDERS MEETING ("GSM") AS AT THE DATE THAT THESE FINANCIAL STATEMENTS ARE PREPARED AND APPROVED BY THE COMPANY'S MANAGEMENT BOARD.

	Status as at the date of preparing of these financial statements				Change in the period from publication of the interim financial statements for the six-month period ended 30.06.2021
	Shares	% shares	Number of votes at the GSM	% votes at the GSM	Shares
Groupe Belleforêt S.à r.l.	14 155 491	55.74	14 155 941	55.74	-
Aviva OFE*	no data.	5.00-10.00	no data	5.00-10.00	no data
Jarosław Szanajca	1 454 050	5.72	1 454 050	5.72	-
Grzegorz Kiełpsz	1 280 750	5.04	1 280 750	5.04	-

*) The shareholding by AVIVA OFE is 1 313 383 shares in the Company as per the latest notice prepared as at 11 July 2011. It corresponds to 5.17% of the share capital of the Company and of votes in the General Meeting of Shareholders of Dom Development S.A.

THE SHARES OF DOM DEVELOPMENT S.A. OR RIGHTS THERETO (OPTIONS) OWNED BY THE PERSONS PERFORMING MANAGEMENT AND SUPERVISORY FUNCTIONS AT DOM DEVELOPMENT S.A. AS AT THE DATE THAT THESE FINANCIAL STATEMENTS ARE PREPARED AND APPROVED BY THE COMPANY'S MANAGEMENT BOARD.

	Status as at the date of preparing of these financial statements				Change in the period from publication of the interim financial statements for the six-month period ended 30.06.2021	
	Shares	Nominal value of shares (in PLN '000)	Share options	Shares and options, total	Shares	Share options
MANAGEMENT BOARD						
Jarosław Szanajca	1 454 050	1 454	-	1 454 050	-	-
Małgorzata Kolarska	303 544	304	100 000	403 544	(16 691)	-
Leszek Stankiewicz	-	-	-	-	-	-
Mikołaj Konopka	88 981	89	150 000	238 981	-	-
Terry Roydon	58 500	59	-	58 500	-	-
SUPERVISORY BOARD						
Grzegorz Kiełpsz	1 280 750	1 281	-	1 280 750	-	-
Janusz Zalewski	300 000	300	-	300 000	-	-
Mark Spiteri	900	1	-	900	-	-

The Members of the Management Board and the Supervisory Board of the Company did not hold any shares in other companies operating within the Group, except for in Dom Land Sp. z o.o., in which Jarosław Szanajca, Grzegorz Kiełpsz and Mark Spiteri held 20% shares each on the date of preparing of these financial statements.

7.11 LOANS

DESCRIPTION OF MATERIAL CHANGES IN THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

There were no new loan agreements or any other agreements within the Group that expired in the three-month period ended 30 September 2021.

The structure of loan liabilities in terms of their maturity has been presented in the table below.

LOANS DUE WITHIN	30.09.2021 (unaudited)	31.12.2020
Less than 1 year	-	-
More than 1 year and less than 2 years	-	10 000
More than 2 years and less than 5 years	-	-
Over 5 years	-	-
Total loans	-	10 000
including: long-term	-	10 000
short-term	-	-

As at 30 September 2021 and 31 December 2020 all the loans taken by the Company were expressed in Polish zloty.

BANK LOANS AS AT 30.09.2021

Bank	Registered office	Loan amount as per agreement	Currency	loan amount Outstanding (less accrued interest)	Currency	Due date
PKO BP	Warsaw	150 000	PLN	-	PLN	26.02.2023
mBank	Warsaw	185 000	PLN	-	PLN	31.01.2023
Millennium	Warsaw	50 000	PLN	-	PLN	18.12.2022
Total bank loans				-		

CORE DETAILS CONCERNING CREDIT LINES HELD BY THE COMPANY

Loan at PKO BP

Revolving loan in the credit facility account up to PLN 150 000 thousand. Pursuant to the agreement with the bank, Euro Styl S.A. may use up to PLN 50 000 thousand of this credit limit. As at 30 September 2021, both Euro Styl S.A. and Dom Development S.A. have not drawn any funds therefrom.

Credit at mBank

Revolving loan in the credit facility account up to PLN 185 000 thousand. Under the said agreement, Dom Development Wrocław Sp. z o.o. may use up to PLN 60 000 thousand of this credit limit, and Euro Styl S.A. may use up to PLN 100 000 thousand of this credit limit. As at 30 September 2021, no funds were drawn from this credit line either by Dom Development S.A. or other Group companies.

Loan at Millennium Bank

Revolving loan up to PLN 50 000 thousand. As at 30 September 2021 Dom Development S.A. has not drawn any funds from the said credit limit.

The Company recognises the nominal value of the liability under *Loans*, and the interest charged as at the balance sheet date are presented separately under *Accrued interest on loans and bonds*.

Due to the fact that the interest on the loans is correlated to the WIBOR interest rate, the Company's Management Board estimates that the fair value of the loans taken by the Company approximately equals their book value, including accrued interest.

7.12 BONDS

BONDS	30.09.2021 (unaudited)	31.12.2020
Nominal value of the bonds issued, long-term portion	360 000	250 000
Nominal value of the bonds issued, short-term portion	77 924	110 000
Nominal value of the bonds issued	437 924	360 000

The Company recognises the nominal value of the bond liabilities under *Bonds*, and the interest charged as at the balance sheet date are presented separately under *Accrued interest on loans and bonds*.

Due to the fact that the interest on the bonds is correlated to the WIBOR interest rate, the Company's Management Board estimates that the fair value of the bonds issued by the Company approximately equals their book value, including accrued interest.

CORE DETAILS CONCERNING THE BONDS ISSUED

- Agreement with PeKaO S.A.
- Under this agreement, Dom Development S.A. is allowed to issue mid-term bonds (with a maturity over 1 year and under 7 years) with an aggregate value of no more than PLN 400 million, which is to be construed as the nominal value of all issued and unredeemed bonds on any day during the term of the Programme. In accordance with the agreement, bonds may be issued by the Company as various series by 5 November 2021.
- Agreement with Trigon Dom Maklerski S.A. and Trigon Investment Banking Spółka z ograniczoną odpowiedzialnością & Wspólnicy S.K.
- Pursuant to the agreement, Dom Development S.A. may issue bonds with a total value of up to PLN 400 million, understood as the nominal value of all outstanding bonds. The limit of the Programme is renewable. In accordance with the agreement, bonds may be issued by the Company as various series by 17 November 2027.

DESCRIPTION OF MATERIAL CHANGES IN THE THREE-MONTH PERIOD ENDED 30 September 2021

The total bond issue liabilities in the three-month period ended 30 September 2021 and their maturity dates have not changed.

BONDS ISSUED AS AT 30.09.2021

Series	Issue date	Amount	Currency	Maturity date
DOMDE6151121	15.11.2016	77 924	PLN	15.11.2021
DOMDET1151222	15.12.2017	50 000	PLN	15.12.2022
DOMDET2091023	09.10.2018	50 000	PLN	09.10.2023
DOMDET3121224	12.12.2019	50 000	PLN	12.12.2024
DOMDET4250925	25.09.2020	100 000	PLN	25.09.2025
DOMDET5120526	12.05.2021	110 000	PLN	12.05.2026
Total		437 924	PLN	

7.13 ACCRUED INTEREST ON LOANS AND BONDS

ACCRUED INTEREST ON LOANS AND BONDS	30.09.2021 (unaudited)	31.12.2020
Accrued interest on bonds	3 106	1 399
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	3 106	1 399

7.14 LEASE LIABILITIES

The following material assets that meet the criteria of IFRS 16 Leases have been recognised in the Company's balance sheet. These are:

- right-of-use of office space (on the basis of lease agreements),
- rights of perpetual usufruct of land.

The Company as lessee recognises lease liabilities as measured at the present value of unavoidable future lease payments, discounted at the marginal interest rates of the Company, and recognises assets arising from the right-of-use at an amount equal to the lease liabilities.

All liabilities arising from perpetual usufruct of land are reported as short-term liabilities as they are to be reconciled through the transfer of title (along with the ownership title to a unit located on that land) to the unit buyer in the period of the "operating cycle". At the date of ownership transfer to the buyer, land-related lease liabilities are reversed from the accounting records.

LEASE LIABILITIES	30.09.2021 <i>(unaudited)</i>	31.12.2020
Lease liabilities, short-term portion, including:	54 561	67 951
liabilities on account of perpetual usufruct right of land	50 128	63 518
liabilities on account of the right of use of office space	4 433	4 433
Other	-	-
Lease liabilities, long-term portion, including:	17 322	20 033
liabilities on account of the right of use of office space	17 322	20 033
Other	-	-
Total	71 883	87 984

In the case of perpetual usufruct right, fees resulting from the period, for which such right to the specific property has been granted (up to 99 years), are discounted. This period does not depend on the period of time during which the Company expects to remain the holder of such perpetual usufruct right, that is on the planned use of these properties for development projects.

As estimated by the Management Board based on property development projects planned on specific land to which the Company held the perpetual usufruct right as at 30 September 2021, out of PLN 50 128 thousand of the land-related lease liabilities recognised as short-term:

- PLN 2 847 thousand is payable by the Company within 12 months following the balance sheet date,
- PLN 5 340 thousand is payable by the Company later than 12 months following the balance sheet date,
- PLN 41 941 thousand is to be transferred to the respective buyers of units.

7.15 DEFERRED INCOME

Payments from customers on account of the purchase of apartments and parking spaces are recorded as deferred income until the time that they are delivered to the buyer and are recognised in the income statement as "sales revenue". This balance sheet item is closely dependent over time on the relationship between the sales rate (which as it increases, increases this item) and the deliveries rate (which as it decreases, decreases this item).

DEFERRED INCOME	30.09.2021 <i>(unaudited)</i>	31.12.2020
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement	948 660	751 721
Other	-	-
Total	948 660	751 721

7.16 SEGMENT REPORTING

The operations of the Company are generally in a single segment and involve mainly the development and sale of residential and retail (commercial) units and related support activities. The Company operates only in the Warsaw market, while Dom Development S.A. Capital Group with the Company as the parent, also operates on the Tricity and Wrocław markets, and in the Kraków market since 1 July 2021 (see note 7.6). The operations on the Wrocław, Tricity and Kraków markets are carried out through the Group's subsidiaries.

In view of the above, segmentation for reporting purposes was made within the Group on the basis of the geographical location:

- the Warsaw segment
- the Tricity segment
- the Wrocław segment
- the Kraków segment

The results of the individual segments are assessed mainly on the basis of sale revenues and profit, and gross margin on sales generated by the individual segments.

Due to the fact that the Company's operating activities are carried out in the Warsaw market, i.e. within one segment, these interim condensed financial statements do not include segment-specific information.

Information on the business segments is provided in the interim condensed consolidated financial statements of the Company, which shows the operating activities on all the above mentioned markets (operating segments and reporting segments).

7.17 SALES REVENUE AND COST OF SALES

ANALYSIS OF SALES REVENUE AND COST OF SALES	Nine-month	Nine-month	Three-month	Three-month
	period ended 30.09.2021 (unaudited)	period ended 30.09.2020 (unaudited)	period ended 30.09.2021 (unaudited)	period ended 30.09.2020 (unaudited)
Sales of finished goods	962 073	732 090	120 192	137 065
Sales of services	13 973	8 068	3 272	2 798
Sales of goods (land)	-	3 288	-	3 288
Sales revenue, total	976 046	743 446	123 464	143 151
Cost of finished goods sold	(658 251)	(507 750)	(79 866)	(92 684)
Cost of services sold	(10 857)	(8 556)	(2 398)	(2 714)
Cost of goods sold	-	(4 190)	-	(4 190)
Inventory write down to the net realisable value	946	233	946	-
Cost of sales, total	(668 162)	(520 263)	(81 318)	(99 588)
Gross profit on sales	307 884	223 183	42 146	43 563

7.18 INCOME TAX IN THE INCOME STATEMENT

INCOME TAX	Nine-month	Nine-month	Three-month	Three-month
	period ended 30.09.2021 (unaudited)	period ended 30.09.2020 (unaudited)	period ended 30.09.2021 (unaudited)	period ended 30.09.2020 (unaudited)
Current income tax	(84 560)	(26 303)	(25 928)	(5 880)
Deferred tax in the income statement	42 270	1 290	23 276	2 897
Total	(42 290)	(25 013)	(2 652)	(2 983)

7.19 EARNINGS PER SHARE

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	Nine-month period ended 30.09.2021 (unaudited)	Nine-month period ended 30.09.2020 (unaudited)	Three-month period ended 30.09.2021 (unaudited)	Three-month period ended 30.09.2020 (unaudited)
BASIC EARNINGS PER SHARE				
Profit for calculation of the basic earnings per share	287 956	168 142	10 706	77 442
The weighted average number of ordinary shares for the calculation of basic earnings per share	25 366 114	25 168 604	25 398 422	25 218 422
Basic earnings per share (in PLN)	11.35	6.68	0.42	3.07
DILUTED EARNINGS PER SHARE				
Profit for calculation of the diluted earnings per share	287 956	168 142	10 706	77 442
Potential diluting shares related to the Management Share Option Programmes	215 984	174 582	218 877	195 966
The weighted average number of ordinary shares for the calculation of diluted earnings per share	25 582 099	25 343 186	25 617 299	25 414 388
Diluted earnings per share (in PLN)	11.26	6.63	0.42	3.05

As the Company has no discontinued operations, the earnings per share from the continued operations equal the earnings per share calculated above.

7.20 TRANSACTIONS WITH RELATED ENTITIES

In the three-month periods ended 30 September 2021 and 2020, the Company was a party to transactions with related entities, as listed below.

DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES:

Counterparty	Transaction description	01.07.-30.09. 2021 (unaudited)	01.07.-30.09. 2020 (unaudited)
Woodsford Consulting Limited	Consulting services as per the agreement dated 27.06.2007 as annexed	616	267
Hansom Property Company Limited	Consulting services as per the agreement dated 02.01.2001 as annexed	139	124
M & M Usługi Doradcze M. Kolarski	Consulting services	51	17
Mirabelle Investments sp. z o.o.	Other	-	5
Euro Styl S.A.	Cooperation Agreements	-	-
Euro Styl Construction sp. z o.o.	Cooperation Agreements	-	-
Dom Construction sp. z o.o.	Construction services	80 655	82 818
Dom Construction sp. z o.o.	Other	145	147
Dom Land sp. z o.o.	Purchase of real properties	8 117	-

DOM DEVELOPMENT S.A. AS A SELLER OF GOODS OR SERVICES:

Counterparty	Transaction description	01.07.-30.09. 2021 (unaudited)	01.07.-30.09. 2020 (unaudited)
Dom Development Grunty sp. z o.o.	Other	1	2
Euro Styl S.A.	Cooperation Agreement	580	215
Euro Styl Construction sp. z o.o.	Cooperation Agreement	2	4
Dom Land sp. z o.o.	Other	1	1
Dom Development Wrocław sp. z o.o.	Cooperation Agreements	391	243
Dom Development Kredyty sp. z o.o.	Cooperation Agreements	123	158
Dom Construction sp. z o.o.	Cooperation Agreements	1 278	859
M2 Biuro sp. z o.o.	Cooperation Agreements	-	1
Sento S.A.	Other	48	-
Mirabelle Investments sp. z o.o.	Other	1	1

DOM DEVELOPMENT S.A. AS A LENDER:

Counterparty	Transaction description	01.07.-30.09.	01.07.-30.09.
		2021	2020
		(unaudited)	(unaudited)
Dom Development Wrocław sp. z o.o.	Borrowing provided	15 000	-
Dom Development Wrocław sp. z o.o.	Loan repaid	-	-
Dom Development Wrocław sp. z o.o.	Interest received on the borrowing	127	267
Euro Styl S.A.	Borrowing provided	55 000	-
Euro Styl S.A.	Loan repaid	-	-
Euro Styl S.A.	Interest received on the borrowing	675	695
Sento S.A.	Borrowing provided	27 131	-
Sento S.A.	Loan repaid	2 500	-
Sento S.A.	Interest received on the borrowing	326	-
Sento 22 sp. z o.o.	Borrowing provided	28 480	-
Sento 22 sp. z o.o.	Loan repaid	6 700	-
Sento 22 sp. z o.o.	Interest received on the borrowing	-	-

DOM DEVELOPMENT S.A. AS A PAYER OF PREPAYMENTS:

Counterparty	Transaction description	01.07.-30.09.	01.07.-30.09.
		2021	2020
		(unaudited)	(unaudited)
Dom Land sp. z o.o.	(Net) prepayment transferred for the purchase of land	(7 996)	7 967

DOM DEVELOPMENT S.A. AS A CONTRIBUTOR OF SHARE CAPITAL TO SUBSIDIARIES:

Counterparty	Transaction description	01.07.-30.09.	01.07.-30.09.
		2021	2020
		(unaudited)	(unaudited)
M2 Biuro sp. z o.o.	Additional contribution to the share capital *)	-	750

*) additional contribution to the share capital of the subsidiaries has been recognised in the balance sheet under "Investments in subsidiaries, associates and jointly controlled entities".

DOM DEVELOPMENT S.A. AS A DIVIDEND PAYER:

Counterparty	Transaction description	01.07.-30.09.	01.07.-30.09.
		2021	2020
		(unaudited)	(unaudited)
Groupe Belleforêt S.à r.l.	Dividends paid	-	134 481

DOM DEVELOPMENT S.A. AS A DIVIDEND RECIPIENT:

Counterparty	Transaction description	01.07.-30.09.	01.07.-30.09.
		2021 *)	2020
		(unaudited)	(unaudited)
Dom Development Wrocław sp. z o.o.	Dividends received	-	-
Dom Construction sp. z o.o.	Dividends received	-	8 199
Dom Development Kredyty sp. z o.o.	Dividends received	-	3 118
Euro Styl S.A.	Dividends received	-	56 318

*) The Company received dividends from all above-listed subsidiaries in Q2 2021, which was disclosed in the interim financial statements of the Company for the six-month period ended 30 June 2021.

BALANCES WITH RELATED ENTITIES - AS ACCOUNTED FOR IN THE BOOKS OF THE COMPANY

	Receivables from related entities		Liabilities to related entities	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
Total balance	299 779	142 292	32 151	75 818
Subsidiaries	299 679	132 457	31 759	75 530
Dom Development Grunty sp. z o.o.	1 482	1 482	-	-
Dom Development Wrocław sp. z o.o. additional contributions to the share capital*)	75 000	75 000	-	-
Dom Development Wrocław sp. z o.o. loans granted	15 000	-	-	-
Dom Development Wrocław sp. z o.o.	352	55	-	-
Euro Styl S.A. loans granted	108 000	53 680	-	-
Euro Styl S.A.	-	3	-	-
Euro Styl Construction sp. z o.o.	1	-	-	-
Mirabelle Investments sp. z o.o.	-	-	-	-
Dom Development Kredyty sp. z o.o.	-	-	-	1
Dom Construction sp. z o.o.	-	1 487	31 759	75 529
Dom Construction sp. z o.o. additional contributions to the share capital*)	-	-	-	-
M2 Biuro sp. z o.o. additional contributions to the share capital*)	-	750	-	-
Loans granted to Sento S.A.	39 247	-	-	-
Sento S.A.	17	-	-	-
Sento 22 sp. z o.o.	60 580	-	-	-
Other entities	100	9 835	392	288
Dom Land sp. z o.o.	100	9 835	148	-
M&M Usługi Doradcze M. Kolarski	-	-	-	-
Hansom Property Company Limited	-	-	-	125
Woodsford Consulting Limited	-	-	244	163

*) additional contribution to the share capital of the subsidiaries has been recognised in the balance sheet under "Investments in subsidiaries, associates and jointly controlled entities".

The transactions with the related entities are based on the arm's length principle.

7.21 INCENTIVE PLAN – MANAGEMENT OPTION PROGRAMMES

As at 30 September 2021 there were three active Management Option Programmes adopted as part of the Incentive Scheme for the executives in the Company.

MANAGEMENT OPTION PROGRAMMES	30.09.2021 (unaudited)			31.12.2020		
	Options in the programme (number of shares)	Options granted (number of shares)	Options exercised (number of shares)	Options in the programme (number of shares)	Options granted (number of shares)	Options exercised (number of shares)
Programme IV	500 000	500 000	400 000	500 000	500 000	300 000
Programme V	250 000	250 000	100 000	250 000	250 000	50 000
Programme VI	150 000	150 000	30 000	150 000	150 000	-

EXERCISE OF SHARE OPTIONS

In the three-month periods ended 30 September 2021 and 2020 the Company did not grant any new share options.

EXPIRY OF SHARE OPTIONS

In the three-month periods ended 30 September 2021 and 2020 no share options expired in the Company.

COST OF MANAGEMENT OPTION PROGRAMMES ACCOUNTED FOR IN THE INCOME STATEMENT AND THE SHAREHOLDERS' EQUITY

In the three-month periods ended 30 September 2021 and 2020 the amounts of PLN 1 050 thousand and PLN 1 075 thousand respectively, were accounted for in the income statement and in the supplementary capital for the management options granted.

SHARE OPTIONS GRANTED AND EXERCISABLE AS AT RESPECTIVE BALANCE SHEET DATES, AND CHANGES IN THE PRESENTED PERIODS:

		01.07.-30.09. 2021 (unaudited)	01.07.-30.09. 2020 (unaudited)
Unexercised options at the beginning of the period	Number of options	370 000	400 000
	Total exercise price	17 000	17 000
Options granted in the period	Number of options	-	-
	Total option exercise value	-	-
Options expired in the period	Number of options	-	-
	Total option exercise value	-	-
Options exercised in the period	Number of options	-	-
	Total option exercise value	-	-
	Weighted average exercise price per share (PLN per share)	-	-
Unexercised options at the end of the period	Number of options	370 000	400 000
	Total exercise price	17 000	17 000
Exercisable options at the beginning of the period	Number of options	-	-
	Total exercise price	-	-
Exercisable options at the end of the period	Number of options	-	-
	Total exercise price	-	-

7.22 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES	30.09.2021 (unaudited)	31.12.2020
Guarantees	13 824	963
Sureties	14 655	24 155
Total	28 479	25 118

COLLATERALS FOR LIABILITIES	30.09.2021 (unaudited)	31.12.2020
Promissory notes, including:		
- promissory notes as other security	1 400	-
- promissory notes as a security for lease agreements	-	-
Total	1 400	-

In the three-month period ended 30 September 2021 the Company did not provide any guarantees for loans or borrowings, nor any other guarantees – jointly to one entity or its subsidiary, the value of which would be material for the Company or would amount to at least 10% of the Company’s shareholders’ equity.

7.23 MATERIAL COURT CASES AS AT 30 SEPTEMBER 2021

As at 30 September 2021 the Company was not a party to any material court cases.

7.24 FACTORS AND EVENTS WITH MATERIAL IMPACT ON THE CONDENSED FINANCIAL STATEMENTS OF THE COMPANY

In Q3 2021 the Company’s operations were not disrupted and the market situation remained favourable. Demand for housing was high in all market segments and was mainly driven by persistently low interest rates and rising inflation. These two factors encouraged the investment of savings in real estate, which remained a more attractive option compared to bank deposits with their negative real interest rates. At the same time, the low cost of funding and the high availability of mortgages also translated into high demand for apartments among customers needing to support their purchase with a mortgage. However, extended credit-decision waiting times resulting from the large number of mortgage applications at banks, combined with the popularity of investing savings in real estate contributed to an increase in the proportion of cash purchases rising to 45% of all transactions done by the Company in Q3 2021.

The market supply of flats in Q3 2021 was under strong pressure due to the scarcity of land suitable for starting property development projects quickly enough to generate satisfactory margins. The extended time taken up waiting for administrative permits and decisions was a major challenge, especially in Warsaw. Taking into account the market background, the Management Board is of the opinion that the Company developed its real estate projects effectively in Q3 2021, and built the potential for future results through the acquisition of new land. Over the three months ended 30 September 2021, the Company started four projects with 792 units, compared to five projects with 647 units during Q1 2021. Detailed information on the projects in progress and those completed by Dom Development S.A. in the nine-month period ended 30 September 2021 has been presented below.

MATERIAL CHANGES TO THE PORTFOLIO OF ONGOING PROPERTY DEVELOPMENT PROJECTS CARRIED OUT BY THE COMPANY IN THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2021

DEVELOPMENT PROJECTS COMMENCED FROM 1 JANUARY 2021 UNTIL 31 DECEMBER 2020:			
PROJECT	LOCATION	STARTED IN	NUMBER OF APARTMENTS AND RETAIL UNITS
Apartamenty Służewiec	Warsaw	Q1 2021	37
Dzielnica Mieszkaniowa Metro Zachód, stage 3 phase 1	Warsaw	Q1 2021	145
Wilno IV, phase 3	Warsaw	Q1 2021	154
Wilno IV, phase 5	Warsaw	Q1 2021	158
Dzielnica Mieszkaniowa Metro Zachód, stage 3 phase 2	Warsaw	Q2 2021	153
Osiedle Ceramiczna	Warsaw	Q3 2021	346
Osiedle Urbino	Warsaw	Q3 2021	124
Osiedle Bokserska 71	Warsaw	Q3 2021	234
Dzielnica Mieszkaniowa Metro Zachód, stage 11 phase 2	Warsaw	Q3 2021	88
TOTAL			1 439

DEVELOPMENT PROJECTS COMPLETED FROM 1 January 2021 UNTIL 30 September 2021:

PROJECT	LOCATION	COMPLETED IN	NUMBER OF APARTMENTS AND RETAIL UNITS
Wilno VI, stage 3 phase 2	Warsaw	Q1 2021	228
Dzielnica Mieszkaniowa Metro Zachód, phase 1	Warsaw	Q2 2021	134
Osiedle Wilno V, phase 1	Warsaw	Q3 2021	326
TOTAL			688

Moreover, in Q3 2021 Dom Development S.A. Capital Group carried out real property development projects in the Wrocław market through its subsidiary Dom Development Wrocław Sp. z o.o. and in the Tricity market through Euro Styl S.A. Capital Group, which it controls in 100%, as well as in Kraków - through Sento S.A., in which the Company acquired the majority shareholding on 1 July 2021.

INFORMATION ON DELIVERIES OF RESIDENTIAL AND RETAIL UNITS

Number of residential and retail units delivered to customers by the Company in the three-month and the nine-month periods ended 30 September 2021 has been presented in the following table:

NUMBER OF APARTMENTS AND RETAIL UNITS DELIVERED	2021	2020
Q1	906	430
Q2	295	500
Q3	141	195
Total	1 342	1 125

7.25 DIVIDEND AND PROFIT DISTRIBUTION

DIVIDENDS PAID

In the three-month period ended 30 September 2021 the Company did not pay any dividends.

The 2020 dividend in the amount of PLN 253 984 220 (i.e. PLN 10 per share) was paid on 28 June 2021.

DIVIDENDS RECEIVED

In the reporting period and the benchmarking periods, the Company received dividends or recognised income from dividends allocated but not yet received. All dividends received and allocated are from the subsidiaries of the Company.

Dividends	01.01 - 30.09.2021 <i>(unaudited)</i>	01.01 - 30.09.2020 <i>(unaudited)</i>	01.07 - 30.09.2021 <i>(unaudited)</i>	01.07 - 30.09.2020 <i>(unaudited)</i>
Dividends received, recognised in the cash flow statement	112 608	59 436	-	59 436
Dividends allocated, not yet paid to the Company (dividends receivable)	-	8 199	-	8 199
Total dividends, recognised in the income statement	112 608	67 635	-	67 635

7.26 CHANGES IN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

No changes in the composition of the Management Board and the Supervisory Board of the Company took in the three-month period ended 30 September 2021.

7.27 MATERIAL POST-BALANCE SHEET EVENTS

SIGNING OF THE LETTER OF INTENT REGARDING THE EXCLUSIVE RIGHT OF SENTO S.A. TO CONDUCT NEGOTIATIONS TO BUY SELECTED BUMA GROUP COMPANIES

On 7 September 2021 a letter of intent was signed under which Sento S.A., with its registered seat in Kraków and now a subsidiary of the Company, was granted the exclusive right until 14 January 2022 to conduct negotiations as regards the acquisition by Sento S.A. of selected BUMA Group companies which run housing development projects and provide support for existing projects on the Kraków market (the "Transaction"). The final terms of the Transaction are to be worked out by the parties to the Transaction in the course of the negotiations. The Management Board has classified the information about the exclusive right being granted to Sento S.A. as confidential information due to the potential Transaction's purpose and its material value to the Company, namely the potential for such acquisition to drive significant growth in the operational capacity of Dom Development S.A. Capital Group on the Kraków market.

7.28 FORECASTS

The Management Board of Dom Development S.A. does not publish any financial forecasts concerning the Company.

7.29 SELECTED FINANCIAL DATA TRANSLATED INTO EURO

In accordance with the financial reporting requirements the following financial data of the Company have been translated into euro:

SELECTED DATA FROM THE INTERIM CONDENSED BALANCE SHEET	30.09.2021 in EUR '000 (unaudited)	31.12.2020 in EUR '000
Total current assets	523 874	496 675
Total assets	651 276	597 091
Total shareholders' equity	259 267	249 674
Long-term liabilities	103 996	82 880
Short-term liabilities	288 013	264 537
Total liabilities	392 009	347 417
PLN/EURO exchange rate as at the balance sheet date	4.6329	4.6148

SELECTED DATA FROM THE INTERIM CONDENSED INCOME STATEMENT	Nine-month period ended 30.09.2021 (unaudited)	Nine-month period ended 30.09.2020 (unaudited)	Three-month period ended 30.09.2021 (unaudited)	Three-month period ended 30.09.2020 (unaudited)
Sales revenue	214 116	167 367	26 951	32 215
Gross profit on sales	67 541	50 244	9 200	9 803
Operating profit	47 845	30 490	3 116	3 232
Profit before tax	72 446	43 484	2 916	18 099
Net profit	63 169	37 853	2 337	17 428
Average PLN/EURO exchange rate for the reporting period	4.5585	4.4420	4.5811	4.4436