

DOM DEVELOPMENT S.A. CAPITAL GROUP

**INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD
ENDED 31 MARCH 2023**



CONTENTS

1	APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS BY THE MANAGEMENT BOARD OF THE COMPANY	2
2	INTERIM CONDENSED CONSOLIDATED BALANCE SHEET	3
3	INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT	4
4	INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
5	INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT	6
6	INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY	7
7	ADDITIONAL NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	8
7.1	GENERAL INFORMATION ABOUT THE PARENT COMPANY OF THE DOM DEVELOPMENT S.A. CAPITAL GROUP AND THE GROUP	9
7.2	BASIS FOR THE PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	10
7.3	ACCOUNTING POLICIES	11
7.4	KEY FIGURES BASED ON PROFESSIONAL JUDGEMENT AND BASIS FOR ESTIMATES	12
7.5	TANGIBLE FIXED ASSETS	13
7.6	INVENTORY	13
7.7	SHORT-TERM FINANCIAL ASSETS	14
7.8	CASH AND CASH EQUIVALENTS	14
7.9	SHARE CAPITAL	14
7.10	LOANS	16
7.11	BONDS	17
7.12	ACCRUED INTEREST ON LOANS AND BONDS	18
7.13	LEASE LIABILITIES	19
7.14	DEFERRED INCOME	19
7.15	SEGMENT REPORTING	20
7.16	SALES REVENUE AND COST OF SALES	21
7.17	INCOME TAX IN THE INCOME STATEMENT	21
7.18	EARNINGS PER SHARE	21
7.19	TRANSACTIONS WITH RELATED ENTITIES	22
7.20	COMPANY'S SHARE OPTIONS	22
7.21	CONTINGENT LIABILITIES	23
7.22	MATERIAL COURT CASES AS AT 31 March 2023	24
7.23	FACTORS AND EVENTS WITH MATERIAL IMPACT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP	24
7.24	DIVIDEND AND PROFIT DISTRIBUTION	26
7.25	CHANGES IN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD	26
7.26	MATERIAL POST-BALANCE SHEET EVENTS	26
7.27	FORECASTS	26
7.28	SELECTED FINANCIAL DATA TRANSLATED INTO EURO	27

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

These interim condensed consolidated financial statements for the three-month period ended on 31 March 2023, comprising:

- interim condensed consolidated balance sheet as at 31 March 2023,
- interim condensed consolidated income statement for the three-month period ended 31 March 2023,
- interim condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2023,
- interim condensed statement of changes in consolidated shareholders' equity for the three-month period ended 31 March 2023,
- interim condensed consolidated cash flow statement for the three-month period ended 31 March 2023,
- additional notes to the interim condensed consolidated financial statements,

were prepared and approved by the Management Board of Dom Development S.A. on 17 May 2023.

The Management Board of Dom Development S.A. declares that to the best of its knowledge, these interim condensed financial consolidated statements for the three-month period ended 31 March 2023 with comparative data have been prepared in accordance with the applicable accounting policies, and reflect a true and fair economic and financial position of the Dom Development S.A. Capital Group and its financial result.

Jarosław Szanajca
President
of the Management Board

Leszek Stankiewicz
Vice President
of the Management Board

2 INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	Note	31.03.2023 (unaudited)	31.12.2022
Fixed assets			
Intangible assets		20 445	20 535
Tangible fixed assets	7.5	54 679	47 113
Deferred tax assets		33 474	52 721
Long-term receivables		9 135	8 817
Investment property		22 555	22 887
Other long-term assets		18 584	23 235
TOTAL FIXED ASSETS		158 872	175 308
Current assets			
Inventory	7.6	3 282 578	3 442 969
Trade and other receivables		73 356	87 679
Corporate income tax receivables		4 015	7 549
Other current assets		13 490	3 052
Short-term financial assets	7.7	112 545	91 163
Cash and cash equivalents	7.8	393 798	304 236
TOTAL CURRENT ASSETS		3 879 782	3 936 648
TOTAL ASSETS		4 038 654	4 111 956
EQUITY AND LIABILITIES			
	Note	31.03.2023 (unaudited)	31.12.2022
Shareholders' equity			
Share capital	7.9	25 598	25 548
Share premium	7.9	266 658	264 208
Other capital (supplementary capital)		671 515	670 640
Reserve capital from valuation of cash flow hedges		12 805	16 444
Reserve capital on account of the obligation to redeem non-controlling interests		-	-
Reserve capital from reduction of share capital		510	510
Unappropriated profit		594 631	435 864
Equity attributable to the shareholders of parent company		1 571 717	1 413 214
Non-controlling interests		58	59
TOTAL SHAREHOLDERS' EQUITY		1 571 775	1 413 273
Long-term liabilities			
Loans, long-term portion	7.10	-	-
Bonds, long-term portion	7.11	260 000	260 000
Deferred tax provision		36 410	34 005
Long-term provisions		37 194	36 032
Lease liabilities, long-term portion	7.13	36 678	30 321
Other long-term liabilities		79 802	80 005
TOTAL LONG-TERM LIABILITIES		450 084	440 363
Short-term liabilities			
Trade payables, tax and other liabilities		420 421	407 542
Loans, short-term portion	7.10	2 328	59 177
Bonds, short-term portion	7.11	50 000	50 000
Accrued interest on loans and bonds	7.12	4 124	2 550
Lease liabilities, short-term portion	7.13	86 350	78 964
Corporate income tax payables		73 852	75 919
Dividends payables	7.24	-	-
Short-term provisions		32 781	32 842
Deferred income	7.14	1 346 939	1 551 326
TOTAL SHORT-TERM LIABILITIES		2 016 795	2 258 320
TOTAL LIABILITIES		2 466 879	2 698 683
TOTAL EQUITY AND LIABILITIES		4 038 654	4 111 956

All amounts in PLN '000.

3 INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Three-month period ended 31.03.2023 (unaudited)	Three-month period ended 31.03.2022 (unaudited)
Sales revenue	7.16	822 009	726 979
Cost of sales	7.16	(564 576)	(493 226)
Gross profit on sales	7.16	257 433	233 753
Selling costs		(21 396)	(17 072)
General administrative expenses		(37 379)	(33 135)
Other operating income		2 424	1 252
Other operating expenses		(3 781)	(10 911)
Operating profit		197 301	173 887
Financial income		4 681	5 787
Financial costs		(1 107)	(1 710)
Profit before tax		200 875	177 964
Income tax	7.17	(42 109)	(36 183)
Net profit from continued operations		158 766	141 781
Net profit from discontinued operations*)		-	-
Net profit		158 766	141 781
Net profit attributable to:			
Shareholders of the parent company		158 767	141 738
Non-controlling interests		(1)	43
Earnings per share attributable to shareholders of the parent company			
Basic (in PLN)	7.18	6.21	5.57
Diluted (in PLN)	7.18	6.19	5.56

*) In the three-month periods ended 31 March 2023 and 2022 the Group did not discontinue any of its activities.

All amounts in PLN '000 unless stated otherwise.

4 INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three-month period ended 31.03.2023 <i>(unaudited)</i>	Three-month period ended 31.03.2022 <i>(unaudited)</i>
Net profit	158 766	141 781
Other comprehensive income:		
Net change to cash flow hedges	(4 493)	9 960
Items to be accounted for in the income statement	(4 493)	9 960
Items not to be accounted for in the income statement	-	-
Other net comprehensive income / (loss), before tax	(4 493)	9 960
Income tax on other net comprehensive income to be accounted for in the income statement	854	(1 892)
Other net comprehensive income	(3 639)	8 068
Total net comprehensive income	155 127	149 849
Net comprehensive income attributable to:		
Shareholders of the parent company	155 128	149 806
Non-controlling interests	(1)	43

All amounts in PLN '000.

5 INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Three-month period ended 31.03.2023 (unaudited)	Three-month period ended 31.03.2022 (unaudited)
Cash flow from operating activities			
Profit before tax		200 875	177 964
Adjustments:			
Depreciation		4 404	4 151
(Profit)/loss on foreign exchange differences		150	(226)
(Profit)/loss on investments		(81)	25
Interest cost/(income)		(2 411)	5 427
Cost of the valuation of management option programmes		875	164
Changes in the operating capital:		-	-
Changes in provisions		523	(515)
Changes in inventory		185 440	67 553
Changes in receivables		16 837	(21 723)
Changes in short-term liabilities, excluding loans and bonds		15 832	10 711
Changes in prepayments and deferred income		(254 841)	(179 205)
Other adjustments		(1)	336
Cash flow generated from operating activities		167 602	64 662
Interest received		2 836	122
Interest paid		(3 278)	(1 404)
Income tax paid		(22 610)	(19 169)
Net cash flow from operating activities		144 550	44 211
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		508	219
Proceeds from loans granted		-	-
Other proceeds / (expenses) from financial assets		135	-
Loans granted		-	-
Acquisition of intangible and tangible fixed assets		(3 245)	(4 088)
Acquisition of financial assets and additional contributions to the capital		-	(186 643)
Net cash flow from investing activities		(2 602)	(190 512)
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)	7.9	5 000	6 000
Proceeds from contracted loans and borrowings	7.10	2 328	4 028
Proceeds from commercial papers issued	7.11	-	-
Repayment of loans and borrowings	7.10	(59 177)	(20 865)
Redemption of commercial papers	7.11	(537)	(1 127)
Dividends paid		-	-
Payment of lease liabilities		-	(47)
Net cash flow from financing activities		(52 386)	(12 011)
Increase / (decrease) in net cash and cash equivalents		89 562	(158 312)
Cash and cash equivalents – opening balance	7.8	304 236	607 041
Cash and cash equivalents – closing balance	7.8	393 798	448 729

All amounts in PLN '000.



6 INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Share capital	Share premium	Other capital (supplementary capital)	Reserve capital from reduction of share capital	Capital reserves on account of the obligation to redeem non-controlling interests	Reserve capital from valuation of cash flow hedges	Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholder s' equity
Balance as at 1 January 2023	25 548	264 208	670 640	510	0	16 444	435 864	1 413 214	59	1 413 273
Share capital increase by exercising share options (note 7.9)	50	2 450	-	-	-	-	-	2 500	-	2 500
Transfer of profit to supplementary capital	-	-	-	-	-	-	-	-	-	-
Dividends to shareholders (note 7.24)	-	-	-	-	-	-	-	-	-	-
Creation of reserve capital from the valuation of the share options (note 7.20)	-	-	875	-	-	-	-	875	-	875
Change in non-controlling interests and reserve capital as a result of the acquisition of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-
Net profit for the reporting period	-	-	-	-	-	-	158 767	158 767	(1)	158 766
Other net comprehensive income for the reporting period	-	-	-	-	-	(3 639)	-	(3 639)	-	(3 639)
Total net comprehensive income	-	-	-	-	-	(3 639)	158 767	155 128	(1)	155 127
Increase / (decrease) in equity capital	50	2 450	875	-	-	(3 639)	158 767	158 503	(1)	158 502
Balance as at 31 March 2023 (unaudited)	25 598	266 658	671 515	510	-	12 805	594 631	1 571 717	58	1 571 775

All amounts in PLN '000.

	Share capital	Share premium	Other capital (supplementary capital)	Reserve capital from reduction of share capital	Capital reserves on account of the obligation to redeem non-controlling interests	Reserve capital from valuation of cash flow hedges	Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholder s' equity
Balance as at 1 January 2022	25 398	258 358	626 738	510	(10 568)	7 647	332 367	1 240 450	8 728	1 249 178
Share capital increase by exercising share options	150	5 850	-	-	-	-	-	6 000	-	6 000
Transfer of profit to supplementary capital	-	-	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	-	-
Creation of reserve capital from the valuation of the share options (note 7.20)	-	-	164	-	-	-	-	164	-	164
Change in non-controlling interests and reserve capital as a result of the acquisition of shares in a subsidiary	-	-	-	-	10 568	-	-	10 568	(8 702)	1 866
Net profit for the reporting period	-	-	-	-	-	-	141 738	141 738	43	141 781
Other net comprehensive income for the reporting period	-	-	-	-	-	8 068	-	8 068	-	8 068
Total net comprehensive income	-	-	-	-	-	8 068	141 738	149 806	43	149 849
Increase / (decrease) in equity capital	150	5 850	164	-	10 568	8 068	141 738	166 538	(8 659)	157 879
Balance as at 31 March 2022 (unaudited)	25 548	264 208	626 902	510	-	15 715	474 105	1 406 988	69	1 407 057

All amounts in PLN '000.

7 ADDITIONAL NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



7.1 GENERAL INFORMATION ABOUT THE PARENT COMPANY OF THE DOM DEVELOPMENT S.A. CAPITAL GROUP AND THE GROUP

GENERAL INFORMATION ABOUT THE PARENT COMPANY OF THE DOM DEVELOPMENT S.A. CAPITAL GROUP

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

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

According to the Polish Classification of Business Activity the scope of activity of the Company and companies operating within the Group is the development of building projects – PKD 4110Z (NACE F41.1). The Company conducts its activities mainly in the Warsaw market. The Group’s companies also operate in the Tricity, Wrocław and Cracow markets.

The Company is a majority-owned subsidiary of Groupe Belleforêt S.à r.l. with its registered office in Luxembourg (see note 7.9). As at 31 March 2023 the parent company Dom Development S.A. was controlled by Groupe Belleforêt S.à r.l. As at the date of the preparation of these interim condensed consolidated financial statements, Groupe Belleforêt S.à r.l. held 55.02% of the Company’s shares.

GENERAL INFORMATION ABOUT THE GROUP

The Group’s structure and the parent company interest (direct and indirect) in the share capital of the entities comprising the Group as at 31 March 2023 is presented in the table below:

COMPANY	Country of registration	% of the share capital held by the parent company	% of the votes held by the parent company	Consolidation method
Subsidiaries				
Dom Development Grunty Sp. z o.o.	Poland	46%	100%	full consolidation
Dom Development Kredyty Sp. z o.o.	Poland	100%	100%	full consolidation
Dom Development Wrocław Sp. z o.o.	Poland	100%	100%	full consolidation
Dom Land Sp. z o.o.	Poland	-	-	full consolidation
Euro Styl S.A.*)	Poland	100%	100%	full consolidation
Euro Styl Development Sp. z o.o. w likwidacji (under liquidation) *)	Poland	100%	100%	full consolidation
Mirabelle Investments Sp. z o.o.	Poland	100%	100%	full consolidation
Dom Construction Sp. z o.o.	Poland	100%	100%	full consolidation
Sento S.A.	Poland	100%	100%	full consolidation
Dom Development Kraków 12 Sp. z o.o.	Poland	100%	100%	full consolidation
Dom Development Kraków Sp. z o.o.	Poland	100%	100%	full consolidation
Issogne Sp. z o.o.	Poland	100%	100%	full consolidation

*) Euro Styl S.A. is the parent company of the Euro Styl S.A. Capital Group, with non-controlling interests held by Euro Styl Development Sp. z o.o. w likwidacji (under liquidation). As a result of the acquisition of both these companies, Dom Development S.A. has full control over the Euro Styl S.A. Capital Group.

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

Dom Development Grunty Sp. z o.o. is fully consolidated (with 46% share in the share capital held by the parent company) as its financial and operational policy is managed by members of the management board nominated by Dom Development S.A. The area of activities of this subsidiary is the purchase of real estate to be further developed by the Group.

Dom Development S.A. does not have a stake in the Dom Land Sp. z o.o., but it controls this company through the persons holding office in the management board of the company. Dom Land Sp. z o.o. holds 54% shares in Dom Development Grunty Sp. z o.o.

All companies operating within the Group conduct business activities in the territory of Poland under the Code of Commercial Companies, with the unlimited duration.

In the three-month period ended 31 March 2023 the Group did not discontinue any of its activities.

MATERIAL CHANGES TO THE GROUP STRUCTURE, INCLUDING AS A RESULT OF A MERGER, ACQUISITION OR SALE OF THE COMPANIES OPERATING WITHIN THE CAPITAL GROUP, LONG-TERM INVESTMENTS, DEMERGER, RESTRUCTURING OR DISCONTINUATION OF ACTIVITIES.

- Further consolidation of property development operations on the Cracow market through Dom Development Kraków Sp. z o.o.

On 20 March 2023, the Meeting of Shareholders of Dom Development Kraków Sp. z o.o. and the General Meeting of Shareholders of Sento S.A. adopted resolutions regarding the merger of Dom Development Kraków Sp. z o.o. as the acquiring company with Sento S.A. as the acquired company.

The said merger was registered in the National Court Register on 3 April 2023, therefore, as of 3 April 2023, all rights and obligations of Sento S.A. were transferred to Dom Development Kraków Sp. z o.o., and Sento S.A. ceased to exist.

Save for the aforementioned transactions, within the three-month period ended 31 March 2023, the Group did not make any other material changes in the structure of investing in subsidiaries, associates and joint ventures.

7.2 BASIS FOR THE PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated 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 consolidated 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 consolidated financial statements have been prepared on the assumption that the companies operating within the Group will continue as a going concern in the foreseeable future.

The Russian invasion of Ukraine launched on 24 February 2022 continues to be a factor destabilising the economic environment throughout the region. The Company and its subsidiaries operate exclusively in Poland. The Company's Management Board believes that the war in Ukraine may affect the demand for dwellings, construction costs, and the availability of subcontractors. As at the date of the preparation of these interim condensed consolidated financial statements all of the Company's development projects were progressing as planned or even more quickly than planned. The Company's Management Board continuously monitors the situation and analyses its potential impact from the perspective of individual projects, the Company as a whole and the Group, and its long-term objectives. In the opinion of the Management Board of the Company no circumstances that would indicate that there is a threat to the continued activity of the Group are known as at the date of the approval of these interim condensed consolidated financial statements.

The functional currency of the parent company and other companies incorporated in these interim condensed consolidated financial statements is Polish zloty (PLN). The interim condensed consolidated financial statements are stated in Polish zloty. Financial data included in the interim condensed consolidated financial statements are expressed in thousands of PLN unless stated otherwise.

The presented interim condensed consolidated balance sheet, interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated cash flow statement and interim condensed statement of changes in consolidated shareholders' equity are unaudited and they have not been the subject of review by an independent certified auditor. These unaudited interim condensed consolidated financial statements do not include all the information and disclosures that are required from annual consolidated financial statements and therefore should be read in conjunction with the audited consolidated financial statements of the Group and the notes thereto for the year ended 31 December 2022.

The Company also prepares interim condensed financial statements for Dom Development S.A. for the three-month period ended 31 March 2023. These statements were approved by the Management Board of the Company on 17 May 2023.

7.3 ACCOUNTING POLICIES

Polish law requires the Group to prepare its interim condensed consolidated 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 Group, there are no differences in the IFRS policies applied by the Group and IFRS that have been endorsed by the EU.

The interim condensed consolidated 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 consolidated financial statements are prepared based on the same accounting policies as for the consolidated financial statements of the Group for the year ended 31 December 2022, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 01 January 2023:

- 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 have also been amended to provide guidance on the application of the concept of materiality to disclosures of accounting policies.
- 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.
- Amendments to IAS 12 *Income Taxes*: The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and decommissioning obligations. Before the amendment, there was uncertainty as to whether the recognition of equal amounts of assets and liabilities for accounting purposes (e.g. initial recognition of leases) that had no impact on current tax settlements would require the recognition of deferred tax balances or whether the initial recognition exemption would apply. The initial recognition exemption means that deferred tax balances are not recognised if the recognition of an asset or liability component has no impact on the accounting or tax result at the time of recognition. The amended IAS 12 addresses this issue by requiring deferred tax to be recognised in the above situation by adding an additional provision that the initial recognition exemption does not apply if an entity recognises both an asset and a corresponding liability, and each of them leads to temporary differences.

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

The Group 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 IAS 1 *Presentation of Financial Statements*. In 2020, the IASB published amendments to IAS 1 which clarify the presentation issue of long-term and short-term liabilities.. In October 2022, the ISAB issued further amendments to IAS 1, which address the classification of liabilities as long- and short-term liabilities for which an entity is required to comply with certain covenants. Amended IAS 1 specifies that liabilities are classified as short- or long-term depending on the rights [to defer settlement of a liability] existing at the end of the reporting period. The classification is not affected by either the entity's expectations or an event after the reporting date (for example, waiver of a covenant or its violation). The published amendments are effective for financial statements for the periods beginning on or after 1 January 2024. These amendments have not been endorsed by the EU as at the date of these interim condensed consolidated financial statements.
- Amendment to IFRS 16 *Leases*. In September 2022, the Board amended IFRS 16 "Leases" to supplement the requirements for the subsequent measurement of a lease liability for a sale and leaseback transaction when the criteria of IFRS 15 are met and the transaction is to be accounted for as a sale. The amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in such a way that no profit or loss related to the retained right-of-use is recognised. The new requirement has a particular relevance when a leaseback transaction includes variable lease payments that do not depend on an index or a rate, as such payments are excluded from "lease payments" under IFRS 16. The amended standard incorporates a new example that illustrates the application of the new requirement in this respect. The amendment is effective from 1 January 2024. These amendments have not been endorsed by the EU as at the date of these interim condensed consolidated financial statements.

- 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 accounting treatment depends on whether non-cash assets sold or contributed to an associate or a joint venture constitute a business. If the non-cash assets constitute a business the investor discloses a full gain or loss on the transaction. If the assets cannot be classified as a business the investor recognises the gain or loss only in the scope of the shares of other investors therein. The approval of this amendment has been postponed by the European Union as at the date of these interim condensed consolidated financial statements.

The Management Board is verifying effect of the above standards on the Group's financial position, operating results or the scope of information presented in the Group's interim condensed consolidated 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 consolidated financial statements of the Group 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 DEVELOPMENT 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 Group is not subject to any major seasonality.

7.5 TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS	31.03.2023 (unaudited)	31.12.2022
Tangible fixed assets, including:		
Technical equipment and other tangible fixed assets	3 831	3 858
Vehicles	6 473	6 608
Land and buildings	1 645	1 707
Right-of-use of premises	42 730	34 940
Total	54 679	47 113

As at 31 March 2023 there were no circumstances that would require the Group to create revaluation write downs for its tangible fixed assets.

No collaterals have been established on tangible fixed assets.

7.6 INVENTORY

INVENTORY	31.03.2023 (unaudited)	31.12.2022
Advances on deliveries	109 168	101 606
including: at purchase prices/production costs	109 168	101 606
write down to the net realisable value	-	-
Semi-finished goods and work in progress	2 949 691	3 054 616
including: at purchase prices/production costs	2 917 569	3 026 982
rights of perpetual usufruct of land (lease)	73 027	68 539
write down to the net realisable value	(40 905)	(40 905)
Finished goods	223 719	286 747
including: at purchase prices/production costs	229 948	292 976
write down to the net realisable value	(6 229)	(6 229)
Total	3 282 578	3 442 969

INVENTORY REVALUATION WRITE DOWNS	01.01-31.03 2023 (unaudited)	01.01-31.03 2022 (unaudited)
Opening balance	47 134	34 751
Increments	-	-
(Decrease)	-	-
Closing balance	47 134	34 751

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

CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED	31.03.2023 (unaudited)	31.12.2022
MORTGAGES - value of mortgages to secure liabilities under:		
Real estate purchase agreements	-	-
Loan agreements of the Company and Group companies	660 000	585 000

*) The Group uses bank loans granted to the Company which may also be used by other specific Group companies under credit sub-limits allocated to them (see note 7.10).

7.7 SHORT-TERM FINANCIAL ASSETS

SHORT-TERM FINANCIAL ASSETS	31.03.2023 (unaudited)	31.12.2022
Bank deposits with a maturity over three months	-	-
Cash in open-end residential escrow accounts	90 990	69 594
Other short-term financial assets	21 555	21 569
Total	112 545	91 163

Cash received from the Group'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 Group are included in *Other short-term financial assets*.

7.8 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	31.03.2023 (unaudited)	31.12.2022	31.03.2022 (unaudited)
Cash in hand and at bank	31 118	36 747	429 923
Short-term deposits	362 680	267 489	18 805
Other	-	-	1
Total	393 798	304 236	448 729

7.9 SHARE CAPITAL

DESCRIPTION OF CHANGES TO THE SHARE CAPITAL IN THE COMPANY IN THE PERIOD FROM 1 JANUARY UNTIL 31 MARCH 2023, AND THE BALANCE AS AT 31 MARCH 2023

CHANGE IN THE REPORTING PERIOD	Share capital: Number of shares	Share capital: Value at the nominal value	Share premium
Balance as at 01.01.2023	25 548 422	25 548	264 208
Change	50 000	50	2 450
Balance as at 31.03.2023 (unaudited)	25 598 422	25 598	266 658

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.

The share capital was paid up in cash.

All shares are bearer shares.

EXERCISE OF COMPANY'S SHARE OPTIONS

- Registration of series AG shares on 26 January 2023

On 19 December 2022, the Management Board adopted a resolution on the increase of share capital in the Company by issuing 50 000 series AG ordinary bearer shares. The issue price for series AG shares was determined as PLN 50.00 per share.

The shares were issued in a private placement addressed to Mr Leszek Stankiewicz, Vice President of the Management Board as a participant in Management Options Programme VII. On 29 December 2022, the Management Board adopted a resolution on the allotment of the above-mentioned shares to Mr Leszek Stankiewicz.

On 26 January 2023, this increase of the Company's share capital was registered by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register. On 13 April 2023, these shares were conditionally registered by Krajowy Depozyt Papierów Wartościowych S.A. (*National Depository for Securities*). The condition for the registration of the above mentioned shares is their introduction to trading on a regulated market, on which other Company shares marked with ISIN code PLDMDVL00012 have been traded.

- Exercise of share options and capital increase by way of issue of AH and AI series shares

On 6 February 2023, the Management Board resolved to increase Company's share capital from PLN 25 598 422.00 to PLN 25 698 422.00, i.e. by PLN 100 000.00, by issuing 50 000 series AH ordinary bearer shares with PLN 1.00 nominal each and 50 000 series AI ordinary bearer shares with PLN 1.00 nominal each. The issue price for series AH and AI shares was determined as PLN 50.00 per share. The issue of series AH and AI shares took place through a private placement. The purpose of issuing series AH and AI shares as part of the authorised capital is to enable the Company to fulfil its obligations resulting from:

- Management Option Programme V for Mikołaj Konopka, Member of the Management Board, concerning 250 000 shares in Dom Development S.A., and
- Management Option Programme VII for Leszek Stankiewicz, Vice President of the Management Board, concerning 250 000 shares in Dom Development S.A. (see note 7.20).

On 8 February 2023:

- Mr Mikołaj Konopka exercised his share options in the Company by exercising his rights under subscription warrants and subscribing for 50 000 shares. The issue price for the new series AH shares was PLN 50.00 per share.
- Mr Leszek Stankiewicz exercised his share options in the Company by exercising his rights under subscription warrants and subscribing for 50 000 shares. The issue price for the new series AI shares was PLN 50.00 per share.

As at 31 March 2023, these shares were not yet registered by the court, and they were registered by the District Court for the capital city of Warsaw on 15 May 2023. As at the date that these interim condensed financial statements were approved, the said shares have not been registered by Krajowy Depozyt Papierów Wartościowych S.A. (*National Depository for Securities*) in the securities depository.

ADOPTION OF THE NEW MANAGEMENT OPTION PROGRAMME

In the three-month period ended 31 March 2023 no new share options for the shares in the Company were granted.

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 31.12.2022
	Shares	% shares	Number of votes at the GSM	% votes at the GSM	Shares
Groupe Belleforêt S.à r.l.	14 140 441	55.02	14 140 441	55.02	(15 500)
PTE Allianz Polska S.A.*)	2 501 493	9.73	2 501 493	9.73	(2 736)
Jarosław Szanajca	1 454 050	5.66	1 454 050	5.66	-

*) The PTE Allianz Polska S.A. shareholding in the Company has been presented in accordance with the notification of 15.05.2023 that specifies the shares held by Allianz OFE.

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 31.12.2022	
	Shares	Nominal value of the 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	-	303 544	(100 000)	-
Leszek Stankiewicz*)	100 000	-	150 000	250 000	100 000	(100 000)
Mikołaj Konopka	172 561	172	50 000	222 561	33 580	(50 000)
Terry R. 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 above-disclosed change in the number of options held by Mr Leszek Stankiewicz takes into account the options converted into shares as regards series AG and AI shares (a total of 100 000 options), which has been described in this note.

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 as at the date of preparing of this report.

7.10 LOANS

DESCRIPTION OF MATERIAL CHANGES IN THE THREE-MONTH PERIOD ENDED 31 March 2023

On 8 February 2023, PKO Bank Polski S.A. and Dom Development S.A. and Euro Styl S.A. entered into Annex no. 4 to the revolving overdraft facility agreement dated 27 July 2015 under which the loan amount was increased from PLN 150 000k to PLN 200 000k. Pursuant to the said agreement, Euro Styl S.A. may still use up to PLN 50 000k of this credit limit. The term of the agreement was extended until 26 February 2027.

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

LOANS DUE WITHIN	31.03.2023 (unaudited)	31.12.2022
Less than 1 year	2 328	59 177
More than 1 year and less than 2 years	-	-
More than 2 years and less than 5 years	-	-
Over 5 years	-	-
Total loans	2 328	59 177
including: long-term	-	-
short-term	2 328	59 177

As at 31 March 2023 and 31 December 2022 all the loans taken by the Group were expressed in Polish zloty.

BANK LOANS AS AT 31.03.2023

Bank	Registered office	Loan amount as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
PKO BP	Warsaw	200 000	PLN	2 328	PLN	26.02.2027
mBank	Warsaw	200 000	PLN	-	PLN	29.01.2027
Millennium	Warsaw	40 000	PLN	-	PLN	17.12.2023
Total bank loans				2 328	PLN	

CORE DETAILS CONCERNING CREDIT LINES HELD BY THE COMPANY

- PKO BP S.A. loan
Revolving loan in the credit facility account up to PLN 200 000k. Pursuant to the agreement with the bank, Euro Styl S.A. may use up to PLN 50 000k of this credit limit. As at 31 March 2023 Dom Development S.A. has not drawn any funds therefrom, while Euro Styl S.A. drawn PLN 2 328k.
- mBank S.A. loan
Revolving loan in the credit facility account up to PLN 200 000k. Under the said agreement, Dom Development Wrocław Sp. z o.o. may use up to PLN 60 000k of this credit limit, and Euro Styl S.A. may use up to PLN 100 000k of this credit limit.
- Millennium Bank S.A. loan
Revolving loan up to PLN 40 000k.

The Group recognises the nominal value of the liability under *Loans*, and the interest charged as at the balance sheet date is 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 Group approximately equals their book value, including accrued interest.

7.11 BONDS

BONDS	31.03.2023 (unaudited)	31.12.2022
Nominal value of the bonds issued, long-term portion	260 000	260 000
Nominal value of the bonds issued, short-term portion	50 000	50 000
Nominal value of the bonds issued	310 000	310 000

The Group 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 Group approximately equals their book value, including accrued interest.

CORE DETAILS CONCERNING THE BONDS ISSUED

- 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 400m, 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 31 March 2023

The total bond issue liabilities in the three-month period ended 31 March 2023 and their maturity dates have not changed.

BONDS ISSUED AS AT 31.03.2023

Series	Issuer	Issue date	Amount	Currency	Maturity date
DOMDET2091023	Dom Development S.A.	09.10.2018	50 000	PLN	09.10.2023
DOMDET3121224	Dom Development S.A.	12.12.2019	50 000	PLN	12.12.2024
DOMDET4250925	Dom Development S.A.	25.09.2020	100 000	PLN	25.09.2025
DOMDET5120526	Dom Development S.A.	12.05.2021	110 000	PLN	12.05.2026
Total			310 000	PLN	

- New agreement with mBank S.A.

On 7 February 2023 The Management Board of Dom Development S.A. adopted a resolution according to which it agreed to establish by the Company a bond issue programme of Dom Development S.A. with a total value not exceeding PLN 400m, understood as the nominal value of all issued and unredeemed bonds. Moreover, the Management Board of the Company consented for an issue agreement related to the said programme to be entered into by the Company and mBank S.A. with its registered office (the "Issue Agreement").

The Issue Agreement was entered into by the Company and mBank S.A. on 7 February 2023, wherein the bonds may be issued by the Company as various series for an unspecified period of time from the Issue Agreement date onwards. Bonds to be issued under the Programme will:

- be issued:

(a) as prescribed in Article 33(1) of the Bonds Act of 15 January 2015 (the "Bonds Act"), i.e. in a public offering of securities as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation"), save for the obligation to publish a prospectus in accordance with Article 1(4)(a) or Article 1(4)(b) of the Prospectus Regulation; or

(b) as prescribed in Article 33(2) of the Bonds Act, i.e. in an offering other than the public offering of securities referred to in the Prospectus Regulation, addressed only to one investor;

- be ordinary unsecured bearer bonds;

- have maturity of up to 60 months;

- bear interest at a fixed or variable rate;

- be dematerialised (registered) on the issue date in the securities depository operated by Krajowy Depozyt Papierów Wartościowych S.A. (*National Depository for Securities*) under a condition that they are placed on the market in an alternative trading system operated by Giełda Papierów Wartościowych S.A. (*Warsaw Stock Exchange*) or registered in such a depository through an issuing agent and placed on the market in an alternative trading system operated by Giełda Papierów Wartościowych S.A. (*Warsaw Stock Exchange*) within a specified period from the issue date.

The Issue Agreement also provides for the possibility of concluding a guarantee agreement for each series of bonds issued under the Programme. Based on the said guarantee agreement mBank S.A. shall undertake to subscribe for a specific bond series under the programme on the terms set out in such agreement.

Also on 7 February 2023, Dom Development S.A. and mBank S.A. signed an Issuing Agent Agreement in connection with the issue of bonds under the programme with a value of up to PLN 400m.

7.12 ACCRUED INTEREST ON LOANS AND BONDS

ACCRUED INTEREST ON LOANS AND BONDS	31.03.2023 (unaudited)	31.12.2022
Accrued interest on bonds	4 124	2 550
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	4 124	2 550

7.13 LEASE LIABILITIES

In accordance with the IFRS 16, the following lease liabilities were recognised in the Group's balance sheet:

- right-of-use of office space and serviced apartments;
- rights of perpetual usufruct of land,
- other (cars).

LEASE LIABILITIES	31.03.2023 (unaudited)	31.12.2022
Lease liabilities, short-term portion, including:	86 350	78 964
liabilities on account of perpetual usufruct right of land	76 384	70 387
liabilities on account of the right-of-use of office space and serviced apartments	9 966	8 577
Other	-	-
Lease liabilities, long-term portion, including:	36 678	30 321
liabilities on account of the right-of-use of office space and serviced apartments	36 678	30 321
Other	-	-
Total	123 028	109 285

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 Group expects to remain the holder of such perpetual usufruct right, that is on the planned transfer of such right to buyers of units in development projects completed on such land.

As estimated by the Management Board based on property development projects planned on specific land to which the Group held the perpetual usufruct right as at 31 March 2023, out of PLN 76 384k of the land-related lease liabilities recognised as short-term:

- PLN 5 194k is payable by the Group within 12 months following the balance sheet date,
- PLN 8 350k is payable by the Group later than 12 months following the balance sheet date,
- PLN 62 840k is to be transferred to the respective buyers of units.

7.14 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	31.03.2023 (unaudited)	31.12.2022
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement	1 346 939	1 551 326
Other	-	-
Total	1 346 939	1 551 326

7.15 SEGMENT REPORTING

The operations of the Group 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, Wroclaw and Cracow markets. The operations on these markets are carried out through Dom Development S.A. subsidiaries.

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

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 Wroclaw segment
- the Cracow segment

Financial data grouped together on the basis of the geographical location of the Group's real property development projects have been presented below.

FIGURES FOR THE THREE-MONTH PERIOD ENDED 31.03.2022 (unaudited)	Warsaw segment	Wroclaw segment	Tricity segment	Cracow segment	Total
Sales revenue	576 949	50 612	123 357	71 091	822 009
Gross profit on sales	186 459	11 673	52 267	7 034	257 433
Selling costs, and general administrative expenses					(58 775)
Other operating income and expenses, net					(1 357)
Operating profit					197 301
Financial income and costs, net					3 574
Profit before tax					200 875
Income tax					(42 109)
Net profit					158 766

FIGURES FOR THE THREE-MONTH PERIOD ENDED 31.03.2022 (unaudited)	Warsaw segment	Wroclaw segment	Tricity segment	Cracow segment	Total
Sales revenue	590 974	1 080	82 254	52 671	726 979
Gross profit on sales	203 540	2 137	29 339	(1 263)	233 753
Selling costs, and general administrative expenses					(50 207)
Other operating income and expenses, net					(9 659)
Operating profit					173 887
Financial income and costs, net					4 077
Profit before tax					177 964
Income tax					(36 183)
Net profit					141 781

7.16 SALES REVENUE AND COST OF SALES

ANALYSIS OF SALES REVENUE AND COST OF SALES	01.01-31.03 2023 (unaudited)	01.01-31.03 2022 (unaudited)
Sales of finished goods	804 843	713 407
Sales of services	17 127	13 557
Sales of goods (land)	39	15
Sales revenue, total	822 009	726 979
Cost of finished goods sold	(548 391)	(480 941)
Cost of services sold	(16 183)	(12 283)
Cost of goods sold	(2)	(2)
Inventory write down to the net realisable value	-	-
Cost of sales, total	(564 576)	(493 226)
Gross profit on sales	257 433	233 753

7.17 INCOME TAX IN THE INCOME STATEMENT

INCOME TAX	01.01-31.03 2023 (unaudited)	01.01-31.03 2022 (unaudited)
Current income tax	(19 604)	(32 211)
Deferred tax in the income statement	(22 505)	(3 972)
Total	(42 109)	(36 183)

7.18 EARNINGS PER SHARE

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01-31.03 2023 (unaudited)	01.01-31.03 2022 (unaudited)
BASIC EARNINGS PER SHARE		
Profit for calculation of the basic earnings per share	158 767	141 738
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	25 583 978	25 446 755
Basic earnings per share (PLN)	6.21	5.57
DILUTED EARNINGS PER SHARE		
Profit for calculation of the diluted earnings per share	158 767	141 738
Potential diluting shares related to the Management Share Option Programme	66 905	46 768
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	25 650 882	25 493 523
Diluted earnings per share (in PLN)	6.19	5.56

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

7.19 TRANSACTIONS WITH RELATED ENTITIES

In the three-month periods ended 31 March 2023 and on 31 March 2022, the Company was a party to transactions with related entities, as listed below. Descriptions of the transactions have been presented in the tables below. In exceptional cases, descriptions of particular agreements or explanations have also been provided.

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

Counterparty	Transaction description	01.01-31.03 2023 (unaudited)	01.01-31.03 2022 (unaudited)
Woodsford Consulting Limited	Consulting services as per the agreement dated 27.06.2007 as annexed	740	450
Hansom Property Company Limited	Consulting services as per the agreement dated 02.01.2001 as annexed	154	142
M & M Usługi Doradcze M. Kolarski	Consulting services	-	76
Doradztwo w zakresie infrastruktury technicznej Rafał Kierski (technical infrastructure consulting)	Cooperation Agreements	345	230

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

	Receivables from related entities		Liabilities to related entities	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
Hansom Property Company Limited	-	-	-	135
Woodsford Consulting Limited	-	-	740	211
Doradztwo w zakresie infrastruktury technicznej Rafał Kierski (technical infrastructure consulting)	492	492	-	-

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

7.20 COMPANY'S SHARE OPTIONS

INCENTIVE PLAN – MANAGEMENT OPTION PROGRAMMES

As at 31 March 2023 there were two active Management Option Programmes adopted as part of the Incentive Scheme for the executives in the Company.

MANAGEMENT OPTION PROGRAMMES	31.03.2023 (unaudited)			31.12.2022		
	Name of the Programme Options in the programme (number of shares)	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)
Programme V **)	250 000	250 000	200 000	250 000	250 000	150 000
Programme VII *) **)	250 000	250 000	100 000	250 000	250 000	50 000

*) As at 31 December 2022, 50 000 share options have been exercised under Programme VII, in respect of which shares were registered by the District Court for the Capital City of Warsaw on 26 January 2023 (see note 7.9).

*) As at 31 March 2023, 50 000 share options have been exercised under Programmes V and VII each, in respect of which shares were registered by the District Court for the Capital City of Warsaw on 15 May 2023 (see note 7.9).

Grant of new share options under the management option programme

In the three-month periods ended 31 March 2023 and 2022 the Company did not grant any new share options.

Exercise of share options under the management option programme

On 8 February 2023, Ms Małgorzata Kolarska exercised her share options in the Company by exercising her rights under subscription warrants and subscribing for 100 000 shares, as described in note 7.9.

Expiry of share options under the management option programme

In the three-month periods ended 31 March 2023 and 2022 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 31 March 2023 and 2022 the amounts of PLN 875k and PLN 164k for the management options granted were accounted for in the income statement and in the supplementary capital respectively.

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

		01.01-31.03 2023 <i>(unaudited)</i>	01.01-31.03 2022 <i>(unaudited)</i>
Unexercised options at the beginning of the period	Number of options	300 000	250 000
	Total exercise price	15 000	11 000
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	100 000	150 000
	Total option exercise value	5 000	6 000
	Weighted average exercise price per share (PLN per share)	50,00	40,00
Unexercised options at the end of the period	Number of options	200 000	100 000
	Total exercise price	10 000	5 000
Exercisable options at the beginning of the period	Number of options	100 000	150 000
	Total exercise price	5 000	6 000
Exercisable options at the end of the period	Number of options	-	-
	Total exercise price	-	-

7.21 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES	31.03.2023 <i>(unaudited)</i>	31.12.2022
Guarantees	19 847	21 359
Sureties	6 571	6 571
Total	26 418	27 930

On 19 January 2023, a master agreement was signed between Dom Development S.A. and mBank S.A. setting forth the rules for Dom Development S.A. utilising bank guarantees under the guarantee line provided, up to a maximum amount of PLN 30m. mBank S.A. has made a guarantee line available to Dom Development S.A. for the period from the date of the agreement until 29 January 2027. As of the date of entry into force of the above-mentioned master agreement (i.e. 20 January 2023), the agreement has covered all bank guarantees issued by mBank S.A. on behalf of Dom Development S.A.

Additionally, some liabilities of the companies operating within the Group are secured with promissory notes:

COLLATERALS FOR LIABILITIES	31.03.2023 <i>(unaudited)</i>	31.12.2022
Promissory notes, including:		
- promissory notes as other security	5 900	5 900
- promissory notes as a security for lease agreements	-	-
Total	5 900	5 900

In the three-month period ended 31 March 2023 the companies operating within the Group did not provide any guarantees for loans or borrowings, nor any other guarantees – jointly to one related entity or its subsidiary, the value of which would be material for the Group or would amount to at least 10% of the Company's shareholders' equity.

7.22 MATERIAL COURT CASES AS AT 31 MARCH 2023

As at 31 March 2023 the companies operating within the Group were not a party to any material court cases.

7.23 FACTORS AND EVENTS WITH MATERIAL IMPACT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

IMPACT OF THE ECONOMIC SITUATION ON THE ONGOING COMPANY'S OPERATIONS

In Q1 2023, the Group's operations continued smoothly, and despite numerous challenges in the market environment all investment projects were progressing according to schedule.

Over that period, the situation on the housing market improved. The number of transactions went up, which was the result of, among other things, the halting interest rate increases by the National Bank of Poland, and in February this year, the Polish Financial Supervision Authority (KNF) decided to relax the recommendation regarding the calculation of credit rating for individual clients. In addition, the government announced the preliminary terms of the Safe Mortgage programme, which is to support people buying their first apartments. This has prompted some people book apartment purchase. Those who are not eligible for the new government programme and had been hesitant about buying an apartment, accelerated their decision due to concerns over rising prices. The improvement in sales at Dom Development Group, which started at the end of last year, continued in Q1 of this year. We have been seeing signs of market stabilisation. Interest rates have not risen in several months, which has reduced the uncertainty among potential buyers and encouraged them to buying apartments. Thanks to the efficient launch of new projects, which were completed on schedule, and an appealing product range tailored to the needs of the market, the number of apartments sold remains at a good level. In Q1 2023, we also witnessed the fulfilment of deferred demand from last year.

Interest rate increases also translate to increased costs of finance for the operations, in particular in the case of highly indebted entities. Dom Development S.A. Capital Group is only slightly exposed to the increased cost of debt servicing as 80% of issued bonds are hedged with financial instruments such as interest rate swaps and cap options. Moreover, the Company's low debt and high availability of finance place the Company in a good position when compared to the overall market. Some property developers have been forced to limit their investment activities, while in the opinion of the Company's Management Board, Dom Development S.A. Capital Group has all the resources required to use the arising market opportunities.

The war in Ukraine, which has been going on since February 2022, has also had an impact on the real estate market, creating an unprecedented influx of refugees to Poland. The influx of people fleeing from war has led to a surge in demand for housing, which became visible first in the rental market and in rents, slowly translating into the secondary market. In the longer term, the influx of such a large population will strongly boost the demand for housing also in the primary market, especially in large cities, where the Dom Development S.A. Capital Group has a well-established position.

Inflation has been an important factor affecting the Group's business as it made construction costs go up. However, the growth of construction material and subcontractor prices was largely limited by ramped down investment activity of businesses with limited access to finance. When compared to the rest of the sector, the Group, through its in-house general contractor companies, successfully optimises the development process and costs without compromising the quality of the projects under construction.

Detailed information on the projects in progress and completed by Dom Development S.A. Capital Group in the three-month period ended 31 March 2023 has been presented below.

CHANGES TO THE PORTFOLIO OF ONGOING PROPERTY DEVELOPMENT PROJECTS CARRIED OUT BY THE GROUP IN THE PERIOD FROM 1 JANUARY TO 31 MARCH 2023

DEVELOPMENT PROJECTS COMMENCED FROM 1 JANUARY 2023 UNTIL 31 MARCH 2023:

PROJECT	COMPANY*)	LOCATION*)	NUMBER OF APARTMENTS AND RETAIL UNITS
Osiedle Urbino, stage 2	Dom Development S.A.	Warsaw	180
Osiedle Jagiellońska, stage 2	Dom Development S.A.	Warsaw	137
Osiedle Jagiellońska, stage 3	Dom Development S.A.	Warsaw	45
Synteza AB	Euro Styl S.A.	Tricity	101
Lema ABC	Euro Styl S.A.	Tricity	189
Dynamika E-F-G	Euro Styl S.A.	Tricity	114
Osiedle Beauforta, 2 buildings A5-A6	Euro Styl S.A.	Tricity	87
Osiedle Zielna, stage 3 phase 2	Dom Development Wrocław Sp. z o.o.	Wrocław	72
Apartamenty nad Rzeką	Dom Development Wrocław Sp. z o.o.	Wrocław	152
29 Aleja, stage B	Dom Development Kraków Sp. z o.o.	Cracow	151
Górka Narodowa C3	Dom Development Kraków Sp. z o.o.	Cracow	147
Q1 2022			1 375
	DOM DEVELOPMENT S.A. CAPITAL GROUP		1 375
IN TOTAL:	DOM DEVELOPMENT S.A.	Warsaw	362
UNITS WITH CONSTRUCTION STARTED	EURO STYL S.A.	Tricity	491
IN Q1 2023	DOM DEVELOPMENT WROCŁAW SP. Z O.O.	Wrocław	224
	DOM DEVELOPMENT KRAKÓW SP. Z O.O.	Cracow	298

*) The projects allocated to Euro Styl S.A. also include project developed by entities from the Euro Styl S.A. Capital Group in the Tricity market, which is considered by the Group to include projects in Rumia and Jastarnia.

DEVELOPMENT PROJECTS COMPLETED FROM 1 JANUARY 2023 UNTIL 31 MARCH 2023:

PROJECT	COMPANY*)	LOCATION*)	NUMBER OF APARTMENTS AND RETAIL UNITS
Osiedle Bokserska 71	Dom Development S.A.	Warsaw	234
Osiedle Ceramiczna	Dom Development S.A.	Warsaw	346
Dzielnica Mieszkaniowa Metro Zachód, stage 11 phase 2	Dom Development S.A.	Warsaw	88
Osiedle przy Błoniach	Euro Styl S.A.	Tricity	110
Q1 2022			778
	DOM DEVELOPMENT S.A. CAPITAL GROUP		778
IN TOTAL:	DOM DEVELOPMENT S.A.	Warsaw	668
UNITS WITH CONSTRUCTION ENDED	EURO STYL S.A.	Tricity	110
IN Q1 2023	DOM DEVELOPMENT WROCŁAW SP. Z O.O.	Wrocław	-
	DOM DEVELOPMENT KRAKÓW SP. Z O.O.	Cracow	-

*) The projects allocated to Euro Styl S.A. also include project developed by entities from the Euro Styl S.A. Capital Group in the Tricity market, which is considered by the Group to include projects in Rumia and Jastarnia.

INFORMATION ON DELIVERIES OF RESIDENTIAL AND RETAIL UNITS

Number of residential and retail units delivered to customers by the Group companies in the three-month period ended 31 March 2023 has been presented in the following table:

NUMBER OF APARTMENTS AND RETAIL UNITS DELIVERED		01.01-31.03 2023 (unaudited)	01.01-31.03 2022 (unaudited)
COMPANY	LOCATION		
Dom Development S.A.	Warsaw	907	829
Euro Styl S.A.	Tricity	205	179
Dom Development Wrocław Sp. z o.o.	Wrocław	109	1
Dom Development Kraków Sp. z o.o.*)	Cracow*)	129	85
TOTAL		1 350	1 094

*) The figures for Cracow include deliveries across all Group companies in the Cracow market.

7.24 DIVIDEND AND PROFIT DISTRIBUTION

DIVIDENDS PAID

In the three-month periods ended 31 March 2023 and 2022, the Company did not pay any dividends.

On 16 March 2023, the Management Board requested that a part of the Company's net profit for 2022 in the amount of PLN 282 682 642.00, i.e. PLN 11.00 per share, be appropriated for the payment of a dividend to shareholders in the Company, and a part of the net profit for 2022 in the amount of PLN 91 001 662.08 be appropriated for the increase of Company's supplementary capital. The Management Board of the Company proposed that the date of record be 26 June 2023 and the dividend payment date be 4 July 2023.

On 17 April 2023, the Supervisory Board of the Company adopted a resolution wherein the Supervisory Board positively assessed and agreed to the said proposal of the Management Board.

7.25 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 place in the three-month period ended 31 March 2023.

7.26 MATERIAL POST-BALANCE SHEET EVENTS

RESIGNATION OF THE SUPERVISORY BOARD MEMBERS

On 12 May 2023, Mr Marek Moczulski, Member and Vice Chairman of the Supervisory Board of the Company and Mr Krzysztof Grzyliński, Member of the Supervisory Board of the Company, resigned from their positions on the Supervisory Board, with effect from the date of the nearest Annual General Shareholders' Meeting of the Company. These Members have resigned as they had held the positions of Members of the Company's Supervisory Board for nearly 12 years and therefore ceased to meet one of the criteria of Independent Supervisory Board Members.

7.27 FORECASTS

The Management Board of Dom Development S.A. does not publish any financial forecasts concerning both, the parent company and the Group.

7.28 SELECTED FINANCIAL DATA TRANSLATED INTO EURO

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

SELECTED DATA FROM THE INTERIM CONDENSED CONSOLIDATED BALANCE SHEET	31.03.2023 in EUR '000 <i>(unaudited)</i>	31.12.2022 in EUR '000
Total current assets	829 811	839 388
Total assets	863 791	876 768
Total shareholders' equity	336 173	301 344
Long-term liabilities	96 264	93 896
Short-term liabilities	431 354	481 528
Total liabilities	527 618	575 424
<i>PLN/EURO exchange rate as at the balance sheet date</i>	4.6755	4.6899

SELECTED DATA FROM THE INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT	01.01 – 31.03 2023 in EUR '000 <i>(unaudited)</i>	01.01 – 31.03 2022 in EUR '000 <i>(unaudited)</i>
Sales revenue	174 878	156 434
Gross profit on sales	54 768	50 300
Operating profit	41 975	37 418
Profit before tax	42 735	38 295
Net profit	33 777	30 509
<i>Average PLN/EURO exchange rate for the reporting period</i>	4.7005	4.6472