

DOM DEVELOPMENT S.A. CAPITAL GROUP

**INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD
ENDED
30 SEPTEMBER 2023**



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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 30 September 2023, comprising:

- interim condensed consolidated balance sheet as at 30 September 2023,
- interim condensed consolidated income statement for the nine-month and three-month periods ended 30 September 2023,
- interim condensed consolidated statement of comprehensive income for the nine-month and three-month periods ended 30 September 2023,
- interim condensed consolidated statement of changes in consolidated shareholders' equity for the nine-month period ended 30 September 2023,
- interim condensed consolidated cash flow statement for the nine-month period ended 30 September 2023,
- additional notes to the interim condensed consolidated financial statements,

were prepared and approved by the Management Board of Dom Development S.A. on 15 November 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 30 September 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	30.09.2023 (unaudited)	31.12.2022
Fixed assets			
Intangible assets		20 155	20 535
Tangible fixed assets	7.5	58 634	47 113
Deferred tax assets		52 105	52 721
Long-term receivables		9 264	8 817
Investment property		22 921	22 887
Other long-term assets		11 209	23 235
TOTAL FIXED ASSETS		174 288	175 308
Current assets			
Inventory	7.6	4 061 791	3 442 969
Trade and other receivables		115 988	87 679
Corporate income tax receivables		2 856	7 549
Other current assets		55 922	3 052
Short-term financial assets	7.7	157 993	91 163
Cash and cash equivalents	7.8	197 933	304 236
TOTAL CURRENT ASSETS		4 592 483	3 936 648
TOTAL ASSETS		4 766 771	4 111 956
EQUITY AND LIABILITIES			
	Note	30.09.2023 (unaudited)	31.12.2022
Shareholders' equity			
Share capital	7.9	25 698	25 548
Share premium	7.9	271 558	264 208
Other capital (supplementary capital)		764 267	670 640
Reserve capital from valuation of cash flow hedges		5 384	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		322 452	435 864
Equity attributable to the shareholders of parent company		1 389 869	1 413 214
Non-controlling interests		49	59
TOTAL SHAREHOLDERS' EQUITY		1 389 918	1 413 273
Long-term liabilities			
Loans, long-term portion	7.10	6 368	-
Bonds, long-term portion	7.11	520 000	260 000
Deferred tax provision		38 792	34 005
Long-term provisions		38 636	36 032
Lease liabilities, long-term portion	7.13	37 902	30 321
Other long-term liabilities		92 754	80 005
TOTAL LONG-TERM LIABILITIES		734 452	440 363
Short-term liabilities			
Trade payables, tax and other liabilities		509 116	407 542
Loans, short-term portion	7.10	-	59 177
Bonds, short-term portion	7.11	39 500	50 000
Accrued interest on loans and bonds	7.12	4 204	2 550
Lease liabilities, short-term portion	7.13	100 971	78 964
Corporate income tax payables		6 120	75 919
Dividends payables	7.24	-	-
Short-term provisions		29 676	32 842
Deferred income	7.14	1 952 814	1 551 326
TOTAL SHORT-TERM LIABILITIES		2 642 401	2 258 320
TOTAL LIABILITIES		3 376 853	2 698 683
TOTAL EQUITY AND LIABILITIES		4 766 771	4 111 956

All amounts in PLN '000.

3 INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Nine-month period ended 30.09.2023 (<i>unaudited</i>)	Nine-month period ended 30.09.2022 (<i>unaudited</i>)	Three-month period ended 30.09.2023 (<i>unaudited</i>)	Three-month period ended 30.09.2022 (<i>unaudited</i>)
Sales revenue	7.16	1 600 435	1 649 014	325 918	320 189
Cost of sales	7.16	(1 100 578)	(1 158 370)	(223 635)	(235 015)
Gross profit on sales	7.16	499 857	490 644	102 283	85 174
Selling costs		(62 160)	(55 850)	(19 896)	(19 071)
General administrative expenses		(117 148)	(111 779)	(40 625)	(37 505)
Other operating income		18 695	5 912	9 168	2 780
Other operating expenses		(23 972)	(18 906)	(6 707)	(3 892)
Operating profit		315 272	310 021	44 223	27 486
Financial income		18 011	19 752	5 525	4 623
Financial costs		(3 663)	(6 632)	(1 971)	(2 041)
Profit before tax		329 620	323 141	47 777	30 068
Income tax	7.17	(69 358)	(63 542)	(10 076)	(6 292)
Net profit from continued operations		260 262	259 599	37 701	23 776
Net profit from discontinued operations*)		-	-	-	-
Net profit		260 262	259 599	37 701	23 776
Net profit attributable to:					
Shareholders of the parent company		260 272	259 560	37 709	23 778
Non-controlling interests		(10)	39	(8)	(2)
Earnings per share attributable to shareholders of the parent company					
Basic (in PLN)	7.18	10.15	10.17	1.47	0.93
Diluted (in PLN)	7.18	10.11	10.16	1.46	0.93

*) In the nine-month and three-month periods ended 30 September 2023 and 2022 the Company did not discontinue any of its activities.

All amounts in PLN '000 unless stated otherwise.

4 INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Nine-month period ended 30.09.2023 <i>(unaudited)</i>	Nine-month period ended 30.09.2022 <i>(unaudited)</i>	Three-month period ended 30.09.2023 <i>(unaudited)</i>	Three-month period ended 30.09.2022 <i>(unaudited)</i>
Net profit	260 262	259 599	37 701	23 776
Other comprehensive income:				
Net change to cash flow hedges	(13 654)	17 351	(5 033)	(1 686)
Items to be accounted for in the income statement	(13 654)	17 351	(5 033)	(1 686)
Items not to be accounted for in the income statement				
Other net comprehensive income / (loss), before tax	(13 654)	17 351	(5 033)	(1 686)
Income tax on other net comprehensive income to be accounted for in the income statement	2 594	(3 297)	956	320
Other net comprehensive income	(11 060)	14 054	(4 077)	(1 366)
Total net comprehensive income	249 202	273 653	33 624	22 410
Net comprehensive income attributable to:				
Shareholders of the parent company	249 112	273 614	33 632	22 412
Non-controlling interests	(10)	39	(8)	(2)

All amounts in PLN '000.

5 INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Nine-month period ended 30.09.2023 (unaudited)	Nine-month period ended 30.09.2022 (unaudited)
Cash flow from operating activities			
Profit before tax		329 620	323 141
Adjustments:			
Depreciation		15 131	12 534
(Profit)/loss on foreign exchange differences		(907)	837
(Profit)/loss on investments		7	(838)
Interest cost/(income)		4 920	11 815
Cost of the valuation of management option programmes		2 625	492
Changes in the operating capital:			
Changes in provisions		(564)	48
Changes in inventory		(603 394)	(175 085)
Changes in receivables		(21 117)	(8 534)
Changes in short-term liabilities, excluding loans and bonds		115 636	37 997
Changes in prepayments and deferred income		284 199	87 017
Other adjustments		-	(248)
Cash flow generated from operating activities		126 156	289 176
Interest received		9 777	5 200
Interest paid		(14 966)	(9 475)
Income tax paid		(136 103)	(90 552)
Net cash flow from operating activities		(15 136)	194 349
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		901	2 545
Proceeds from borrowings granted		-	-
Other proceeds / (expenses) from financial assets		291	-
Borrowings granted		-	(412)
Acquisition of intangible and tangible fixed assets		(10 277)	(12 130)
Acquisition of financial assets and additional contributions to the capital		-	(189 345)
Net cash flow from investing activities		(9 085)	(199 342)
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	407 272	56 593
Proceeds from commercial papers issued	7.11	260 000	-
Repayment of loans and borrowings	7.10	(460 082)	(54 728)
Redemption of commercial papers	7.11	(10 500)	(4 150)
Dividends paid		(282 682)	(268 258)
Payment of lease liabilities		(1 090)	(354)
Net cash flow from financing activities		(82 082)	(264 897)
Increase / (decrease) in net cash and cash equivalents		(106 303)	(269 890)
Cash and cash equivalents – opening balance	7.8	304 236	607 041
Cash and cash equivalents – closing balance	7.8	197 933	337 151

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 shareholders' equity
Balance as at 1 January 2023	25 548	264 208	670 640	510	-	16 444	435 864	1 413 214	59	1 413 273
Share capital increase by exercising share options (note 7.9)	150	7 350	-	-	-	-	-	7 500	-	7 500
Transfer of profit to supplementary capital	-	-	91 002	-	-	-	(91 002)	-	-	-
Dividends to shareholders (note 7.24)	-	-	-	-	-	-	(282 682)	(282 682)	-	(282 682)
Creation of reserve capital from the valuation of the share options (note 7.20)	-	-	2 625	-	-	-	-	2 625	-	2 625
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	-	-	-	-	-	-	260 272	260 272	(10)	260 262
Other net comprehensive income for the reporting period	-	-	-	-	-	(11 060)	-	(11 060)	-	(11 060)
Total net comprehensive income	-	-	-	-	-	(11 060)	260 272	249 212	(10)	249 202
Increase / (decrease) in equity capital	150	7 350	93 627	-	-	(11 060)	(113 412)	(23 345)	(10)	(23 355)
Balance as at 30 September 2023 (unaudited)	25 698	271 558	764 267	510	-	5 384	322 452	1 389 869	49	1 389 918

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	Interests non-controlling	Total shareholders' 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	-	-	38 509	-	-	-	(38 509)	-	-	-
Dividends to shareholders	-	-	-	-	-	-	(268 258)	(268 258)	-	(268 258)
Creation of reserve capital from the valuation of the share options (note 7.20)	-	-	492	-	-	-	-	492	-	492
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	-	-	-	-	-	-	259 560	259 560	39	259 599
Other net comprehensive income for the reporting period	-	-	-	-	-	14 054	-	14 054	-	14 054
Total net comprehensive income	-	-	-	-	-	14 054	259 560	273 614	39	273 653
Increase / (decrease) in equity capital	150	5 850	39 001	-	10 568	14 054	(47 207)	22 416	(8 663)	13 753
Balance as at 30 September 2022 (unaudited)	25 548	264 208	665 739	510	-	21 701	285 160	1 262 866	65	1 262 931

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 30 September 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 30 September 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
Mirabelle Investments Sp. z o.o.	Poland	100%	100%	full consolidation
Dom Construction Sp. z o.o.	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 30 September 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.

Within the three-month period ended 30 September 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 30 September 2023. These statements were approved by the Management Board of the Company on 15 November 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 1 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.

Revenue from the performance of an unfinished construction service is determined by the percentage of completion method - in an amount proportional to the degree of completion, which is measured as the share of costs incurred from the date of conclusion of the contract to the date of valuation as at the balance sheet date.

SEASONALITY

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

7.5 TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS	30.09.2023 (unaudited)	31.12.2022
Tangible fixed assets, including:		
Technical equipment and other tangible fixed assets	4 860	3 858
Vehicles	6 731	6 608
Land and buildings	1 536	1 707
Right-of-use of premises	45 507	34 940
Total	58 634	47 113

As at 30 September 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	30.09.2023 (unaudited)	31.12.2022
Advances on deliveries	146 663	101 606
including: at purchase prices/production costs	146 663	101 606
write down to the net realisable value	-	-
Semi-finished goods and work in progress	3 703 167	3 054 616
including: at purchase prices/production costs	3 662 435	3 026 982
rights of perpetual usufruct of land (lease)	81 637	68 539
write down to the net realisable value	(40 905)	(40 905)
Finished goods	211 961	286 747
including: at purchase prices/production costs	218 190	292 976
write down to the net realisable value	(6 229)	(6 229)
Total	4 061 791	3 442 969

INVENTORY REVALUATION WRITE DOWNS	01.07-30.09 2023 (unaudited)	01.07-30.09 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	30.09.2023 (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	30.09.2023 (unaudited)	31.12.2022
Bank deposits with a maturity over three months	-	-
Cash in open-end residential escrow accounts	142 887	69 594
Other short-term financial assets	15 106	21 569
Total	157 993	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	30.09.2023 (unaudited)	31.12.2022	30.09.2022 (unaudited)
Cash in hand and at bank	39 757	36 747	131 710
Short-term deposits	158 176	267 489	205 441
Other	-	-	-
Total	197 933	304 236	337 151

7.9 SHARE CAPITAL

DESCRIPTION OF CHANGES TO THE SHARE CAPITAL IN THE COMPANY IN THE PERIOD FROM 1 JANUARY UNTIL 30 SEPTEMBER 2023, AND THE BALANCE AS AT 30 SEPTEMBER 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	150 000	150	7 350
Balance as at 30.09.2023 (unaudited)	25 698 422	25 698	271 558

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

In the three-month period ended 30 September 2022 no share options (for the shares in the Company) were exercised.

ADOPTION OF THE NEW MANAGEMENT OPTION PROGRAMME

In the three-month period ended 30 September 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 publication of the condensed consolidated financial statements for the six-month period ended 30.06.2023
	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	-
PTE Allianz Polska S.A.*)	2 501 493	9.73	2 501 493	9.73	-
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 publication of the condensed consolidated financial statements for the six-month period ended 30.06.2023	
	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	284 418	284	-	284 418	(4 346)	-
Leszek Stankiewicz	100 000	100	150 000	250 000	-	-
Mikołaj Konopka	170 061	170	50 000	220 061	(2 500)	-
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 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 financial statements.

7.10 LOANS

DESCRIPTION OF MATERIAL CHANGES IN THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

No new loan agreements had expired or been signed at the Group in the three-month period ended 30 September 2023.

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

LOANS DUE WITHIN	30.09.2023 (unaudited)	31.12.2022
Less than 1 year	-	59 177
More than 1 year and less than 2 years	-	-
More than 2 years and less than 5 years	6 368	-
Over 5 years	-	-
Total loans	6 368	59 177
including: long-term	6 368	-
short-term	-	59 177

As at 30 September 2023 and 31 December 2022 all the loans taken by the Group were expressed in Polish zloty.

BANK LOANS AS AT 30.09.2023

Bank	Registered office	Loan amount as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
PKO BP	Warsaw	200 000	PLN	6 368	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		440 000		6 368	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 30 September 2023 Dom Development S.A. has not drawn any funds therefrom, while Euro Styl S.A. drawn PLN 6 368k.

- 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. As at 30 September 2023, no funds were drawn from this credit line either by Dom Development S.A., Dom Development Wrocław Sp. z o.o. or Euro Styl S.A.

- Millennium Bank S.A. loan

Revolving loan up to PLN 40 000k. As at 30 September 2023 Dom Development S.A. has not drawn any funds from the said credit limit.

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	30.09.2023 (unaudited)	31.12.2022
Nominal value of the bonds issued, long-term portion	520 000	260 000
Nominal value of the bonds issued, short-term portion	39 500	50 000
Nominal value of the bonds issued	559 500	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.

BONDS ISSUED AS AT 30.09.2023

Series	Issuer	Issue date	Amount	Currency	Maturity date
DOMDET2091023	Dom Development S.A.	09.10.2018	39 500	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
DOMDEM1280928	Dom Development S.A.	28.09.2023	260 000	PLN	28.09.2028
Total			559 500	PLN	

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.

- Agreement with mBank S.A.

Pursuant to the agreement entered into on 7 February 2023, 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. In accordance with the agreement, bonds may be issued by the Company in various series over the undefined period of time following the date of signing of the Issue Agreement. The limit of the Programme is renewable.

DESCRIPTION OF MATERIAL CHANGES IN THE THREE-MONTH PERIOD ENDED 30 September 2023

- Premature redemption for cancellation

On 21 September 2023, Dom Development S.A. prematurely redeemed for cancellation 10 500 unsecured bearer bonds, series DOMDET2091023, with a nominal value of PLN 1 000 each and maturing on 9 October 2023. The aggregate nominal value of the redeemed bonds is PLN 10 500k. The redemption price per one bond was PLN 1 038.20. The total redemption price of the bonds was PLN 10 901k.

- Bonds issue

On 28 September 2023, the Company issued 260 000 unsecured bearer bonds, series DOMDETDOMDEM1280928, with the nominal value of PLN 1 000 each and the aggregate nominal value of PLN 260 000k. The maturity date for these bonds is 28 September 2028. The issue value equals the nominal value of the bonds. The coupon rate for the DOMDEM1280928 series bonds is set at WIBOR 6M plus 1.55% margin. and will be paid semi-annually. No purpose for the bond issue was specified. The funds from the issue have been designated for current operations of the Company.

7.12 ACCRUED INTEREST ON LOANS AND BONDS

ACCRUED INTEREST ON LOANS AND BONDS	30.09.2023 (unaudited)	31.12.2022
Accrued interest on bonds	4 204	2 550
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	4 204	2 550

7.13 LEASE LIABILITIES

LEASE LIABILITIES	30.09.2023 (unaudited)	31.12.2022
Lease liabilities, short-term portion, including:	100 971	78 964
liabilities on account of perpetual usufruct right of land	90 477	70 387
liabilities on account of the right-of-use of office space and serviced apartments	10 160	8 577
Other	334	-
Lease liabilities, long-term portion, including:	37 902	30 321
liabilities on account of the right-of-use of office space and serviced apartments	37 902	30 321
Other	-	-
Total	138 873	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 30 September 2023, out of PLN 90 477k of the land-related lease liabilities recognised as short-term:

- PLN 7 016k is payable by the Group within 12 months following the balance sheet date,
- PLN 10 138k is payable by the Group later than 12 months following the balance sheet date,
- PLN 73 323k 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	30.09.2023 <i>(unaudited)</i>	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	1 952 814	1 551 326
Other	-	-
Total	1 952 814	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, Wrocław 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 Wrocław 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 NINE-MONTH PERIOD ENDED 30.09.2023 <i>(unaudited)</i>	Warsaw segment	Wrocław segment	Tricity segment	Cracow segment	Total
Sales revenue	866 162	142 310	498 823	93 140	1 600 435
Gross profit on sales	274 382	25 948	189 836	9 691	499 857
Selling costs, and general administrative expenses					(179 308)
Other operating income and expenses, net					(5 277)
Operating profit					315 272
Financial income and costs, net					14 348
Profit before tax					329 620
Income tax					(69 358)
Net profit					260 262



FIGURES FOR THE NINE-MONTH PERIOD ENDED 30.09.2022 (unaudited)					
	Warsaw segment	Wroclaw segment	Tricity segment	Cracow segment	Total
Sales revenue	1 021 452	106 884	303 285	217 393	1 649 014
Gross profit on sales	344 517	32 864	110 824	2 439	490 644
Selling costs, and general administrative expenses					(167 629)
Other operating income and expenses, net					(12 994)
Operating profit					310 021
Financial income and costs, net					13 120
Profit before tax					323 141
Income tax					(63 542)
Net profit					259 599

FIGURES FOR THE THREE-MONTH PERIOD ENDED 30.09.2023 (unaudited)					
	Warsaw segment	Wroclaw segment	Tricity segment	Cracow segment	Total
Sales revenue	126 014	61 887	133 964	4 053	325 918
Gross profit on sales	40 190	9 823	52 878	(608)	102 283
Selling costs, and general administrative expenses					(60 521)
Other operating income and expenses, net					2 461
Operating profit					44 223
Financial income and costs, net					3 554
Profit before tax					47 777
Income tax					(10 076)
Net profit					37 701

FIGURES FOR THE THREE-MONTH PERIOD ENDED 30.09.2022 (unaudited)					
	Warsaw segment	Wroclaw segment	Tricity segment	Cracow segment	Total
Sales revenue	162 843	12 079	58 259	87 008	320 189
Gross profit on sales	56 473	4 230	21 643	2 828	85 174
Selling costs, and general administrative expenses					(56 576)
Other operating income and expenses, net					(1 112)
Operating profit					27 486
Financial income and costs, net					2 582
Profit before tax					30 068
Income tax					(6 289)
Net profit					23 776

7.16 SALES REVENUE AND COST OF SALES

ANALYSIS OF SALES REVENUE AND COST OF SALES	01.01-30.09	01.01-30.09	01.07-30.09	01.07-30.09
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of finished goods	1 521 906	1 469 656	292 981	231 563
Sales of services*	78 422	71 893	32 915	25 271
Sales of goods (land)	107	107 465	22	63 355
Sales revenue, total	1 600 435	1 649 014	325 918	320 189
Cost of finished goods sold	(1 030 467)	(987 810)	(196 204)	(151 025)
Cost of services sold	(70 102)	(65 290)	(27 426)	(21 477)
Cost of goods sold	(9)	(105 270)	(5)	(62 513)
Inventory write down to the net realisable value	-	-	-	-
Cost of sales, total	(1 100 578)	(1 158 370)	(223 635)	(235 015)
Gross profit on sales	499 857	490 644	102 283	85 174

*) Revenue from the sale of services includes revenue from the sale of construction services recognised by the percentage of completion method as applied to construction contracts. In the three-month period ended 30 September 2023, the revenue was PLN 20 963k, and in the three-month period ended 30 September 2022 it was PLN 17 958k. In the item "Other current assets" as at 30 September 2023, the Company recognised the amount of PLN 51 378k in respect of the measurement of construction contract.

7.17 INCOME TAX IN THE INCOME STATEMENT

INCOME TAX	01.01-30.09	01.01-30.09	01.07-30.09	01.07-30.09
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current income tax	(65 179)	(89 794)	(10 967)	(29 219)
Deferred tax in the income statement	(4 179)	26 252	891	22 927
Total	(69 358)	(63 542)	(10 076)	(6 292)

7.18 EARNINGS PER SHARE

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01-30.09	01.01-30.09	01.07-30.09	01.07-30.09
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
BASIC EARNINGS PER SHARE				
Profit for calculation of the basic earnings per share	260 272	259 560	37 709	23 778
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	25 644 210	25 514 906	25 698 422	25 548 422
Basic earnings per share (in PLN)	10.15	10.17	1.47	0.93
DILUTED EARNINGS PER SHARE				
Profit for calculation of the diluted earnings per share	260 272	259 560	37 709	23 778
Potential diluting shares related to the Management Share Option Programme	103 599	44 269	115 264	39 184
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	25 747 808	25 559 175	25 813 686	25 587 606
Diluted earnings per share (in PLN)	10.11	10.16	1.46	0.93

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 30 September 2023 and on 30 September 2022, 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	01.07-30.09
		2023	2022
		(unaudited)	(unaudited)
Woodsford Consulting Limited	Consulting services as per the agreement dated 27.06.2007 as annexed	412	467
Hansom Property Company Limited	Consulting services as per the agreement dated 02.01.2001 as annexed	136	143
M & M Usługi Doradcze M. Kolarski	Consulting services	-	62
Doradztwo w zakresie infrastruktury technicznej Rafał Kierski (technical infrastructure consulting)	Cooperation Agreements	1 839	345

DOM DEVELOPMENT S.A. AS A DIVIDEND PAYER:			
Counterparty	Transaction description	01.07-30.09	01.07-30.09
		2023	2022
		(unaudited)	(unaudited)
Groupe Belleforêt S.à r.l.	Dividends paid	155 545	148 637

BALANCES WITH RELATED ENTITIES - AS ACCOUNTED FOR IN THE BOOKS OF THE COMPANY				
	Receivables from related entities		Liabilities to related entities	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Hansom Property Company Limited	-	-	136	135
Woodsford Consulting Limited	-	-	412	211
Doradztwo w zakresie infrastruktury technicznej Rafał Kierski (technical infrastructure consulting)	2 400	492	1 838	141

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 30 September 2023 there were two active Management Option Programmes adopted as part of the Incentive Scheme for the executives in the Company.

MANAGEMENT OPTION PROGRAMMES	30.09.2023 (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.

Grant of new share options under the management option programme

In the three-month periods ended 30 September 2023 and 2022 the Company did not grant any new share options.

Exercise of share options under the management option programme

In the three-month periods ended 30 September 2023 and 2022 no share options were exercised.

Expiry of share options under the management option programme

In the three-month periods ended 30 September 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 30 September 2023 and 2022 the amounts of PLN 875k and PLN 164k were accounted for in the income statement and in the supplementary capital respectively, as 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 2023 <i>(unaudited)</i>	01.07-30.09 2022 <i>(unaudited)</i>
Unexercised options at the beginning of the period	Number of options	200 000	100 000
	Total exercise price	10 000	5 000
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	200 000	100 000
	Total exercise price	10 000	5 000
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	-	-

7.21 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES	30.09.2023 <i>(unaudited)</i>	31.12.2022
Guarantees	19 947	21 359
Sureties	6 501	6 571
Total	26 448	27 930

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

COLLATERALS FOR LIABILITIES	30.09.2023 <i>(unaudited)</i>	31.12.2022
Promissory notes, including:	3 900	5 900
- promissory notes as other security	3 900	5 900
- promissory notes as a security for lease agreements	-	-
Total	3 900	5 900

In the three-month period ended 30 September 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 Group’s shareholders’ equity.

7.22 MATERIAL COURT CASES AS AT 30 SEPTEMBER 2023

As at 30 September 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 Q3 2023, the Group's operations continued smoothly, and despite numerous challenges in the market environment all investment projects were progressing according to schedule.

The favourable situation on the housing market in Q3 2023 was conducive to strong sales results for property developers with the right offer. The growing demand has been observed for several months. It was impacted by the PFSA having eased its requirements as regards the credit scoring and by the steadily increasing salaries. This trend was additionally heightened in the third quarter by the launch of the “Safe 2% Mortgage” programme. The expectations of the first interest rate cuts were another demand stimulating factor. Those expectations materialised and were even exceeded in September 2023, when the MPC decided to reduce the interest rates by 0.75 pp.

The quick growth in demand combined with the lagging supply have contributed to a further significant increase in prices of apartments.

In 2023, 49% of Q3 transactions at the Dom Development Group were financed through mortgage, while cash transactions accounted for 51% of sales which demonstrates the continually high level of investment transactions.

Prices of construction materials stabilised further in Q3 2023. Nevertheless, the persistently high inflation exerts pressure on wage increase, which in turn may cause construction costs to go up. In this situation, a major advantage for the Dom Development Group is our in-house general contracting company, which have allowed us to develop long-term relations with our subcontractors and reduce the risks associated with development projects.

In response to the constantly growing demand, the Group consistently launches construction of new projects in line with market expectations, thus replenishing the offer of available apartments in all the cities where it operates. This is facilitated by the stabilisation of construction costs, which gives us greater predictability when launching new projects, thus limiting the risk to margins. This ensures satisfactory profitability of the development projects under construction. The construction of all Dom Development Group projects by its in-house general contractors further contributes to the profitability achieved by us without compromising the high quality. In Q4 2023, we plan to systematically expand our product offer with new projects.

Detailed information on the projects in progress and completed by Dom Development S.A. Capital Group in the nine-month period ended 30 September 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 30 SEPTEMBER 2023

DEVELOPMENT PROJECTS COMMENCED FROM 1 JANUARY UNTIL 30 SEPTEMBER 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 2023			1 375
Osiedle Przystanek Międzylesie phase 2	Dom Development S.A.	Warsaw	108
Apartamenty Białej Koniczyny phase 2	Dom Development S.A.	Warsaw	71
Osiedle Przy Alejach phase 1	Dom Development S.A.	Warsaw	122
Osiedle Urbino 2 phase 1	Dom Development S.A.	Warsaw	139
Przy Błoniach 3 bud. B1, B8	Euro Styl S.A.	Tricity	124
Osiedle Komedy, stage 5	Dom Development Wrocław Sp. z o.o.	Wrocław	115
Osiedle Zielna, stage 3	Dom Development Wrocław Sp. z o.o.	Wrocław	123
Osiedle Braniborska, phase 1	Dom Development Wrocław Sp. z o.o.	Wrocław	187
Osiedle Międzyleska, phase 1	Dom Development Wrocław Sp. z o.o.	Wrocław	159
Q2 2023			1 148
Dzielnica Mieszkaniowa Metro Zachód, stage 11 phase 3	Dom Development S.A.	Warsaw	89
Osiedle Przy Ryżowej, phase 1	Dom Development S.A.	Warsaw	151
Osiedle Wilno VII, phase 1	Dom Development S.A.	Warsaw	60
Osiedle Wilno VII, phase 2	Dom Development S.A.	Warsaw	126
Apartamenty Literacka, phase 1	Dom Development S.A.	Warsaw	100
Konstelacja, building C4	Euro Styl S.A.	Tricity	51
Widoki bud. E,F	Euro Styl S.A.	Tricity	64
Osiedle Synteza, building C	Euro Styl S.A.	Tricity	120
Osiedle Harmonia	Dom Development Wrocław Sp. z o.o.	Wrocław	173
Q3 2023			934
	DOM DEVELOPMENT S.A. CAPITAL GROUP		3 457
IN TOTAL: UNITS WITH CONSTRUCTION STARTED IN THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023	DOM DEVELOPMENT S.A.	Warsaw	1 328
	EURO STYL S.A.	Tricity	850
	DOM DEVELOPMENT WROCLAW SP. Z O.O.	Wrocław	981
	DOM DEVELOPMENT KRAKOW 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 UNTIL 30 SEPTEMBER 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 2023			778
Dom na Służewcu (Kłobucka)	Dom Development S.A.	Warsaw	108
DOKI - zadanie 2 (B)	Euro Styl S.A.	Tricity	134
Wydma	Euro Styl S.A.	Tricity	59
Dynamika C-D	Euro Styl S.A.	Tricity	106
Zielony Południk, buildings 24-25	Euro Styl S.A.	Tricity	44
Osiedle Beauforta, buildings A1-A4	Euro Styl S.A.	Tricity	186
Osiedle Komedy faza 4	Dom Development Wrocław Sp. z o.o.	Wrocław	131
Q2 2023			768
Zielony Południk, buildings 26-27	Euro Styl S.A.	Tricity	93
Osiedle Zielna, stage 2	Dom Development Wrocław Sp. z o.o.	Wrocław	146
Osiedle Chociebuska	Dom Development Wrocław Sp. z o.o.	Wrocław	196
Q3 2023			435
	DOM DEVELOPMENT S.A. CAPITAL GROUP		1 981
IN TOTAL:	DOM DEVELOPMENT S.A.	Warsaw	776
UNITS WITH CONSTRUCTION COMPLETED	EURO STYL S.A.	Tricity	732
IN THE NINE-MONTH PERIOD ENDED	DOM DEVELOPMENT WROCŁAW SP. Z O.O.	Wrocław	473
30 SEPTEMBER 2023	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 nine-month and the three-month period ended 30 September 2023 has been presented in the following table:

NUMBER OF APARTMENTS AND RETAIL UNITS DELIVERED					
COMPANY	LOCATION	01.01-30.09	01.01-30.09	01.07-30.09	01.07-30.09
		2023	2022	2023	2022
Dom Development S.A	Warsaw	1 224	1 535	136	241
Euro Styl S.A.	Tricity	852	689	272	141
Dom Development Wrocław Sp. z o.o.	Wrocław	287	260	119	24
Dom Development Kraków Sp. z o.o.*)	Cracow*)	170	114	8	14
TOTAL		2 533	2 598	535	420

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

7.24 DIVIDEND AND DISTRIBUTION OF PROFIT FOR 2022

DIVIDENDS PAID

On 15 June 2023, the Ordinary General Meeting of Shareholders of the Company adopted a resolution on the distribution of net profit of the Company for 2022 and fixing the date of record and the dividend payment date. In accordance with the resolution passed, the Ordinary General Meeting of Shareholders of the Company decided to allocate the total amount of PLN 282 682 642.00 to the payment of dividends to shareholders in Dom Development S.A., i.e. PLN 11.00 per share, and a portion of the Company's 2022 net profit in the amount of PLN 91 001 662.08 to the increase of the Company's supplementary capital.

The date of record was set as 26 June 2023 and the dividend payment date as 4 July 2023.

The 2021 dividend in the amount of PLN 268 258 431.00 (i.e. PLN 10.50 per share) was paid on 16 August 2022.

7.25 CHANGES IN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

On 15 September 2023, the Company received a statement of resignation by Ms Małgorzata Kolarska from the position of Member and Vice-President of the Management Board of the Company for personal reasons, effective as of 31 December 2023.

On 20 September 2023, the Supervisory Board of the Company, acting pursuant to Article 6.2.2 of the Company's Articles of Association, appointed Ms Monika Perekitko as a Member of the Management Board of the Company for a joint three-year term of office, effective as of 1 January 2024. Ms Monika Perekitko has been involved in the property development market since 2004, and since 2011 she has been a person responsible for the creation and operations of a major property developer on the Polish market, in the capacity of a Member of its Management Board.

7.26 MATERIAL POST-BALANCE SHEET EVENTS

DECISION BY THE MANAGEMENT BOARD OF DOM DEVELOPMENT S.A. REGARDING THE PAYMENT OF THE 2023 INTERIM DIVIDEND

On 6 November 2023, the Management Board of the Company decided to distribute the 2023 interim dividend in accordance with Section 349 of the Code of Commercial Companies. The Management Board decided that the 2023 interim dividend would amount to PLN 141 341 321, i.e., PLN 5.50 per share. At the same time, the Management Board set the date of record for the 2023 interim dividend as 12 December 2023 and the interim dividend payment date as 18 December 2023.

On 6 November 2023, the Supervisory Board of the Company approved the said 2023 interim dividend for payment.

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	30.09.2023 in EUR '000 (unaudited)	31.12.2022 in EUR '000
Total current assets	990 699	839 388
Total assets	1 028 296	876 768
Total shareholders' equity	299 836	301 344
Long-term liabilities	158 437	93 896
Short-term liabilities	570 024	481 528
Total liabilities	728 461	575 424
PLN/EURO exchange rate as at the balance sheet date	4.6356	4.6899

SELECTED DATA FROM THE INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT	01.01-30.09 2023 in EUR '000 (unaudited)	01.01-30.09 2022 in EUR '000 (unaudited)	01.07-30.09 2023 in EUR '000 (unaudited)	01.07-30.09 2022 in EUR '000 (unaudited)
Sales revenue	349 646	351 750	73 360	67 003
Gross profit on sales	109 203	104 659	23 018	17 824
Operating profit	68 877	66 130	10 120	5 752
Profit before tax	72 012	68 929	10 915	6 292
Net profit	56 859	55 375	8 613	4 975
Average PLN/EURO exchange rate for the reporting period	4.5773	4.6880	4.5058	4.7787