

DOM DEVELOPMENT S.A. CAPITAL GROUP

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



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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 2021, comprising:

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

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

The Management Board of Dom Development S.A. declares that to the best of its knowledge, these interim condensed financial consolidated statements for the three-month period ended 30 September 2021 with comparative data have been prepared in accordance with the applicable accounting policies, and reflect a true and fair economic and financial position of 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	30.09.2021 (unaudited)	31.12.2020
Fixed assets			
Intangible assets		19 423	17 830
Tangible fixed assets	7.5	35 889	38 132
Deferred tax assets		36 520	9 759
Long-term receivables		14 935	1 761
Other long-term assets		2 993	3 276
TOTAL FIXED ASSETS		109 760	70 758
Current assets			
Inventory	7.6	2 851 736	2 423 514
Trade and other receivables		56 938	62 605
Corporate income tax receivables		417	27 909
Other current assets		6 413	5 208
Loans granted		-	27 089
Short-term financial assets	7.7	76 875	50 463
Cash and cash equivalents	7.8	615 842	585 664
TOTAL CURRENT ASSETS		3 608 221	3 182 452
TOTAL ASSETS		3 717 981	3 253 210
EQUITY AND LIABILITIES			
	Note	30.09.2021 (unaudited)	31.12.2020
Shareholders' equity			
Share capital	7.9	25 398	25 218
Share premium	7.9	258 358	251 038
Other capital (supplementary capital)		628 185	614 804
Reserve capital from valuation of cash flow hedges		750	(3 591)
Reserve capital from reduction of share capital		510	510
Unappropriated profit		291 431	269 454
Equity attributable to the shareholders of parent company		1 204 632	1 157 433
Non-controlling interests		10 158	38
TOTAL SHAREHOLDERS' EQUITY		1 214 790	1 157 471
Long-term liabilities			
Loans, long-term portion	7.10	45 680	10 000
Bonds, long-term portion	7.11	360 470	250 000
Deferred tax provision		25 433	48 734
Long-term provisions		26 072	22 419
Lease liabilities, long-term portion	7.13	21 774	24 642
Other long-term liabilities		104 921	75 208
TOTAL LONG-TERM LIABILITIES		584 350	431 003
Short-term liabilities			
Trade payables, tax and other liabilities		325 948	319 571
Loans, short-term portion	7.10	550	-
Bonds, short-term portion	7.11	79 187	110 000
Accrued interest on loans and bonds	7.12	3 157	1 399
Lease liabilities, short-term portion	7.13	71 756	89 992
Corporate income tax payables		64 582	6 019
Short-term provisions		22 504	26 626
Deferred income	7.14	1 351 157	1 111 129
TOTAL SHORT-TERM LIABILITIES		1 918 841	1 664 736
TOTAL LIABILITIES		2 503 191	2 095 739
TOTAL EQUITY AND LIABILITIES		3 717 981	3 253 210

All amounts in PLN '000.

3 INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Nine-month period ended 30.09.2021 (unaudited)	Nine-month period ended 30.09.2020 (unaudited)	Three-month period ended 30.09.2021 (unaudited)	Three-month period ended 30.09.2020 (unaudited)
Sales revenue	7.16	1 475 920	1 135 352	331 497	363 191
Cost of sales	7.16	(982 723)	(779 722)	(218 438)	(246 954)
Gross profit on sales	7.16	493 197	355 630	113 059	116 237
Selling costs		(46 427)	(44 626)	(14 572)	(15 215)
General administrative expenses		(87 641)	(78 983)	(30 569)	(26 518)
Other operating income		5 669	3 525	2 170	1 023
Other operating expenses		(6 514)	(7 753)	(1 411)	(1 640)
Operating profit		358 284	227 793	68 677	73 887
Financial income		3 725	2 764	808	432
Financial costs		(7 896)	(12 067)	(3 715)	(2 299)
Profit before tax		354 113	218 490	65 770	72 020
Income tax	7.17	(68 367)	(43 262)	(12 546)	(14 460)
Net profit from continued operations		285 746	175 228	53 224	57 560
Net profit from discontinued operations*)		-	-	-	-
Net profit		285 746	175 228	53 224	57 560
Net profit attributable to:					
Shareholders of the parent company		286 194	175 231	53 670	57 561
Non-controlling interests		(448)	(3)	(446)	(1)
Earnings per share attributable to shareholders of the parent company					
Basic (in PLN)	7.18	11.28	6.96	2.11	2.28
Diluted (in PLN)	7.18	11.19	6.91	2.10	2.26

*) In the three-month and the nine-month periods ended 30 September 2021 and 2020 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

	Nine-month period ended 30.09.2021 (unaudited)	Nine-month period ended 30.09.2020 (unaudited)	Three-month period ended 30.09.2021 (unaudited)	Three-month period ended 30.09.2020 (unaudited)
Net profit	285 746	175 228	53 224	57 560
Other comprehensive income:				
Net change to cash flow hedges	5 359	(2 674)	2 467	(43)
Items to be accounted for in the income statement	5 359	(2 674)	2 467	(43)
Items not to be accounted for in the income statement				
Other net comprehensive income / (loss), before tax	5 359	(2 674)	2 467	(43)
Income tax on other net comprehensive income to be accounted for in the income statement	(1 018)	508	(469)	8
Other net comprehensive income	4 341	(2 166)	1 998	(35)
Total net comprehensive income	290 087	173 062	55 222	57 525
Net comprehensive income attributable to:				
Shareholders of the parent company	290 535	173 065	55 668	57 526
Non-controlling interests	(448)	(3)	(446)	(1)

All amounts in PLN '000.

5 INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Nine-month period ended 30.09.2021 (unaudited)	Nine-month period ended 30.09.2020 (unaudited)
Cash flow from operating activities			
Profit before tax		354 113	218 490
Adjustments:			
Depreciation		11 404	11 192
(Profit)/loss on foreign exchange differences		1	131
(Profit)/loss on investments		26	(325)
Interest cost/(income)		10 725	7 190
Cost of the valuation of management option programmes		3 148	3 226
Changes in the operating capital:			
Changes in provisions		(886)	3 359
Changes in inventory		(202 621)	(15 136)
Changes in receivables		4 675	(3 672)
Changes in short-term liabilities, excluding loans and bonds		(39 263)	(46 822)
Changes in prepayments and deferred income		215 866	351 944
Other adjustments		174	126
Cash flow generated from operating activities		357 362	529 703
Interest received		42	1 004
Interest paid		(9 234)	(10 381)
Income tax paid		(44 718)	(86 676)
Net cash flow from operating activities		303 452	433 650
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		585	820
Proceeds from borrowings granted		40 999	159
Bank deposits with a maturity over three months		-	50
Borrowings granted		(50 917)	(400)
Acquisition of intangible and tangible fixed assets		(10 797)	(7 498)
Acquisition of financial assets and additional contributions to the capital		(41 463)	(3 745)
Net cash flow from investing activities		(61 593)	(10 614)
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)	7.9	7 500	6 000
Proceeds from contracted loans and borrowings	7.10	56 212	257 946
Proceeds from commercial papers issued	7.11	110 014	100 000
Repayment of loans and borrowings	7.10	(71 021)	(319 960)
Redemption of commercial papers	7.11	(60 272)	(100 000)
Dividends paid		(253 984)	(239 575)
Payment of lease liabilities		(130)	(185)
Net cash flow from financing activities		(211 681)	(295 774)
Increase / (decrease) in net cash and cash equivalents		30 178	127 262
Cash and cash equivalents – opening balance	7.8	585 664	253 318
Cash and cash equivalents – closing balance	7.8	615 842	380 580

All amounts in PLN '000.

6 INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital from valuation of cash flow hedges	Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholders' equity
Balance as at 1 January 2021	25 218	251 038	614 804	510	-3 591	269 454	1 157 433	38	1 157 471
Share capital increase by exercising share options (note 7.9)	180	7 320					7 500		7 500
Transfer of profit to supplementary capital			10 233			(10 233)	0		0
Dividends to shareholders						(253 984)	(253 984)		(253 984)
Creation of reserve capital from the valuation of the share options (note 7.20)			3 148				3 148		3 148
Non-controlling interests arising from the acquisition of a subsidiary (note 7.1)							-	10 568	10 568
Net profit for the reporting period						286 194	286 194	(448)	285 746
Other net comprehensive income for the reporting period					4 341		4 341		4 341
Total net comprehensive income	-	-	-	-	4 341	286 194	290 535	(448)	290 087
Increase / (decrease) in equity capital	180	7 320	13 381	-	4 341	21 977	47 199	10 120	57 319
Balance as at 30 September 2021 (unaudited)	25 398	258 358	628 185	510	750	291 431	1 204 632	10 158	1 214 790

All amounts in PLN '000.

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital from valuation of cash flow hedges	Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholders' equity
Balance as at 1 January 2020	25 068	245 188	543 715	510	(2 161)	271 877	1 084 197	34	1 084 231
Share capital increase by exercising share options	150	5 850	-	-	-	-	6 000	-	6 000
Transfer of profit to supplementary capital	-	-	65 090	-	-	(65 090)	-	-	-
Dividends to shareholders	-	-	-	-	-	(239 575)	(239 575)	-	(239 575)
Creation of reserve capital from the valuation of the share options (note 7.20)	-	-	3 226	-	-	-	3 226	-	3 226
Non-controlling interests arising from the acquisition of a subsidiary	-	-	-	-	-	-	-	-	-
Net profit for the reporting period	-	-	-	-	-	175 231	175 231	(3)	175 228
Other net comprehensive income for the reporting period	-	-	-	-	(2 166)	-	(2 166)	-	(2 166)
Total net comprehensive income	-	-	-	-	(2 166)	175 231	173 065	(3)	173 062
Increase / (decrease) in equity capital	150	5 850	68 316	-	(2 166)	(129 434)	(57 284)	(3)	(57 287)
Balance as at 30 September 2020 (unaudited)	25 218	251 038	612 031	510	(4 327)	142 443	1 026 913	31	1 026 944

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

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

The 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 Warsaw. The Group's companies also operate in the Tricity, Wrocław and Kraków markets.

The Company is a majority-owned subsidiary of Groupe Belleforêt S.à r.l. with its registered office in Luxembourg (see note 7.9). As at 30 September 2021 the parent company Dom Development S.A. was controlled by Groupe Belleforêt S.à r.l. which held 55.74% of the Company's shares.

GENERAL INFORMATION ABOUT THE GROUP

The Group's structure and the parent company interest in the share capital of the entities comprising the Group as at 30 September 2021 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.*	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	77%	77%	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. 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 2021 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.

- Acquisition of shares in Sento S.A.

On 1 July 2021 the Company acquired 77% of the shares in Sento S.A., a company with its registered office in Kraków, from Reno Sp. z o.o., another company with its registered office in Kraków (the "Transaction"). As a result of the Transaction, Dom Development S.A. controls Sento Group which operates in the residential real estate development market in Kraków.

Through this acquisition, Dom Development S.A. Capital Group initiated its real estate development operations in the Kraków market, where Sento Group operates, with a desire to ensure the long-term growth of the consolidated income and profits of the Company.

GROUP'S INTEREST IN THE SHARE CAPITAL OF SENTO S.A.

Group's interest in the share capital of Sento S.A. before the Transaction	-
Group's interest in the share capital of Sento S.A. after the Transaction	77%

The Company paid the initial sale price of PLN 35 379 thousand for the said shares, as calculated according to the formula defined in the share sale agreement. In the agreement, the parties also agreed the manner of calculating the adjusted sale price to account for the revaluation of its net assets at the time of the Transaction. The procedure of setting the adjusted sale price has not yet been completed until the date of the preparation of these condensed consolidated financial statements. The company preliminarily identified assets and liabilities of the acquired company and recognised them as at the date of acquisition in these condensed consolidated financial statements in the predetermined amounts.

Details of the roughly estimated fair value of the acquired net assets, the value of the non-controlling interests and the initial purchase price as at the date of taking over control have been presented below, however that these figures were estimated prior to the completion of sale price adjustment procedure and therefore that are still subject to change.

VALUES OF IDENTIFIABLE ASSETS AND LIABILITIES AT THE ACQUISITION DATE, AT THEIR FAIR VALUE (AT THE PREDEFINED VALUES)

Assets:	
Fixed assets	25 516
Inventory	216 568
Loans granted	2 976
Short-term financial assets (funds in open-end escrow accounts)	1 093
Cash and cash equivalents	6 229
Other current assets	2 597
Total	254 979

Liabilities:	
Deferred tax provision	12 348
Loans, bonds and notes, long-term portion	76 846
Other long-term liabilities and provisions	2 859
Loans, bonds and notes, short-term portion	61 825
Other short-term liabilities and provisions	34 634
Deferred income	20 520
Total	209 032
Net assets at fair value	45 947

Non-controlling interests	(10 568)
Purchase price for the shares in Sento Group	35 379

CASH INFLOW ON THE PURCHASE

Cash acquired by the Group	6 229
Cash paid (of the initial sale price)	(35 379)
Net cash outflow	(29 150)

Impact of the Transaction on the Group's revenue

Between 1 July and 30 September 2021, the Sento Group's sales revenue disclosed in the Group's consolidated income statement was PLN 19 350 thousand (see note 7.15).

The Sento Group's sales revenue for the six-month period ended 30 June 2021 was PLN 39 395 thousand.

Save for the aforementioned transaction, within the three-month period ended 30 September 2021, 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 consolidated 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. In the opinion of the Management Board of the Company, as at the date of approval of these interim condensed consolidated financial statements all the prerequisites have been fulfilled for the going concern assumption in the foreseeable future.

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 2020.

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

7.3 ACCOUNTING POLICIES

Polish law requires the 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 2020, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2021:

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

The introduced amendments were scrutinised by the Management Board of the Company and they do not materially affect the 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 IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or joint venture. They remove the existing inconsistency between IFRS 10 and IAS 28. The effective date for the amendments has not been defined by the International Accounting Standards Board. The approval of this amendment has been postponed by the European Union as at the date of these interim condensed consolidated financial statements,
- IAS 1 *Presentation of Financial Statements*, Amendments to IAS 1 *Presentation of Financial Statements*. The IASB published amendments to IAS 1 which clarify the presentation issue of long-term and short-term liabilities. The published amendments are effective for financial statements for the periods beginning on or after 1 January 2023. These amendments have not been endorsed by the EU as at the date of these interim condensed consolidated financial statements.
- Amendments to IAS 37 *Provisions, Contingent liabilities and Contingent assets*. The amendments to IAS 37 provide clarifications regarding the costs that an entity is to consider when assessing whether a contract is an onerous contract. The amendments are effective for financial statements for the periods beginning on or after 1 January 2022. These amendments have not been endorsed by the EU as at the date of these interim condensed consolidated financial statements.
- Annual improvements to IFRS 2018 - 2020 introduce improvements to the following standards: IFRS 1 *first-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial instruments*, IAS 41 *Agriculture*, and examples illustrating IFRS 16 *Leases*. The amendments include clarifications and fine tune guidelines for standards in respect of recognition and measurement. These improvements have not been endorsed by the EU as at the date of these interim condensed consolidated financial statements.
- Amendments to IAS 1 *Presentation of Financial Statements* and the IFRS Advisory Council's guidance on disclosure of accounting policies in practice. The amendment to IAS 1 requires disclosure of material information on accounting policies as defined in the standard. The amendment clarifies that information on accounting policies is material if, in the absence of such information, users of financial statements would not be able to understand other material information in the financial statements. Moreover, the Advisory Council's guidance on the application of the materiality concept have also been amended to provide guidance on the application of the concept of materiality to disclosures of accounting policies. These amendments have not been endorsed by the EU as at the date of these interim condensed consolidated financial statements.
- Amendments to IFRS 16 *Leases*. On 28 May 2020, the IASB published an amendment to IFRS 16 in response to changes in lease agreements related to the coronavirus pandemic (COVID-19). Lessees may enjoy rent concessions that may take different forms, such as rent deferrals or rent holidays. Accordingly, the IASB introduced a simplification of assessment whether such changes constitute lease modification. Lessees may simplify accounting by electing not to apply the IFRS 16 guidelines for lease modification. As a result, rent deferrals and rent holidays under the lease will be recognised as variable lease payments during the period in which the event or condition occurs which results in the reduced payment. These amendments have not been endorsed by the EU as at the date of these interim condensed consolidated financial statements.
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. In February 2021, the Council published an amendment to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors in the Definition of Estimates. This amendment to IAS 8 explains how entities should distinguish changes in accounting policies from changes in accounting estimates. These amendments have not been endorsed by the EU as at the date of these interim condensed 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 DEVELOPEMNT PROJECTS

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

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

RECOGNITION OF REVENUE FROM THE SALE OF PRODUCTS

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

SEASONALITY

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

7.5 TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS	30.09.2021 (unaudited)	31.12.2020
Tangible fixed assets, including:		
Technical equipment and other tangible fixed assets	5 460	5 573
Vehicles	4 048	3 530
Land and buildings	930	821
Right-of-use of office space*)	25 451	28 208
Total	35 889	38 132

*) Right-of-use of office space results from the application of IFRS 16 Leases. This asset is amortised over the lease term.

As at 30 September 2021 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 fixed assets.

7.6 INVENTORY

INVENTORY	30.09.2021 (unaudited)	31.12.2020
Advances on deliveries	282 022	223 612
including: at purchase prices/production costs	282 022	223 612
write down to the net realisable value	-	-
Semi-finished goods and work in progress	2 371 612	1 821 819
including: at purchase prices/production costs	2 338 109	1 793 406
rights of perpetual usufruct of land (lease)	61 825	57 604
write down to the net realisable value	(28 322)	(29 191)
Finished goods	198 102	378 083
including: at purchase prices/production costs	205 575	385 633
write down to the net realisable value	(7 473)	(7 550)
Total	2 851 736	2 423 514

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

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

CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED	30.09.2021 (unaudited)	31.12.2020
MORTGAGES - value of mortgages to secure liabilities under:		
Real estate purchase agreements	-	-
Loan agreements of the Company	-	-
Loan agreements of the Company and Group companies	711 000	502 500

7.7 SHORT-TERM FINANCIAL ASSETS

SHORT-TERM FINANCIAL ASSETS	30.09.2021 (unaudited)	31.12.2020
Bank deposits with a maturity over three months	-	-
Cash in open-end residential escrow accounts	55 196	50 463
Other short-term financial assets	21 679	-
Total	76 875	50 463

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

Cash received from the 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 Company 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	30.09.2021 (unaudited)	31.12.2020	30.09.2020 (unaudited)
Cash in hand and at bank	215 379	578 667	219 194
Short-term deposits	400 433	6 956	161 345
Other	30	41	41
Total	615 842	585 664	380 580

7.9 SHARE CAPITAL

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

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

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

SHARE CAPITAL STRUCTURE FOR THE COMPANY AS AT 30 SEPTEMBER 2021

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

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

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

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

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

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

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

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

The Members of the Management Board and the Supervisory Board of the Company did not hold any shares in other companies operating within the Group, except for in Dom Land Sp. z o.o., in which Jarosław Szanajca, Grzegorz Kiełpsz and Mark Spiteri held 20% shares each 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 2021

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

As a result of the acquisition of 77% of the shares in Sento S.A. on 1 July 2021, the loans with Getin Noble Bank were disclosed in the Group's balance sheet. These loans were taken by Sento Group companies under agreements signed before 1 July 2021.

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

LOANS DUE WITHIN	30.09.2021 (unaudited)	31.12.2020
Less than 1 year	550	-
More than 1 year and less than 2 years	27 360	10 000
More than 2 years and less than 5 years	18 320	-
Over 5 years	-	-
Total loans	46 230	10 000
including: long-term	45 680	10 000
short-term	550	-

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

BANK LOANS AS AT 30.09.2021

Bank	Registered office	Loan amount as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
PKO BP	Warsaw	150 000	PLN	-	PLN	26.02.2023
mBank	Warsaw	185 000	PLN	-	PLN	31.01.2023
Millennium	Warsaw	50 000	PLN	-	PLN	18.12.2022
Getin Noble Bank	Warsaw	9 500	PLN	550	PLN	20.09.2022
Getin Noble Bank	Warsaw	34 500	PLN	27 360	PLN	20.03.2023
Getin Noble Bank	Warsaw	45 000	PLN	18 320	PLN	20.12.2023
Total bank loans				46 230	PLN	

CORE DETAILS CONCERNING CREDIT LINES HELD BY THE COMPANY

- **Loan at PKO BP**
Revolving loan in the credit facility account up to PLN 150 000 thousand. Pursuant to the agreement with the bank, Euro Styl S.A. may use up to PLN 50 000 thousand of this credit limit. As at 30 September 2021, both Euro Styl S.A. and Dom Development S.A. have not drawn any funds therefrom.
- **Credit at mBank**
Revolving loan in the credit facility account up to PLN 185 000 thousand. Under the said agreement, Dom Development Wrocław Sp. z o.o. may use up to PLN 60 000 thousand of this credit limit, and Euro Styl S.A. may use up to PLN 100 000 thousand of this credit limit. As at 30 September 2021, no funds were drawn from this credit line either by Dom Development S.A. or other Group companies.
- **Loan at Millennium Bank**
Revolving loan up to PLN 50 000 thousand. As at 30 September 2021 Dom Development S.A. has not drawn any funds from the said credit limit.

- Getin Noble Bank loans
 - The bank agreed, on the terms set out in the agreement dated 15 January 2020, to extend to Sento 32 Sp. z o.o. Sk. an investment loan of up to PLN 9 000 thousand to partially finance and refinance the net costs of the Sensity, stage 3, project and a VAT loan of up to PLN 500 thousand to finance output VAT liabilities charged in connection with supplies of goods and services, which were costs of the project financed by the said investment loan;
 - The bank agreed, on the terms set out in the agreement dated 25 March 2020, to extend to Sento 31 Sp. z o.o. Sk. an investment loan of up to PLN 32 500 thousand to partially finance and refinance the net costs of the SenToTu, stage 1, project and a VAT loan of up to PLN 2 000 thousand to finance output VAT liabilities charged in connection with supplies of goods and services, which were costs of the project financed by the said investment loan;
 - The bank agreed, on the terms set out in the agreement dated 9 April 2020, to extend to Sento 31 Sp. z o.o. Sk. an investment loan of up to PLN 43 500 thousand to partially finance and refinance the net costs of the SenToTu, stage 2, project and a VAT loan of up to PLN 1 500 thousand to finance output VAT liabilities charged in connection with supplies of goods and services, which were costs of the project financed by the said investment loan.

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	30.09.2021 (unaudited)	31.12.2020
Nominal value of the bonds issued, long-term portion	360 470	250 000
Nominal value of the bonds issued, short-term portion	79 187	110 000
Nominal value of the bonds issued	439 657	360 000

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 PeKaO S.A.
Under this agreement, Dom Development S.A. is allowed to issue mid-term bonds (with a maturity over 1 year and under 7 years) with an aggregate value of no more than PLN 400 million, which is to be construed as the nominal value of all issued and unredeemed bonds on any day during the term of the Programme. In accordance with the agreement, bonds may be issued by the Company as various series by 5 November 2021.
- Agreement with Trigon Dom Maklerski S.A. and Trigon Investment Banking Spółka z ograniczoną odpowiedzialnością & Wspólnicy S.K.
Pursuant to the agreement, Dom Development S.A. may issue bonds with a total value of up to PLN 400 million, understood as the nominal value of all outstanding bonds. The limit of the Programme is renewable. In accordance with the agreement, bonds may be issued by the Company as various series by 17 November 2027.
- Bonds issued by Sento S.A.
The bonds were issued Sento S.A. under agreements concluded by that company with respective private investors, without a third-party acting as an agent.

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

In the three-month period ended 30 September 2021, the total bond issue liabilities changed only as regards bonds issued by Sento S.A. before the date that the Company acquired 77% shares in Sento S.A., i.e. before 1 July 2021.

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

BONDS ISSUED AS AT 30.09.2021

Series	Issue date	Amount	Currency	Maturity date
DOMDE6151121	15.11.2016	77 924	PLN	15.11.2021
DOMDET1151222	15.12.2017	50 000	PLN	15.12.2022
DOMDET2091023	09.10.2018	50 000	PLN	09.10.2023
DOMDET3121224	12.12.2019	50 000	PLN	12.12.2024
DOMDET4250925	25.09.2020	100 000	PLN	25.09.2025
DOMDET5120526	12.05.2021	110 000	PLN	12.05.2026
GF12	12.05.2017	600	PLN	01.06.2022
GF14	08.06.2017	663	PLN	11.07.2022
GF20	09.02.2018	470	PLN	09.03.2023
Total		439 657	PLN	

7.12 ACCRUED INTEREST ON LOANS AND BONDS

ACCRUED INTEREST ON LOANS AND BONDS	30.09.2021 (unaudited)	31.12.2020
Accrued interest on bonds	3 157	1 399
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	3 157	1 399

7.13 LEASE LIABILITIES

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

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

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

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

LEASE LIABILITIES	30.09.2021 (unaudited)	31.12.2020
Lease liabilities, short-term portion, including:	71 756	89 992
liabilities on account of perpetual usufruct right of land	65 520	83 950
liabilities on account of the right of use of office space	6 135	5 874
Other	101	168
Lease liabilities, long-term portion, including:	21 774	24 642
liabilities on account of the right of use of office space	21 768	24 573
Other	6	69
Total	93 530	114 634

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 use of these properties for development projects.

As estimated by the Management Board based on property development projects planned on specific land to which the Group held the perpetual usufruct right as at 30 September 2021, out of PLN 65 520 thousand of the land-related lease liabilities recognised as short-term:

- PLN 3 827 thousand is payable by the Group within 12 months following the balance sheet date,
- PLN 6 817 thousand is payable by the Group later than 12 months following the balance sheet date,
- PLN 54 876 thousand 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	30.09.2021 (unaudited)	31.12.2020
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement	1 351 157	1 111 129
Other	-	-
Total	1 351 157	1 111 129

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 and Wrocław markets, and in the Kraków market since 1 July 2021. The operations on the Wrocław, Tricity and Kraków markets are carried out through the Group’s 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 Kraków 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 30.09.2020
(unaudited)**

	Warsaw segment	Wrocław segment	Tricity segment	Kraków segment	Total
Sales revenue	978 199	206 411	271 960	19 350	1 475 920
Gross profit on sales, before the allocation of purchase price *)	348 568	53 998	94 299	5 287	502 152
Allocation of Euro Styl Group and Sento Group purchase price **)			(3 651)	(5 304)	(8 955)
Gross profit on sales after the allocation of purchase price	348 568	53 998	90 648	(17)	493 197
Selling costs, and general administrative expenses					(134 068)
Other operating income and expenses, net					(845)
Operating profit					358 284
Financial income and costs, net					(4 171)
Profit before tax					354 113
Income tax					(68 367)
Net profit					285 746

**FIGURES FOR THE THREE-MONTH PERIOD
ENDED 30.09.2021
(unaudited)**

	Warsaw segment	Wrocław segment	Tricity segment	Kraków segment	Total
Sales revenue	124 063	17 209	170 875	19 350	331 497
Gross profit on sales, before the allocation of purchase price *)	49 675	5 452	59 326	5 287	119 740
Allocation of Euro Styl Group and Sento Group purchase price **)			(1 377)	(5 304)	(6 681)
Gross profit on sales after the allocation of purchase price	49 675	5 452	57 949	(17)	113 059
Selling costs, and general administrative expenses					(45 141)
Other operating income and expenses, net					759
Operating profit					68 677
Financial income and costs, net					(2 907)
Profit before tax					65 770
Income tax					(12 546)
Net profit					53 224

**FIGURES FOR THE NINE-MONTH PERIOD
ENDED 30.09.2020
(unaudited)**

	Warsaw segment	Wrocław segment	Tricity segment	Kraków segment	Total
Sales revenue	746 184	101 125	288 043	-	1 135 352
Gross profit on sales, before the allocation of purchase price *)	229 196	27 238	103 678	-	360 112
Allocation of the Euro Styl S.A. Capital Group purchase price **)	-	-	(4 482)	-	(4 482)
Gross profit on sales after the allocation of purchase price	229 196	27 238	99 196	-	355 630
Selling costs, and general administrative expenses					(123 609)
Other operating income and expenses, net					(4 228)
Operating profit					227 793
Financial income and costs, net					(9 303)
Profit before tax					218 490
Income tax					(43 262)
Net profit					175 228

**FIGURES FOR THE THREE-MONTH PERIOD
ENDED 30.09.2020
(unaudited)**

	Warsaw segment	Wrocław segment	Tricity segment	Kraków segment	Total
Sales revenue	143 832	72 734	146 625	-	363 191
Gross profit on sales, before the allocation of purchase price *)	44 494	21 606	52 213	-	118 313
Allocation of the Euro Styl S.A. Capital Group purchase price **)	-	-	(2 076)	-	(2 076)
Gross profit on sales after the allocation of purchase price	44 494	21 606	50 137	-	116 237
Selling costs, and general administrative expenses					(41 733)
Other operating income and expenses, net					(617)
Operating profit					73 887
Financial income and costs, net					(1 867)
Profit before tax					72 020
Income tax					(14 460)
Net profit					57 560

*) For the Tricity and the Kraków markets, the gross profit on sales results from the financial data of the Euro Styl S.A. Group and Sento Group and does not include the cost of the Euro Styl S.A. Capital Group and Sento Group acquisition that was additionally allocated in the consolidation as resulting from the measurement of inventory as at the purchase date at fair value (see also the comments below).

**) The additional cost resulting from the allocation of the Euro Styl Group and Sento Group acquisition prices. This cost is the difference between the carrying value of the Euro Styl S.A. Capital Group's and Sento Group's inventory and the fair value assessed as at the date when these groups were acquired by the Company. This cost in the consolidated financial statements is adequately recognised as production cost of products sold that was accounted for in the income statement in the specific financial period.

7.16 SALES REVENUE AND COST OF SALES

ANALYSIS OF SALES REVENUE AND COST OF SALES	Nine-month period ended 30.09.2021 (unaudited)	Nine-month period ended 30.09.2020 (unaudited)	Nine-month period ended 30.09.2021 (unaudited)	Three-month period ended 30.09.2020 (unaudited)
Sales of finished goods	1 455 511	1 083 140	326 544	354 756
Sales of services	20 343	13 566	4 926	4 329
Sales of goods (land)	66	38 646	27	4 106
Sales revenue, total	1 475 920	1 135 352	331 497	363 191
Cost of finished goods sold	(967 556)	(734 148)	(215 573)	(237 924)
Cost of services sold	(16 102)	(12 433)	(3 809)	(4 023)
Cost of goods sold	(11)	(33 374)	(2)	(5 007)
Inventory write down to the net realisable value	946	233	946	-
Cost of sales, total	(982 723)	(779 722)	(218 438)	(246 954)
Gross profit on sales	493 197	355 630	113 059	116 237

7.17 INCOME TAX IN THE INCOME STATEMENT

INCOME TAX	Nine-month period ended 30.09.2021 (unaudited)	Nine-month period ended 30.09.2020 (unaudited)	Nine-month period ended 30.09.2021 (unaudited)	Three-month period ended 30.09.2020 (unaudited)
Current income tax	(130 837)	(38 706)	(38 091)	(11 265)
Deferred tax in the income statement	62 470	(4 556)	25 545	(3 195)
Total	(68 367)	(43 262)	(12 546)	(14 460)

7.18 EARNINGS PER SHARE

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	Nine-month period ended 30.09.2021 (unaudited)	Nine-month period ended 30.09.2020 (unaudited)	Nine-month period ended 30.09.2021 (unaudited)	Three-month period ended 30.09.2020 (unaudited)
BASIC EARNINGS PER SHARE				
Profit for calculation of the basic earnings per share	286 194	175 231	53 670	57 561
The weighted average number of ordinary shares for the calculation of basic earnings per share	25 366 114	25 168 604	25 398 422	25 218 422
Basic earnings per share (in PLN)	11.28	6.96	2.11	2.28

DILUTED EARNINGS PER SHARE				
Profit for calculation of the diluted earnings per share	286 194	175 231	53 670	57 561
Potential diluting shares related to the Management Share Option Programme	215 984	174 582	218 877	195 966
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	25 582 099	25 343 186	25 617 299	25 414 388
Diluted earnings per share (in PLN)	11.19	6.91	2.10	2.26

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 2021 and 2020, the Company was a party to transactions with related entities, as listed below.

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

Counterparty	Transaction description	01.07.-30.09. 2021 (unaudited)	01.07.-30.09. 2020 (unaudited)
Woodsford Consulting Limited	Consulting services as per the agreement dated 27.06.2007 as annexed	616	267
Hansom Property Company Limited	Consulting services as per the agreement dated 02.01.2001 as annexed	139	124
M&M Usługi Doradcze M. Kolarski	Consulting services	51	17

DOM DEVELOPMENT S.A. AS A DIVIDEND PAYER:

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

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

	Receivables from related entities		Liabilities to related entities	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
Other entities	100	9 835	392	288
Dom Land sp. z o.o.	100	9 835	148	-
M&M Usługi Doradcze M. Kolarski	-	-	-	-
Hansom Property Company Limited	-	-	-	125
Woodsford Consulting Limited	-	-	244	163

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

7.20 INCENTIVE PLAN – MANAGEMENT OPTION PROGRAMMES

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

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

EXERCISE OF SHARE OPTIONS

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

EXPIRY OF SHARE OPTIONS

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

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

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

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

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

7.21 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES	30.09.2021 (unaudited)	31.12.2020
Guarantees	13 824	963
Sureties	15 605	25 055
Total	29 429	26 018

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

COLLATERALS FOR LIABILITIES	30.09.2021 (unaudited)	31.12.2020
Promissory notes, including:		
- promissory notes as other security	3 400	2 000
- promissory notes as a security for lease agreements	-	1
Total	3 400	2 001

In the three-month period ended 30 September 2021 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 30 SEPTEMBER 2021

As at 30 September 2021 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

In Q3 2021, Dom Development S.A. Capital Group started to operate in the Kraków market which strengthened the Group's leadership on the Polish residential market. On 1 July 2021 Dom Development S.A. acquired a controlling stake of 77% of the shares in Sento S.A., a developer with many years of experience in the development of upper-standard residential buildings in Kraków. In the next years the Management Board of the Company intends to develop its business on this market by combining the extensive organisational and financial background of Dom Development S.A. Capital Group with the local experience of Sento S.A.

The Management Board is of the opinion that in Q3 2021 the market situation was favourable in all agglomerations where the Group operates. The demand for housing was high in all market segments and was mainly driven by the persistently low interest rates and rising inflation. These two factors encouraged investing savings in real estate, which was still a more attractive investment compared to bank deposits with their negative real interest rates. At the same time, the low cost of funding and high availability of mortgages translated into high demand for apartments, also amongst customers, who had to support their purchase with a mortgage. However, the extended waiting time for credit decisions due to large number of mortgage applications at banks, combined with the propensity to invest savings in real estate, contributed to increased share of cash purchases, which went up to 45% of all transactions effected by the Group in Q3 2021.

The market supply of flats in Q3 2021 was under strong pressure due to the scarcity of land suitable for starting property development projects quickly to generate satisfactory margins. Extended time of waiting for administrative permits and decisions was a major challenge, especially in Warsaw. Taking into account the market background, the Management Board is of the opinion that the Group developed its real estate projects effectively in Q3 2021, and built the potential of future results through the acquisition of new land. Over the three months ended 30 September 2021, the Group started six projects with 1 147 units. Detailed information on the projects in progress and completed by Dom Development S.A. Capital Group in the nine-month period ended 30 September 2021 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 2021

DEVELOPMENT PROJECTS COMMENCED FROM 1 JANUARY 2021 UNTIL 30 SEPTEMBER 2021:

PROJECT	COMPANY	LOCATION	NUMBER OF APARTMENTS AND RETAIL UNITS
Apartamenty Służewiec	Dom Development S.A.	Warsaw	37
Dzielnica Mieszkaniowa Metro Zachód, stage 3 phase 1	Dom Development S.A.	Warsaw	145
Wilno IV, phase 3	Dom Development S.A.	Warsaw	154
Wilno IV, phase 5	Dom Development S.A.	Warsaw	158
Osiedle Przy Błoniach, building 2	Euro Styl S.A.	Tricity	45
Zielony Południk, building 15	Euro Styl S.A.	Tricity	48
Zielony Południk, buildings 16, 17, 22, 23	Euro Styl S.A.	Tricity	90
Apartamenty Ołtaszyn	Dom Development Wrocław Sp. z o.o.	Wrocław	158
Q1 2021	DOM DEVELOPMENT S.A. CAPITAL GROUP		835
Dzielnica Mieszkaniowa Metro Zachód, stage 3 phase 2	Dom Development S.A.	Warsaw	153
Osiedle Przy Błoniach, buildings 3 and 4	Euro Styl S.A.	Tricity	110
Dynamika, buildings A and B	Euro Styl S.A.	Tricity	90
Dynamika, buildings C and D	Euro Styl S.A.	Tricity	106
Wydma	Euro Styl S.A.	Tricity	59
Osiedle Komedy, phase 3	Dom Development Wrocław Sp. z o.o.	Wrocław	127
Q2 2021	DOM DEVELOPMENT S.A. CAPITAL GROUP		645
Osiedle Ceramiczna	Dom Development S.A.	Warsaw	346
Osiedle Urbino	Dom Development S.A.	Warsaw	124
Osiedle Boksterska 71	Dom Development S.A.	Warsaw	234
Dzielnica Mieszkaniowa Metro Zachód, stage 11 phase 2	Dom Development S.A.	Warsaw	88
DOKI, building E and F	Euro Styl S.A.	Tricity	311
Zielony Południk, building 24 and 25	Euro Styl S.A.	Tricity	44
Q3 2021	DOM DEVELOPMENT S.A. CAPITAL GROUP		1 147
	DOM DEVELOPMENT S.A. CAPITAL GROUP		2 627
IN TOTAL: UNITS WITH CONSTRUCTION STARTED IN Q1-Q3 2021	DOM DEVELOPMENT S.A.	Warsaw	1 439
	EURO STYL S.A.	Tricity	903
	DOM DEVELOPMENT WROCLAW SP. Z O.O.	Wrocław	285

DEVELOPMENT PROJECTS COMPLETED FROM 1 JANUARY 2021 UNTIL 30 SEPTEMBER 2021:

PROJECT	COMPANY	LOCATION	NUMBER OF APARTMENTS AND RETAIL UNITS
Wilno VI, stage 3 phase 2	Dom Development S.A.	Warsaw	228
Osiedle Przy Błoniach, building C	Euro Styl S.A.	Tricity	28
Osiedle Przy Błoniach, building D	Euro Styl S.A.	Tricity	36
Idylla, stage 2	Dom Development Wrocław Sp. z o.o.	Wrocław	144
Dom na Kurkowej	Dom Development Wrocław Sp. z o.o.	Wrocław	118
Q1 2021	DOM DEVELOPMENT S.A. CAPITAL GROUP		554
Dzielnica Mieszkaniowa Metro Zachód, phase 1	Dom Development S.A.	Warsaw	134
Zielony Południk, building 5	Euro Styl S.A.	Tricity	22
Zielony Południk, building 6	Euro Styl S.A.	Tricity	22
Zielony Południk, building 7	Euro Styl S.A.	Tricity	22
Zielony Południk, building 8	Euro Styl S.A.	Tricity	23
Locus building 3	Euro Styl S.A.	Tricity	71
Beauforta, building 17	Euro Styl S.A.	Tricity	24
Osiedle Komedy, phase 1	Dom Development Wrocław Sp. z o.o.	Wrocław	102
Q2 2021	DOM DEVELOPMENT S.A. CAPITAL GROUP		420
Osiedle Wilno V, phase 1	Dom Development S.A.	Warsaw	326
Beauforta, building 18	Euro Styl S.A.	Tricity	35
Beauforta, building 19	Euro Styl S.A.	Tricity	32
Beauforta, building 20	Euro Styl S.A.	Tricity	38
Osiedle CIS	Euro Styl S.A.	Tricity	148
Dawna Poczta	Euro Styl S.A.	Tricity	106
Q3 2021	DOM DEVELOPMENT S.A. CAPITAL GROUP		685
	DOM DEVELOPMENT S.A. CAPITAL GROUP		1 659
IN TOTAL:	DOM DEVELOPMENT S.A.	Warsaw	688
UNITS WITH CONSTRUCTION ENDED IN Q1-Q3 2021	EURO STYL S.A.	Tricity	607
	DOM DEVELOPMENT WROCŁAW SP. Z O.O.	Wrocław	364

INFORMATION ON DELIVERIES OF RESIDENTIAL AND RETAIL UNITS

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

NUMBER OF APARTMENTS AND RETAIL UNITS DELIVERED					
COMPANY	LOCATION	01.07-30.09 2021	01.07-30.09 2020	01.01-30.09 2021	01.01-30.09 2020
Dom Development S.A.	Warsaw	141	195	1 342	1 125
Euro Styl S.A.	Tricity	394	315	671	542
Dom Development Wrocław Sp. z o.o.	Wrocław	23	182	467	266
Sento S.A. *)	Kraków	41	-	41	-
TOTAL		599	692	2 521	1 933

*) The deliveries apply to all Sento Group companies

7.24 DIVIDEND AND PROFIT DISTRIBUTION

In the three-month period ended 30 September 2021 neither the Company nor the Group companies paid any dividends.

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

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 in the three-month period ended 30 September 2021.

7.26 MATERIAL POST-BALANCE SHEET EVENTS

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

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

7.27 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	30.09.2021 in EUR '000 (unaudited)	31.12.2020 in EUR '000
Total current assets	778 826	689 619
Total assets	802 517	704 951
Total shareholders' equity	262 209	250 817
Long-term liabilities	126 131	93 396
Short-term liabilities	414 177	360 738
Total liabilities	540 308	454 134
PLN/EURO exchange rate as at the balance sheet date	4.6329	4.6148

SELECTED DATA FROM THE INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT	Nine-month period ended 30.09.2021 (unaudited)	Nine-month period ended 30.09.2020 (unaudited)	Three-month period ended 30.09.2021 (unaudited)	Three-month period ended 30.09.2020 (unaudited)
Sales revenue	323 774	255 595	72 361	81 733
Gross profit on sales	108 193	80 061	24 679	26 158
Operating profit	78 597	51 282	14 991	16 628
Profit before tax	77 682	49 187	14 357	16 207
Net profit	62 684	39 448	11 618	12 953
Average PLN/EURO exchange rate for the reporting period	4.5585	4.4420	4.5811	4.4436