

DOM DEVELOPMENT S.A. CAPITAL GROUP

**INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD
ENDED 30 SEPTEMBER 2022**



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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 2022, comprising:

- interim condensed consolidated balance sheet as at 30 September 2022,
- interim condensed consolidated income statement for the nine-month and three-month periods ended 30 September 2022,
- interim condensed consolidated statement of comprehensive income for the nine-month and three-month periods ended 30 September 2022,
- interim condensed consolidated statement of changes in consolidated shareholders' equity for the nine-month period ended 30 September 2022,
- interim condensed consolidated cash flow statement for the nine-month period ended 30 September 2022,
- 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 2022.

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 2022 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	30.09.2022 (unaudited)	31.12.2021
Fixed assets			
Intangible assets		19 626	20 193
Tangible fixed assets	7.5	35 111	35 266
Deferred tax assets		43 136	31 583
Long-term receivables		12 637	11 499
Other long-term assets		34 619	11 652
TOTAL FIXED ASSETS		145 129	110 193
Current assets			
Inventory	7.6	3 429 212	3 025 168
Trade and other receivables		94 768	66 685
Corporate income tax receivables		1 036	822
Other current assets		8 700	5 174
Loans granted		-	-
Short-term financial assets	7.7	133 629	62 560
Cash and cash equivalents	7.8	337 151	607 041
TOTAL CURRENT ASSETS		4 004 496	3 767 450
TOTAL ASSETS		4 149 625	3 877 643
EQUITY AND LIABILITIES			
	Note	30.09.2022 (unaudited)	31.12.2021
Shareholders' equity			
Share capital	7.9	25 548	25 398
Share premium	7.9	264 208	258 358
Other capital (supplementary capital)		665 739	626 738
Reserve capital from valuation of cash flow hedges		21 701	7 647
Reserve capital on account of the obligation to redeem non-controlling interests		-	(10 568)
Reserve capital from reduction of share capital		510	510
Unappropriated profit		285 160	332 367
Equity attributable to the shareholders of parent company		1 262 866	1 240 450
Non-controlling interests		65	8 728
TOTAL SHAREHOLDERS' EQUITY		1 262 931	1 249 178
Long-term liabilities			
Loans, long-term portion	7.10	-	31 414
Bonds, long-term portion	7.11	310 000	310 470
Deferred tax provision		30 294	26 952
Long-term provisions		45 177	26 573
Lease liabilities, long-term portion	7.13	19 004	21 014
Other long-term liabilities		100 311	106 260
TOTAL LONG-TERM LIABILITIES		504 786	522 683
Short-term liabilities			
Trade payables, tax and other liabilities		428 412	345 021
Loans, short-term portion	7.10	35 226	-
Bonds, short-term portion	7.11	50 470	51 263
Accrued interest on loans and bonds	7.12	4 745	1 598
Lease liabilities, short-term portion	7.13	65 799	69 474
Corporate income tax payables		40 250	46 915
Dividends payables	7.24	-	-
Short-term provisions		37 751	35 996
Deferred income	7.14	1 719 255	1 555 515
TOTAL SHORT-TERM LIABILITIES		2 381 908	2 105 782
TOTAL LIABILITIES		2 886 694	2 628 465
TOTAL EQUITY AND LIABILITIES		4 149 625	3 877 643

All amounts in PLN '000.

3 INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Nine-month period ended 30.09.2022 (unaudited)	Nine-month period ended 30.09.2021 (unaudited)	Three-month period ended 30.09.2022 (unaudited)	Three-month period ended 30.09.2021 (unaudited)
Sales revenue	7.16	1 649 014	1 475 920	320 189	331 497
Cost of sales	7.16	(1 158 370)	(982 723)	(235 015)	(218 438)
Gross profit on sales	7.16	490 644	493 197	85 174	113 059
Selling costs		(55 850)	(46 427)	(19 071)	(14 572)
General administrative expenses		(111 779)	(87 641)	(37 505)	(30 569)
Other operating income		5 912	5 669	2 780	2 170
Other operating expenses		(18 906)	(6 514)	(3 892)	(1 411)
Operating profit		310 021	358 284	27 486	68 677
Financial income		19 752	3 725	4 623	808
Financial costs		(6 632)	(7 896)	(2 041)	(3 715)
Profit before tax		323 141	354 113	30 068	65 770
Income tax	7.17	(63 542)	(68 367)	(6 292)	(12 546)
Net profit from continued operations		259 599	285 746	23 776	53 224
Net profit from discontinued operations*)		-	-	-	-
Net profit		259 599	285 746	23 776	53 224
Net profit attributable to:					
Shareholders of the parent company		259 560	286 194	23 778	53 670
Non-controlling interests		39	(448)	(2)	(446)
Earnings per share attributable to shareholders of the parent company					
Basic (in PLN)	7.18	10.17	11.28	0.93	2.11
Diluted (in PLN)	7.18	10.16	11.19	0.93	2.10

*) In the three-month and the nine-month periods ended 30 September 2022 and 2021 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 30.09.2022 (unaudited)	Nine-month period ended 30.09.2021 (unaudited)	Nine-month period ended 30.09.2022 (unaudited)	Three-month period ended 30.09.2021 (unaudited)
Net profit	259 599	285 746	23 776	53 224
Other comprehensive income:				
Net change to cash flow hedges	17 351	5 359	(1 686)	2 467
Items to be accounted for in the income statement	17 351	5 359	(1 686)	2 467
Items not to be accounted for in the income statement				
Other net comprehensive income / (loss), before tax	17 351	5 359	(1 686)	2 467
Income tax on other net comprehensive income to be accounted for in the income statement	(3 297)	(1 018)	320	(469)
Other net comprehensive income	14 054	4 341	(1 366)	1 998
Total net comprehensive income	273 653	290 087	22 410	55 222
Net comprehensive income attributable to:				
Shareholders of the parent company	273 614	290 535	22412	55 668
Non-controlling interests	39	(448)	(2)	(446)

All amounts in PLN '000.

5 INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Nine-month period ended 30.09.2022 (unaudited)	Nine-month period ended 30.09.2021 (unaudited)
Cash flow from operating activities			
Profit before tax		323 141	354 113
Adjustments:			
Depreciation		12 534	11 404
(Profit)/loss on foreign exchange differences		837	1
(Profit)/loss on investments		(838)	26
Interest cost/(income)		11 815	10 725
Cost of the valuation of management option programmes		492	3 148
Changes in the operating capital:			
Changes in provisions		48	(886)
Changes in inventory		(175 085)	(202 621)
Changes in receivables		(8 534)	4 675
Changes in short-term liabilities, excluding loans and bonds		37 997	(39 263)
Changes in prepayments and deferred income		87 017	215 866
Other adjustments		(248)	174
Cash flow generated from operating activities		289 176	357 362
Interest received		5 200	42
Interest paid		(9 475)	(9 234)
Income tax paid		(90 552)	(44 718)
Net cash flow from operating activities		194 349	303 452
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		2 545	585
Proceeds from borrowings granted		-	40 999
Borrowings granted		(412)	(50 917)
Acquisition of intangible and tangible fixed assets		(12 130)	(10 797)
Acquisition of financial assets and additional contributions to the capital		(189 345)	(41 463)
Net cash flow from investing activities		(199 342)	(61 593)
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)	7.9	6 000	7 500
Proceeds from contracted loans and borrowings	7.10	56 593	56 212
Proceeds from commercial papers issued	7.11	-	110 014
Repayment of loans and borrowings	7.10	(54 728)	(71 021)
Redemption of commercial papers	7.11	(4 150)	(60 272)
Dividends paid		(268 258)	(253 984)
Payment of lease liabilities		(354)	(130)
Net cash flow from financing activities		(264 897)	(211 681)
Increase / (decrease) in net cash and cash equivalents		(269 890)	30 178
Cash and cash equivalents – opening balance	7.8	607 041	585 664
Cash and cash equivalents – closing balance	7.8	337 151	615 842

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 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 (note 7.24)	-	-	-	-	-	-	(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.

	Share capital	Share premium less treasury shares	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 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	180	7 320	-	-	-	-	-	7 500	-	7 500
Transfer of profit to supplementary capital	-	-	10 233	-	-	-	(10 233)	-	-	-
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	-	-	-	-	-	-	-	-	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.

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 2022 the parent company Dom Development S.A. was controlled by Groupe Belleforêt S.à r.l. which held 55.41% 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 2022 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	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

*) 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 Company holds, directly and indirectly, 100% of the shares in Sento S.A.; Company's direct shareholding is 93.7% of the shares in Sento S.A. and the remaining 6.3% of the shares are held by Dom Development Kraków Sp. z o.o.

***) Formerly Buma Development 12 Sp. z o.o.

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 2022 the Group did not discontinue any of its activities.

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

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

Dom Development Kraków Sp. z o.o. was created in February 2022 in order to concentrate our property development operations on the Cracow market within a single business entity. The concentration process continued in Q3 2022. On 8 September 2022, a merger took place between Dom Development Kraków Sp. z o.o. as acquiring company and Buma Development 21 Sp. z o.o., Buma Development 22 Sp. z o.o., Buma Development Sp. z o.o. and Buma Management Sp. z o.o. as acquired companies.

- Determination of the final purchase price of the BUMA Group companies

On 28 February 2022, the Company signed sale agreement with Giovanni Fundusz Inwestycyjny Zamknięty with its registered office in Cracow (hereinafter the "Seller"), whereby the Company acquired 100% of the shares in the following BUMA Group companies: Buma Development Sp. z o.o., Buma Management Sp. z o.o., Buma Development 22 Sp. z o.o., Buma Development 21 Sp. z o.o., Buma Development 20 Sp. z o.o., Buma Development 12 Sp. z o.o., Buma Development 8 Sp. z o.o., while Dom Construction Sp. z o.o., a 100% subsidiary of the Company, acquired 100% of the shares in Buma Contractor 1 Sp. z o.o. (hereinafter the "Transaction").

The Transaction's value, as per the initial purchase price, was PLN 209.5m, which consisted of the initial total sale price of the shares in the above mentioned entities, amounting to PLN 151.4m (of which the initial price for the shares acquired directly by the Company was PLN 122.3m and the initial price paid by Dom Construction Sp. z o.o. amounted to PLN 29.1m), and PLN 58.1m for the subrogation of loans extended by the Seller to the companies acquired under the Transaction.

According to the provisions of the purchase agreement, the above mentioned purchase prices for the shares were initial prices based largely on the carrying amount of the net assets of the acquired companies as at 30 November 2021. The determination of the final sale price was based, inter alia, on the net asset value of the acquired companies as at 28 February 2022. The process of determining the final purchase price was completed on 15 July 2022 by the parties to the agreement signing a statement confirming the final purchase price.

On its basis, the Transaction value described above was reduced by PLN 5.3m to PLN 204.2m. The purchase price for the shares in the acquired companies was ultimately decreased to PLN 146.1m.

There have been no change to the fair values of identifiable assets and liabilities in the acquired companies, determined as at the date of taking control and presented in the condensed consolidated financial statements of the Company for the six-month period ended 30 June 2022. The above mentioned adjusted purchase price disclosed in those statements was refunded by the Seller to the Company's account and to the account of Dom Construction Sp. z o.o. on 2 August 2022.

Save for the aforementioned transactions, within the three-month period ended 30 September 2022, 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 is a factor significantly 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 mostly 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 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 2021.

The Company has also prepared interim condensed financial statements for Dom Development S.A. for the three-month period ended 30 September 2022. These statements were approved by the Management Board of the Company on 15 November 2022.

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 2021, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 01 January 2022:

- 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.
- Amendments to IFRS 3 "Business Combinations". The amendments to this Standard published in May 2020 are intended to update the relevant references to the IFRS Conceptual Framework, without making any substantive changes to the accounting of mergers.
- 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 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 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 financial statements,

- Amendments to IAS 1 *Presentation of Financial Statements*. The IASB published amendments to IAS 1 which clarify the presentation issue of long-term and short-term liabilities. The published amendments are effective for financial statements for the periods beginning on or after 1 January 2023. These amendments have not been endorsed by the EU as at the date of these interim condensed financial statements.
- Amendments to IAS 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. The amendment is effective from 1 January 2023.
- 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. The amendment is effective from 1 January 2023.
- 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. Prior to this amendment, there were uncertainties as to whether the exemption concerning recognition of deferred tax recognised for the first time applied to such transactions, i.e. for which both assets and deferred tax liabilities are recognised. The amendments to IAS 12 clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for financial statements for the periods beginning on or after 1 January 2023.

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

7.4 KEY FIGURES BASED ON PROFESSIONAL JUDGEMENT AND BASIS FOR ESTIMATES

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

BUDGETS OF THE DEVELOPMENT PROJECTS

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

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

RECOGNITION OF REVENUE FROM THE SALE OF PRODUCTS

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

SEASONALITY

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

7.5 TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS	30.09.2022 (unaudited)	31.12.2021
Tangible fixed assets, including:		
Technical equipment and other tangible fixed assets	4 973	5 371
Vehicles	6 556	4 455
Land and buildings	967	926
Right-of-use of office space	22 614	24 514
Total	35 110	35 266

As at 30 September 2022 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	30.09.2022 (unaudited)	31.12.2021
Advances on deliveries	114 591	216 621
including: at purchase prices/production costs	114 591	216 621
write down to the net realisable value	-	-
Semi-finished goods and work in progress	3 236 410	2 549 641
including: at purchase prices/production costs	3 207 737	2 519 135
rights of perpetual usufruct of land (lease)	56 995	58 828
write down to the net realisable value	(28 322)	(28 322)
Finished goods	78 211	258 906
including: at purchase prices/production costs	84 640	265 335
write down to the net realisable value	(6 429)	(6 429)
Total	3 429 212	3 025 168

INVENTORY REVALUATION WRITE DOWNS	01.01.-30.09. 2022 (unaudited)	01.01.-30.09. 2021 (unaudited)
Opening balance	34 751	36 741
Increments	-	-
(Decrease)	-	(946)
Closing balance	34 751	35 795

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	30.09.2022 (unaudited)	31.12.2021
MORTGAGES - value of mortgages to secure liabilities under:		
Real estate purchase agreements	-	-
Loan agreements of the Company and Group companies	577 500	577 500

7.7 SHORT-TERM FINANCIAL ASSETS

SHORT-TERM FINANCIAL ASSETS	30.09.2022 (unaudited)	31.12.2021
Bank deposits with a maturity over three months	-	-
Cash in open-end residential escrow accounts	93 949	40 991
Other short-term financial assets	39 680	21 569
Total	133 629	62 560

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 and funds collected to secure bank guarantees provided to the builders 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	30.09.2022 (unaudited)	31.12.2021	30.09.2021 (unaudited)
Cash in hand and at bank	131 710	600 214	215 379
Short-term deposits	205 441	6 797	400 433
Other	-	30	30
Total	337 151	607 041	615 842

7.9 SHARE CAPITAL

DESCRIPTION OF CHANGES TO THE SHARE CAPITAL IN THE COMPANY IN THE PERIOD FROM 1 JULY UNTIL 30 SEPTEMBER 2022, AND THE BALANCE AS AT 30 SEPTEMBER 2022

In the three-month period ended 30 September 2022 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 01.07.2022	25 548 422	25 548	264 208
Change	-	-	-
Balance as at 30.09.2022 (unaudited)	25 548 422	25 548	264 208

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 2022 the Company grant new share options for the shares in the Company.

On 4 October 2022, the Supervisory Board of the Company adopted a resolution concerning the approval of the provisions of the Management Option Programme VII for Leszek Stankiewicz, Vice President of the Management Board – CFO of Dom Development S.A., concerning 250 000 shares in Dom Development S.A. On 5 October 2022, these options were accepted by Mr Leszek Stankiewicz.

Information concerning the said share options is disclosed in note 7.26 “Material post-balance sheet events”.

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 financial statements for the six-month period ended 30.06.2022.
	Shares	% shares	Number of votes at the GSM	% votes at the GSM	Shares
Groupe Belleforêt S.à r.l.	14 155 941	55.41	14 155 941	55.41	-
Aviva OFE*)	no data	5.00-10.00	no data	5.00-10.00	no data
Jarosław Szanajca	1 454 050	5.69	1 454 050	5.69	-
Grzegorz Kiełpsz	1 280 750	5.01	1 280 750	5.01	-

*) The shareholding by Aviva Otwarty Fundusz Emerytalny Aviva Santander (open-end pension fund) is 1 313 383 shares in the Company as per the latest notice prepared as at 11 July 2011. It corresponds to 5.14% 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 financial statements for the six-month period ended 30.06.2022.	
	Shares	Nominal value of the shares (in PLN ‘000)	Share options	Shares and options, total	Shares	Share options
MANAGEMENT BOARD						
Jarosław Szanajca	1 454 050	1 454	-	1 454 050	-	-
Małgorzata Kolarska	403 544	404	-	403 544	-	-
Leszek Stankiewicz*)	-	-	-	-	-	-
Mikołaj Konopka	138 981	139	100 000	238 981	-	-
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	-	-

*) On 5 October 2022, Mr Leszek Stankiewicz took up 250 000 share options of Dom Development S.A. concerning 250 000 shares in Dom Development S.A., as described in note 7.26 “Material post-balance sheet events”.

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

7.10 LOANS

DESCRIPTION OF MATERIAL CHANGES IN THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

- On 6 July 2022, Dom Development Kraków 21 Sp. z o.o. Sp.k (formerly Sento 21 Sp. z o.o. Sp.k.) discontinued its available credit limit of up to PLN 43 500k to be used as partial finance and refinance of the net cost of the SenToTu project, stage 2 (phase 1 and 2) and the VAT loan of up to PLN 1 500k to be used to finance output value added tax (VAT) accrued in connection with supplies of goods and services, which were costs of the SenToTu project, stage 2 (phase 1 and 2), granted by Getin Noble Bank S.A. under the agreement dated 9 April 2021.
- On 18 July 2022, Dom Development Kraków 12 Sp. z o.o. (formerly Buma Development 12 Sp. z o.o.) discontinued its investment loan of up to PLN 38 500k as granted to finance and refinance net construction cost of two residential buildings forming part of the "Przestrzenie Banacha" project, Stage 2 (up to PLN 37 392k) and repay accrued interest, as well as to finance or refinance commissions and fees on the above-mentioned loan and the revolving working capital loan, which was granted to finance VAT (up to PLN 1 108k) under the agreement with PKO Bank Polski S.A. dated 23 December 2020.
- Moreover, on 18 July 2022, Dom Development Kraków 12 Sp. z o.o. (formerly Buma Development 12 Sp. z o.o.) discontinued its revolving working capital loan in the amount of PLN 1 000k as granted to finance output value added tax (VAT) accrued on net construction costs of two residential buildings forming part of the "Przestrzenie Banacha" project, Stage 2 under the agreement with PKO Bank Polski S.A. dated 23 December 2020.

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

LOANS DUE WITHIN	30.09.2022 (unaudited)	31.12.2021
Less than 1 year	35 226	-
More than 1 year and less than 2 years	-	10 250
More than 2 years and less than 5 years	-	21 164
Over 5 years	-	-
Total loans	35 226	31 414
including: long-term	-	31 414
short-term	35 226	-

As at 30 September 2022 and 31 December 2021 all the loans taken by the Group were expressed in Polish zloty.

BANK LOANS AS AT 30.09.2022

Bank	Registered office	Loan amount as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
PKO BP	Warsaw	150 000	PLN	226	PLN	26.02.2023
mBank	Warsaw	185 000	PLN	35 000	PLN	31.01.2023
Millennium	Warsaw	50 000	PLN	-	PLN	17.12.2022
Total bank loans				35 226	PLN	

CORE DETAILS CONCERNING CREDIT LINES HELD BY THE COMPANY

- PKO BP loans
Revolving loan in the credit facility account up to PLN 150 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 2022, Euro Styl S.A. drawn PLN 226k from the said credit limit, and Dom Development S.A. has not drawn any funds therefrom.

- mBank loan

Revolving loan in the credit facility account up to PLN 185 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 2022, Euro Styl S.A. drawn PLN 35 000k from the said credit limit, while Dom Development S.A. and Dom Development Wrocław Sp. z o.o. have not drawn any funds therefrom.

- Millennium Bank loan

Revolving loan up to PLN 50 000k. As at 30 September 2022 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	30.09.2022 (unaudited)	31.12.2021
Nominal value of the bonds issued, long-term portion	310 000	310 470
Nominal value of the bonds issued, short-term portion	50 470	51 263
Nominal value of the bonds issued	360 470	361 733

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

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

CORE DETAILS CONCERNING THE BONDS ISSUED

- Agreement with Trigon Dom Maklerski S.A. and Trigon Investment Banking Spółka z ograniczoną odpowiedzialnością & Wspólnicy S.K.

Pursuant to the agreement, Dom Development S.A. may issue bonds with a total value of up to PLN 400m, understood as the nominal value of all outstanding bonds. The limit of the Programme is renewable. In accordance with the agreement, bonds may be issued by the Company as various series by 17 November 2027.

- Bonds issued by Sento S.A.

The bonds were issued by Sento S.A. under agreements concluded by that company with a private investor, without a third-party acting as an agent.

DESCRIPTION OF MATERIAL CHANGES IN THE THREE-MONTH PERIOD ENDED 30 September 2022

- Bonds issued by Dom Development S.A.

The total bond issue liabilities in the three-month period ended 30 September 2022 and their maturity dates have not changed.

- Bonds issued by Sento S.A.

The total bond issue liabilities in the three-month period ended 30 September 2022 and their maturity dates have not changed.

BONDS ISSUED AS AT 30.09.2022

Series	Issuer	Issue date	Amount	Currency	Maturity date
DOMDET1151222	Dom Development S.A.	15.12.2017	50 000	PLN	15.12.2022
DOMDET2091023	Dom Development S.A.	09.10.2018	50 000	PLN	09.10.2023
DOMDET3121224	Dom Development S.A.	12.12.2019	50 000	PLN	12.12.2024
DOMDET4250925	Dom Development S.A.	25.09.2020	100 000	PLN	25.09.2025
DOMDET5120521	Dom Development S.A.	12.05.2021	110 000	PLN	12.05.2026
GF20	Sento S.A.	09.02.2018	470	PLN	09.03.2023
Total			360 470	PLN	

7.12 ACCRUED INTEREST ON LOANS AND BONDS

ACCRUED INTEREST ON LOANS AND BONDS	30.09.2022 (unaudited)	31.12.2021
Accrued interest on bonds	4 745	1 598
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	4 745	1 598

7.13 LEASE LIABILITIES

The following 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,
- other (cars).

LEASE LIABILITIES	30.09.2022 (unaudited)	31.12.2021
Lease liabilities, short-term portion, including:	65 799	69 474
liabilities on account of perpetual usufruct right of land	58 266	63 126
liabilities on account of the right of use of office space	7 528	6 220
Other	5	128
Lease liabilities, long-term portion, including:	19 004	21 014
liabilities on account of the right of use of office space	19 004	20 783
Other	-	231
Total	84 803	90 488

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 2022, out of PLN 58 266k of the land-related lease liabilities recognised as short-term:

- PLN 4 122k is payable by the Group within 12 months following the balance sheet date,
- PLN 5 398k is payable by the Group later than 12 months following the balance sheet date,
- PLN 48 746k 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	30.09.2022 (unaudited)	31.12.2021
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement	1 719 255	1 554 711
Other	-	804
Total	1 719 255	1 555 515

7.15 SEGMENT REPORTING

The operations of the Group are generally in a single segment and involve mainly the development and sale of residential and retail (commercial) units and related support activities. The Company operates only in the Warsaw market, while Dom Development S.A. Capital Group with the Company as the parent, also operates on the Tricity, Wroclaw and Cracow markets. The operations on these markets are carried out through Dom Development S.A. subsidiaries.

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

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

- the Warsaw segment
- the Tricity segment
- the Wroclaw segment
- the Cracow segment

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

FIGURES FOR THE 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, before the allocation of purchase price *)	344 517	32 864	113 106	31 568	522 055
Allocation of purchase price of the subsidiaries **)	-	-	(2 282)	(29 129)	(31 411)
Gross profit on sales after the allocation of purchase price	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 NINE-MONTH PERIOD
ENDED 30.09.2021
(unaudited)**

	Warsaw segment	Wroclaw segment	Tricity segment	Cracow 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 purchase price of the subsidiaries **)	-	-	(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 30.09.2022
(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, before the allocation of purchase price *)	56 473	4 230	21 743	17 203	99 649
Allocation of purchase price of the subsidiaries **)	-	-	(100)	(14 375)	(14 475)
Gross profit on sales after the allocation of purchase price	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					(6 292)
Net profit					23 776

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

	Warsaw segment	Wroclaw segment	Tricity segment	Cracow 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 purchase price of the subsidiaries **)	-	-	(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

*) Under this item, the gross profit on sales does not include any additional cost of land in the acquired companies allocated in consolidation as the land was measured at fair value as of the acquisition date of individual companies (see comment below).

**) The additional cost resulting from the allocation of the Euro Styl Group, Sento Group and BUMA Group acquisition prices. This cost is the difference between the carrying value of the inventory in acquired companies (from Euro Styl S.A. Capital Group's, Sento Group and BUMA Group) and the fair value assessed as at the date when these companies were acquired by the Company. In the consolidated financial statements this cost is adequately allocated as production cost of products sold in the period when the sale of these products is recognised in the income statement.

7.16 SALES REVENUE AND COST OF SALES

ANALYSIS OF SALES REVENUE AND COST OF SALES	01.01.- 30.09. 2022 (unaudited)	01.01.- 30.09. 2021 (unaudited)	01.07.- 30.09. 2022 (unaudited)	01.07.- 30.09. 2021 (unaudited)
Sales of finished goods	1 469 656	1 455 511	231 563	326 544
Sales of services	71 893	20 343	25 271	4 926
Sales of goods (land)	107 465	66	63 355	27
Sales revenue, total	1 649 014	1 475 920	320 189	331 497
Cost of finished goods sold	(987 810)	(967 556)	(151 025)	(215 573)
Cost of services sold	(65 290)	(16 102)	(21 477)	(3 809)
Cost of goods sold	(105 270)	(11)	(62 513)	(2)
Inventory write down to the net realisable value	-	946	-	946
Cost of sales, total	(1 158 370)	(982 723)	(235 015)	(218 438)
Gross profit on sales	490 644	493 197	85 174	113 059

7.17 INCOME TAX IN THE INCOME STATEMENT

INCOME TAX	01.01.- 30.09. 2022 (unaudited)	01.01.- 30.09. 2021 (unaudited)	01.07.- 30.09. 2022 (unaudited)	01.07.- 30.09. 2021 (unaudited)
Current income tax	(89 794)	(130 837)	(29 219)	(38 091)
Deferred tax in the income statement	26 252	62 470	22 927	25 545
Total	(63 542)	(68 367)	(6 292)	(12 546)

7.18 EARNINGS PER SHARE

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01.- 30.09. 2022 (unaudited)	01.01.- 30.09. 2021 (unaudited)	01.07.- 30.09. 2022 (unaudited)	01.07.- 30.09. 2021 (unaudited)
BASIC EARNINGS PER SHARE				
Profit for calculation of the basic earnings per share	259 560	286 194	23 778	53 670
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	25 514 906	25 366 114	25 548 422	25 398 422
Basic earnings per share (PLN)	10.17	11.28	0.93	2.11
DILUTED EARNINGS PER SHARE				
Profit for calculation of the diluted earnings per share	259 560	286 194	23 778	53 670
Potential diluting shares related to the Management Share Option Programme	44 269	215 984	39 184	218 877
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	25 559 175	25 582 099	25 587 606	25 617 299
Diluted earnings per share (in PLN)	10.16	11.19	0.93	2.10

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 2022 and 2021, the Company was a party to transactions with related entities, as listed below. Descriptions of the transactions have been presented in the tables. In exceptional cases, descriptions of particular agreements or explanations have also been provided.

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

Counterparty	Transaction description	01.07.-30.09. 2022 (unaudited)	01.07.-30.09. 2021 (unaudited)
Woodsford Consulting Limited	Consulting services as per the agreement dated 27.06.2007 as annexed	467	616
Hansom Property Company Limited	Consulting services as per the agreement dated 02.01.2001 as annexed	143	139
M & M Usługi Doradcze M. Kolarski	Consulting services	62	51
Doradztwo w zakresie infrastruktury technicznej Rafał Kierski (technical infrastructure consulting)	Cooperation Agreements	345	-

DOM DEVELOPMENT S.A. AS A DIVIDEND PAYER:

Counterparty	Transaction description	01.07.-30.09. 2022 (unaudited)	01.07.-30.09. 2021 (unaudited)
Groupe Belleforêt S.à r.l.	Dividends paid	148 637	-

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

	Receivables from related entities		Liabilities to related entities	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
Total balance	492	2 192	484	1 883
Other entities	492	2 192	484	1 883
Hansom Property Company Limited	-	1 120	143	143
Woodsford Consulting Limited	-	580	200	-
Doradztwo w zakresie infrastruktury technicznej Rafał Kierski (technical infrastructure consulting)	492	492	141	1 740

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 2022 there was only one active Management Option Programme (Programme V) adopted as part of the Incentive Scheme for the executives in the Company. The last share options under Programme IV were exercised in Q1 2022.

MANAGEMENT OPTION PROGRAMMES		30.09.2022 (unaudited)			31.12.2021		
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)	Options exercised (number of shares)
Programme IV	500 000	500 000	500 000	500 000	500 000	500 000	400 000
Programme V	250 000	250 000	150 000	250 000	250 000	250 000	100 000

Grant of new share options under the management option programme

In the three-month periods ended 30 September 2022 and 2021 the Company did not grant any new share options.

On 4 October 2022, the Supervisory Board of the Company adopted a resolution concerning the approval of the provisions of the Management Option Programme VII for Leszek Stankiewicz, Vice President of the Management Board – CFO of Dom Development S.A., concerning 250 000 shares in Dom Development S.A. On 5 October 2022, these options were accepted by Mr Leszek Stankiewicz.

Information concerning the said share options is disclosed in note 7.26 “Material post-balance sheet events”.

Exercise of share options under the management option programme

In the three-month periods ended 30 September 2022 and 2021 no share options were exercised in the Company.

Expiry of share options under the management option programme

In the three-month periods ended 30 September 2022 and 2021 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 2022 and 2021 the amounts of PLN 164k and PLN 1 050k 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. 2022 (unaudited)	01.07.-30.09. 2021 (unaudited)
Unexercised options at the beginning of the period	Number of options	100 000	370 000
	Total exercise price	5 000	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	100 000	370 000
	Total exercise price	5 000	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	30.09.2022 (unaudited)	31.12.2021
Guarantees	37 440	17 324
Sureties	6 571	15 605
Total	44 011	32 929

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

COLLATERALS FOR LIABILITIES	30.09.2022 <i>(unaudited)</i>	31.12.2021
Promissory notes, including:		
- promissory notes as other security	3 400	3 400
- promissory notes as a security for lease agreements	-	-
Total	3 400	3 400

In the three-month period ended 30 September 2022 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 2022

As at 30 September 2022 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 2022, the Group's operations continued smoothly, and despite numerous challenges in the market environment all investment projects were progressing according to schedule.

Demand was under pressure of the tightening monetary policy. Interest rate increases and tightening of credit rating criteria introduced since April 2022 have had a negative impact on credit availability. At the same time, due to rising inflation real interest rates remained deeply negative, still encouraging investment of savings in real estate, despite of having an alternative solution in the capital market.

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

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

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

Detailed information on the projects in progress and completed by Dom Development S.A. Capital Group in the nine-month period ended 30 September 2022 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 2022:

DEVELOPMENT PROJECTS COMMENCED FROM 1 JANUARY 2022 UNTIL 30 SEPTEMBER 2022:			
PROJECT	COMPANY*)	LOCATION**)	NUMBER OF APARTMENTS AND RETAIL UNITS
Apartamenty Solipska, stage 1	Dom Development S.A.	Warsaw	96
Apartamenty Solipska, stage 2	Dom Development S.A.	Warsaw	91
Dom na Służewcu	Dom Development S.A.	Warsaw	108
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 2	Dom Development S.A.	Warsaw	172
Dzielnica Mieszkaniowa Metro Zachód, stage 11 phase 1	Dom Development S.A.	Warsaw	148
Konstelacja, buildings C1, C2	Euro Styl S.A.	Tricity	82
Osiedle Perspektywa, stage 3	Euro Styl S.A.	Tricity	204
Osiedle Zielna, stage 2	Dom Development Wrocław Sp. z o.o.	Wrocław	146
Osiedle przy Malborskiej, stage 1	Dom Development Kraków Sp. z o.o.	Cracow	90
Q1 2022			1 137
Apartamenty Białej Koniczyny stage 1	Dom Development S.A.	Warsaw	129
Apartamenty Koło Parków	Dom Development S.A.	Warsaw	133
Osiedle Jagiellońska	Dom Development S.A.	Warsaw	134
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 3	Dom Development S.A.	Warsaw	71
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 4	Dom Development S.A.	Warsaw	85***)
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 5	Dom Development S.A.	Warsaw	44***)
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 6	Dom Development S.A.	Warsaw	125***)
Osiedle Perspektywa, stage 4	Euro Styl S.A.	Tricity	102
LAS	Euro Styl S.A.	Tricity	60
Widoki, stage 1	Euro Styl S.A.	Tricity	92
Osobowicka 114	Dom Development Wrocław Sp. z o.o.	Wrocław	88
Górka Narodowa, stage 3 phase 1	Dom Development Kraków Sp. z o.o.	Cracow	136
Q2 2022			1 199
Osiedle Przystanek Międzyzlesie stage 1	Dom Development S.A.	Warsaw	110
Nowodworska 43	Dom Development Wrocław Sp. z o.o.	Wrocław	36
DOKI, buildings C and D	Euro Styl S.A.	Tricity	181
Konstelacja, building C3	Euro Styl S.A.	Tricity	31
Q3 2022			358
	DOM DEVELOPMENT S.A. CAPITAL GROUP		2 694
	DOM DEVELOPMENT S.A.	Warsaw	1 446
IN TOTAL:			
UNITS WITH CONSTRUCTION	EURO STYL S.A.	Tricity	752
STARTED IN Q1-Q3 2022	DOM DEVELOPMENT WROCŁAW SP. Z O.O.	Wrocław	270
	DOM DEVELOPMENT KRAKÓW SP. Z O.O.	Cracow	226

*) The projects allocated to Euro Styl S.A. also include investments developed by entities from the Euro Styl S.A. Capital Group.

**) The Tricity projects also include projects in Rumia and Jastarnia.

***) The increased number of units resulting from the adjustment of the flat structure to market conditions as compared to data presented in the interim consolidated financial statements for the six-month period ended 30 June 2022.

DEVELOPMENT PROJECTS COMPLETED FROM 1 JANUARY 2022 UNTIL 30 September 2022:

PROJECT	COMPANY	LOCATION	NUMBER OF APARTMENTS AND RETAIL UNITS
Osiedle Perspektywa, stage 1 phase 3	Euro Styl S.A.	Tricity	70
Beauforta, building 10	Euro Styl S.A.	Tricity	32
Nasze Mieszkanie, building C	Euro Styl S.A.	Tricity	34
Zielony Południk, buildings 18, 19	Euro Styl S.A.	Tricity	44
Zielony Południk, buildings 20, 21	Euro Styl S.A.	Tricity	44
Q1 2022			224
Osiedle Wilno V, phase 2	Dom Development S.A.	Warsaw	213
Stacja Grochów, phase 2	Dom Development S.A.	Warsaw	106
Apartamenty Służewiec	Dom Development S.A.	Warsaw	37
Beauforta, buildings 21-22	Euro Styl S.A.	Tricity	70
Beauforta, buildings 23-24	Euro Styl S.A.	Tricity	51
Osiedle Przy Błoniach, building B1	Euro Styl S.A.	Tricity	65
Zielony Południk, building 14	Euro Styl S.A.	Tricity	50
Nasze Mieszkanie, building A	Euro Styl S.A.	Tricity	46
Osiedle Zielna, stage 1	Dom Development Wrocław Sp. z o.o.	Wrocław	160
Osiedle Komedy, phase 2	Dom Development Wrocław Sp. z o.o.	Wrocław	101
Q2 2022			899
Stacja Grochów, phase 4	Dom Development S.A.	Warsaw	159
Wilno IV, phase 3	Dom Development S.A.	Warsaw	154
Rezydencja Stanisława Augusta	Dom Development S.A.	Warsaw	125
Zielony Południk, building 15	Euro Styl S.A.	Tricity	48
Zielony Południk, buildings 16, 17, 22, 23	Euro Styl S.A.	Tricity	90
Q3 2022			576
IN TOTAL: UNITS WITH CONSTRUCTION ENDED IN Q1-Q3 2022	DOM DEVELOPMENT S.A. CAPITAL GROUP		1 699
	DOM DEVELOPMENT S.A.	Warsaw	794
	EURO STYL S.A.	Tricity	644
	DOM DEVELOPMENT WROCŁAW SP. Z O.O.	Wrocław	261
	DOM DEVELOPMENT KRAKÓW SP. Z O.O.	Cracow	-

INFORMATION ON DELIVERIES OF RESIDENTIAL AND RETAIL UNITS

Number of residential and commercial units delivered to customers in the six-month period ended 30 September 2022 has been presented in the following table:

NUMBER OF APARTMENTS AND RETAIL UNITS DELIVERED

COMPANY	LOCATION	01.07-30.09 2022	01.07-30.09 2021	01.01-30.09 2022	01.01-30.09 2021
Dom Development S.A.	Warsaw	241	141	1 535	1 342
Euro Styl S.A.	Tricity	141	394	689	671
Dom Development Wrocław Sp. z o.o.	Wrocław	24	23	260	467
Grupa Sento and Buma Group Companies	Cracow*)	14	41	114	41
TOTAL		420	599	2 598	2 521

*) Figures for Cracow include deliveries by BUMA Group companies after the acquisition of 28 February 2022

7.24 DIVIDEND AND PROFIT DISTRIBUTION

On 23 May 2022, the Management Board of the Company adopted a resolution on the distribution of net profit of the Company for 2021.

In accordance with that resolution, the Management Board of the Company petitioned that the aggregate amount of PLN 268 258 431.00 of the Company's net profit for the year ended on 31 December 2021 be appropriated for the payment of a dividend to shareholders in Dom Development S.A., and a portion of the Company's 2021 net profit in the amount of PLN 38 509 028.51 be appropriated to the increase of the Company's supplementary capital.

The Management Board of the Company proposed that the date of record be 15 July 2022 and the dividend payment date be 16 August 2022.

On 27 May 2022, the Supervisory Board of the Company adopted a resolution wherein the Supervisory Board positively assessed and agreed to the said petition on the payment of dividend of the Company for 2021 and fixing the date of record and the dividend payment date as proposed by the Management Board.

On 30 June 2022, the Ordinary General Meeting of Shareholders of the Company adopted a resolution on the distribution of net profit of the Company for 2021 and fixing the date of record and the dividend payment date. In accordance with Resolution no. 7, the Ordinary General Meeting of Shareholders of the Company decided to allocate the total amount of PLN 268 258 431.00 to the payment of dividends to shareholders in Dom Development S.A., i.e. PLN 10.50 per share, and a portion of the Company's 2021 net profit in the amount of PLN 38 509 028.51 to the increase of the Company's supplementary capital.

The dividend payment date was set as 16 August 2022. The dividend was paid out when due.

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 place in the three-month period ended 30 September 2022.

7.26 MATERIAL POST-BALANCE SHEET EVENTS

GRANT OF NEW SHARE OPTIONS

On 4 October 2022, the Company's Supervisory Board adopted a resolution on the approval of the provisions of the above-mentioned Management Option Programme VII. On 5 October 2022, these options were accepted by Mr Leszek Stankiewicz.

On 30 August 2022, the Extraordinary General Shareholders' Meeting of the Company adopted resolutions: on the approval of the Management Option Programme VII for Leszek Stankiewicz, Vice President of the Management Board – CFO of Dom Development S.A., concerning 250 000 shares in Dom Development S.A. ("Programme VII") and on amending the Articles of Association of the Company as regards the right of the Management Board to increase the share capital within the limits of the authorised capital. In accordance with the said resolution on the adoption of Programme VII, Mr Leszek Stankiewicz would only once receive options authorising him to subscribe for 250 000 shares in Dom Development S.A. for the price of PLN 50.00 per share. The exercise of these options will be limited to 50 000 shares in any calendar year, starting from 2022, and the non-exercised options may be exercised at a later time, however not later than by 31 December 2032. Moreover, the General Meeting authorised the Management Board and the Supervisory Board of the Company to implement the above-mentioned Programme VII. In order to enable the Company to meet its obligations under Programme VII, the General Meeting authorised the Management Board to increase Company's share capital within the limits of its authorised capital over a period of 3 years.

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	30.09.2022 in EUR '000 (unaudited)	31.12.2021 in EUR '000
Total current assets	822 312	819 118
Total assets	852 114	843 076
Total shareholders' equity	259 339	271 596
Long-term liabilities	103 657	113 642
Short-term liabilities	489 118	457 838
Total liabilities	592 775	571 480
PLN/EURO exchange rate as at the balance sheet date	4.8698	4.5994

SELECTED DATA FROM THE INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT	01.01.-30.09. 2022 in EUR '000 (unaudited)	01.01.-30.09. 2021 in EUR '000 (unaudited)	01.07.-30.09. 2022 in EUR '000 (unaudited)	01.07.-30.09. 2021 in EUR '000 (unaudited)
Sales revenue	351 750	323 774	67 003	72 361
Gross profit on sales	104 659	108 193	17 824	24 679
Operating profit	66 130	78 597	5 752	14 991
Profit before tax	68 929	77 682	6 292	14 357
Net profit	55 375	62 684	4 975	11 618
Average PLN/EURO exchange rate for the reporting period	4.6880	4.5585	4.7787	4.5811