

DOM DEVELOPMENT S.A. CAPITAL GROUP

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021



CONTENTS

1	APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS BY THE MANAGEMENT BOARD OF THE COMPANY	2
2	INTERIM CONDENSED CONSOLIDATED BALANCE SHEET	3
3	INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT	4
4	INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
5	INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT	6
6	INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY	7
7	ADDITIONAL NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	8
7.1	GENERAL INFORMATION ABOUT THE PARENT COMPANY OF THE DOM DEVELOPMENT S.A. CAPITAL GROUP AND THE GROUP	9
7.2	BASIS FOR THE PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	10
7.3	ACCOUNTING POLICIES	11
7.4	KEY FIGURES BASED ON PROFESSIONAL JUDGEMENT AND BASIS FOR ESTIMATES	12
7.5	TANGIBLE FIXED ASSETS	13
7.6	INVENTORY	13
7.7	SHORT-TERM FINANCIAL ASSETS	14
7.8	CASH AND CASH EQUIVALENTS	14
7.9	SHARE CAPITAL	14
7.10	LOANS	16
7.11	BONDS	17
7.12	ACCRUED INTEREST ON LOANS AND BONDS	18
7.13	LEASE LIABILITIES	18
7.14	DEFERRED INCOME	19
7.15	SEGMENT REPORTING	19
7.16	SALES REVENUE AND COST OF SALES	21
7.17	INCOME TAX IN THE INCOME STATEMENT	21
7.18	EARNINGS PER SHARE	21
7.19	TRANSACTIONS WITH RELATED ENTITIES	22
7.20	INCENTIVE PLAN – MANAGEMENT OPTION PROGRAMMES	22
7.21	CONTINGENT LIABILITIES	24
7.22	MATERIAL COURT CASES AS AT 31 MARCH 2021	24
7.23	FACTORS AND EVENTS WITH MATERIAL IMPACT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP	24
7.24	DIVIDEND AND PROFIT DISTRIBUTION	26
7.25	CHANGES IN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD	26
7.26	MATERIAL POST-BALANCE SHEET EVENTS	26
7.27	FORECASTS	27
7.28	SELECTED FINANCIAL DATA TRANSLATED INTO EURO	27

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

These interim condensed consolidated financial statements for the three-month period ended on 31 March 2021, comprising:

- interim condensed consolidated balance sheet as at 31 March 2021,
- interim condensed consolidated income statement for the three-month period ended 31 March 2021,
- interim condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2021,
- interim condensed statement of changes in consolidated shareholders' equity for the three-month period ended 31 March 2021,
- interim condensed consolidated cash flow statement for the three-month period ended 31 March 2021,
- additional notes to the interim condensed consolidated financial statements,

were prepared and approved by the Management Board of Dom Development S.A. on 12 May 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 31 March 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	31.03.2021 (unaudited)	31.12.2020
Fixed assets			
Intangible assets		19 351	17 830
Tangible fixed assets	7.5	36 519	38 132
Deferred tax assets		13 608	9 759
Long-term receivables		3 335	1 761
Other long-term assets		1 688	3 276
TOTAL FIXED ASSETS		74 501	70 758
Current assets			
Inventory	7.6	2 277 303	2 423 514
Trade and other receivables		71 962	62 605
Corporate income tax receivables		21 803	27 909
Other current assets		8 042	5 208
Loans granted		47 088	27 089
Short-term financial assets	7.7	45 339	50 463
Cash and cash equivalents	7.8	601 535	585 664
TOTAL CURRENT ASSETS		3 073 072	3 182 452
TOTAL ASSETS		3 147 573	3 253 210
EQUITY AND LIABILITIES			
	Note	31.03.2021 (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)		615 853	614 804
Reserve capital from valuation of cash flow hedges		(2 548)	(3 591)
Reserve capital from reduction of share capital		510	510
Unappropriated profit		443 936	269 454
Equity attributable to the shareholders of parent company		1 341 507	1 157 433
Non-controlling interests		37	38
TOTAL SHAREHOLDERS' EQUITY		1 341 544	1 157 471
Long-term liabilities			
Loans, long-term portion	7.10	10 000	10 000
Bonds, long-term portion	7.11	250 000	250 000
Deferred tax provision		64 669	48 734
Long-term provisions		23 936	22 419
Lease liabilities, long-term portion	7.13	23 637	24 642
Other long-term liabilities		85 595	75 208
TOTAL LONG-TERM LIABILITIES		457 837	431 003
Short-term liabilities			
Trade payables, tax and other liabilities		284 230	319 571
Loans, short-term portion	7.10	-	-
Bonds, short-term portion	7.11	110 000	110 000
Accrued interest on loans and bonds	7.12	2 673	1 399
Lease liabilities, short-term portion	7.13	85 386	89 992
Corporate income tax payables		9 838	6 019
Short-term provisions		27 539	26 626
Deferred income	7.14	828 526	1 111 129
TOTAL SHORT-TERM LIABILITIES		1 348 192	1 664 736
TOTAL LIABILITIES		1 806 029	2 095 739
TOTAL EQUITY AND LIABILITIES		3 147 573	3 253 210

All amounts in PLN '000.

3 INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Three-month period ended 31.03.2021 (unaudited)	Three-month period ended 31.03.2020 (unaudited)
Sales revenue	7.16	807 913	314 141
Cost of sales	7.16	(545 057)	(221 432)
Gross profit on sales	7.16	262 856	92 709
Selling costs		(15 628)	(15 528)
General administrative expenses		(29 691)	(26 323)
Other operating income		954	1 201
Other operating expenses		(2 638)	(2 340)
Operating profit		215 853	49 719
Financial income		2 550	917
Financial costs		(2 323)	(2 494)
Profit before tax		216 080	48 142
Income tax	7.17	(41 599)	(9 606)
Net profit from continued operations		174 481	38 536
Net profit from discontinued operations *)		-	-
Net profit		174 481	38 536
Net profit attributable to:			
Shareholders of the parent company		174 482	38 537
Non-controlling interests		(1)	(1)
Earnings per share attributable to shareholders of the parent company			
Basic (in PLN)	7.18	6.90	1.54
Diluted (in PLN)	7.18	6.85	1.53

*) In the three-month period ended 31 March 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

	Three-month period ended 31.03.2021 (unaudited)	Three-month period ended 31.03.2020 (unaudited)
Net profit	174 481	38 536
Other comprehensive income:		
Net change to cash flow hedges	1 287	(2 322)
Items to be accounted for in the income statement	1 287	(2 322)
Items not to be accounted for in the income statement		
Other net comprehensive income / (loss), before tax	1 287	(2 322)
Income tax on other net comprehensive income to be accounted for in the income statement	(244)	441
Other net comprehensive income	1 043	(1 881)
Total net comprehensive income	175 524	36 655
Net comprehensive income attributable to:		
Shareholders of the parent company	175 525	36 656
Non-controlling interests	(1)	(1)

All amounts in PLN '000.

5 INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Three-month period ended 31.03.2021 (unaudited)	Three-month period ended 31.03.2020 (unaudited)
Cash flow from operating activities			
Profit before tax		216 080	48 142
Adjustments:			
Depreciation		3 692	3 934
(Profit)/loss on foreign exchange differences		1	65
(Profit)/loss on investments		(6)	-
Interest cost/(income)		5 128	1 991
Cost of the valuation of management option programmes		1 049	1 075
Changes in the operating capital:			
Changes in provisions		1 979	1 923
Changes in inventory		156 876	(109 593)
Changes in receivables		(9 710)	(7 715)
Changes in short-term liabilities, excluding loans and bonds		(28 998)	28 772
Changes in prepayments and deferred income		(280 630)	123 844
Other adjustments		165	18
Cash flow generated from operating activities		65 626	92 456
Interest received		-	580
Interest paid		(1 314)	(948)
Income tax paid		(19 831)	(14 239)
Net cash flow from operating activities		44 481	77 849
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		51	213
Proceeds from borrowings granted		5 500	96
Other proceeds / (expenses) from financial assets		-	(3 108)
Borrowings granted		(25 000)	-
Acquisition of intangible and tangible fixed assets		(4 299)	-
Acquisition of financial assets and additional contributions to the capital		(12 312)	(500)
Net cash flow from investing activities		(36 060)	(3 299)
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)	7.9	7 500	6 000
Proceeds from contracted loans	7.10	-	248 440
Proceeds from commercial papers issued	7.11	-	-
Repayment of loans and borrowings	7.10	-	(14)
Redemption of commercial papers	7.11	-	-
Dividends paid		-	-
Payment of lease liabilities		(50)	(62)
Net cash flow from financing activities		7 450	254 364
Increase / (decrease) in net cash and cash equivalents		15 871	328 914
Cash and cash equivalents – opening balance	7.8	585 664	253 318
Cash and cash equivalents – closing balance	7.8	601 535	582 232

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	-	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	-
Creation of reserve capital from the valuation of the share options (note 7.20)	-	-	1 049	-	-	-	1 049	-	1 049
Net profit for the reporting period	-	-	-	-	-	174 482	174 482	(1)	174 481
Other net comprehensive income for the reporting period	-	-	-	-	1 043	-	1 043	-	1 043
Total net comprehensive income	-	-	-	-	1 043	174 482	175 525	(1)	175 524
Increase / (decrease) in equity capital	180	7 320	1 049	-	1 043	174 482	184 074	(1)	184 073
Balance as at 31 March 2021 (unaudited)	25 398	258 358	615 853	510	(2 548)	443 936	1 341 507	37	1 341 544

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	-	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	-
Creation of reserve capital from the valuation of the share options (note 7.20)	-	-	1 075	-	-	-	1 075	-	1 075
Net profit for the reporting period	-	-	-	-	-	38 537	38 537	(1)	38 536
Other net comprehensive income for the reporting period	-	-	-	-	(1 881)	-	(1 881)	-	(1 881)
Total net comprehensive income	-	-	-	-	(1 881)	38 537	36 656	(1)	36 655
Increase / (decrease) in equity capital	150	5 850	1 075	-	(1 881)	38 537	43 731	(1)	43 730
Balance as at 31 March 2020 (unaudited)	25 218	251 038	544 790	510	(4 042)	310 414	1 127 928	33	1 127 961

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 three-city and Wrocław markets.

The Company is a majority-owned subsidiary of Groupe Belleforêt S.à r.l. with its registered office in Luxembourg (see note 7.9). As at 31 March 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 31 March 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
M2 Biuro 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.

**) On 23 April 2021, the Company entered into an agreement to sell all shares in the share capital of its subsidiary M2 Biuro sp. z o.o. (see note 7.26).

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

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

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

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

In the three-month period ended 31 March 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.

On 29 January 2021, Euro Styl S.A. acquired 50% of shares in the share capital of GGI Dolne Miasto Sp. z o.o., in which it had already held half of the shares. Therefore, Euro Styl S.A. has become the sole shareholder of GGI Dolne Miasto Sp. z o.o. and took full control over the construction of the project "Development of the area of the former tram depot in the Dolne Miasto district of Gdańsk", which has been carried out by that company.

This project is developed together with the City of Gdańsk under the public-private partnership agreement of 22 November 2019.

The transaction enabled to increase the planned sales volume of the Euro Style S.A. Capital Group from 371 to 742 units in this very attractive location.

Save for the aforementioned transaction, within the three-month period ended 31 March 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 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. During the three-month period ended 31 March 2021, on account of the COVID-19 epidemic in Poland, the Management Board of the Company has performed additional analyses, in particular as regards the vulnerability of the Company's and Group's liquidity to possible changes in the market environment and to the ongoing operating activities of the Group on account of the epidemic. 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 consolidated financial statements is Polish zloty (PLN). The 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 31 March 2021. These statements were approved by the Management Board of the Company on 12 May 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 01 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 DEVELOPMENT PROJECTS

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

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

RECOGNITION OF REVENUE FROM THE SALE OF PRODUCTS

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

SEASONALITY

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

7.5 TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS	31.03.2021 (unaudited)	31.12.2020
Tangible fixed assets, including:		
Technical equipment and other tangible fixed assets	5 199	5 573
Vehicles	3 288	3 530
Land and buildings	796	821
Right-of-use of office space *)	27 236	28 208
Total	36 519	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 31 March 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	31.03.2021 (unaudited)	31.12.2020
Advances on deliveries	381 961	223 612
including: at purchase prices/production costs	381 961	223 612
write down to the net realisable value	-	-
Semi-finished goods and work in progress	1 660 452	1 821 819
including: at purchase prices/production costs	1 641 141	1 793 406
rights of perpetual usufruct of land (lease)	48 579	57 604
write down to the net realisable value	(29 268)	(29 191)
Finished goods	234 890	378 083
including: at purchase prices/production costs	242 363	385 633
write down to the net realisable value	(7 473)	(7 550)
Total	2 277 303	2 423 514

INVENTORY REVALUATION WRITE DOWNS	01.01.-31.03. 2021 (unaudited)	01.01.-31.03. 2020 (unaudited)
Opening balance	36 741	39 660
Increments	-	-
(Decrease)	-	(145)
Closing balance	36 741	39 515

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

CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED	31.03.2021 (unaudited)	31.12.2020
MORTGAGES - value of mortgages to secure liabilities under:		
Real estate purchase agreements	-	-
Loan agreements of the Company	-	-
Loan agreements of the Company and Group companies	577 500	502 500

7.7 SHORT-TERM FINANCIAL ASSETS

SHORT-TERM FINANCIAL ASSETS	31.03.2021 (unaudited)	31.12.2020
Bank deposits with a maturity over three months	-	-
Cash in open-end residential escrow accounts	45 339	50 463
Other short-term financial assets	-	-
Total	45 339	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*.

7.8 CASH AND CASH EQUIVALENTS

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

CASH AND CASH EQUIVALENTS	31.03.2021 (unaudited)	31.12.2020	31.03.2020 (unaudited)
Cash in hand and at bank	531 477	578 667	101 938
Short-term deposits	70 058	6 956	480 253
Other	-	41	41
Total	601 535	585 664	582 232

7.9 SHARE CAPITAL

DESCRIPTION OF CHANGES TO THE SHARE CAPITAL IN THE COMPANY IN THE PERIOD FROM 1 JANUARY UNTIL 31 MARCH 2021

CHANGE IN THE REPORTING PERIOD	Share capital: Number of shares	Share capital: Value at the nominal value	Share premium
Balance as at 01.01.2021	25 218 422	25 218	251 038
Change	180 000	180	7 320
Balance as at 31.03.2021 (unaudited)	25 398 422	25 398	258 358

PROCEEDS FROM ISSUE OF SHARES	01.01.-31.03. 2021 (unaudited)	01.01.-31.03. 2020 (unaudited)
Proceeds from issue of shares, at nominal value	180	150
Proceeds from issue of shares, share premium	7 320	5 850
Total	7 500	6 000

EXERCISE OF COMPANY'S SHARE OPTIONS

On 21 January 2021, the Management Board increased Company's share capital from PLN 25 218 422.00 to PLN 25 398 422.00, i.e. by PLN 180 000.00, by issuing 100 000 series AC ordinary bearer shares with PLN 1.00 nominal each and 80 000 series AD ordinary bearer shares with PLN 1.00 nominal each. The issue price of AC and AD series shares was set at PLN 35.00 and PLN 50.00 per share, respectively. The issue of series AC and AD shares took place through a private placement. The purpose

of issuing series AC and series AD shares as part of the authorised capital is to enable the Company to fulfil its obligations resulting from:

- Management Option Programme IV for Małgorzata Kolarska, Vice President of the Management Board - Chief Executive Director, concerning 500 000 shares in Dom Development S.A.,
- Management Option Programme V for Mikołaj Konopka, Member of the Management Board, concerning 250 000 shares in Dom Development S.A., and
- Management Option Programme VI for Marcin Drobek, Adviser to the Management Board and the Chief Construction Officer, concerning 150 000 shares in Dom Development S.A. (see note 7.20).

The Supervisory Board of the Company agreed to fully deprive the existing shareholders of their pre-emptive right to 100 000 series AC shares and 80 000 series AD shares. The exclusion of pre-emptive rights of the existing shareholders is justified by the fact that the issue of series AC shares is addressed only to Ms Małgorzata Kolarska, as the Participant in Programme IV, while the issue of series AD shares is addressed only to Mr Mikołaj Konopka, as the Participant in Programme V and Mr Marcin Drobek as the Participant in Programme VI, to enable them to exercise their rights under the subscription warrants.

On 22 January 2021:

- Ms Małgorzata Kolarska exercised her share options in the Company by exercising her rights under subscription warrants and subscribing for 100 000 shares. The issue price for the new series AC shares was PLN 35.00 per share.
- Mr Mikołaj Konopka exercised his share options in the Company by exercising his rights under subscription warrants and subscribing for 50 000 shares. The issue price for the new series AD shares was PLN 50.00 per share.
- Mr Marcin Drobek exercised his share options in the Company by exercising his rights under subscription warrants and subscribing for 30 000 shares. The issue price for the new series AD shares was PLN 50.00 per share.

On 26 January 2021, the Management Board of the Company adopted a resolution on the allocation of 100 000 series AC shares to Ms Małgorzata Kolarska. 50 000 series AD shares to Mr Mikołaj Konopka and 30 000 series AD shares to Mr Marcin Drobek.

These shares were registered by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register on 18 February 2021.

These shares were registered by Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities) in the securities depository and admitted to stock exchange trading at the WSE Main Market on 23 April 2021.

SAHRE CAPITAL STRUCTURE FOR THE COMPANY AS AT 31 MARCH 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.

	SHARES	% SHARES	NUMBER OF VOTES AT THE GSM	% VOTES AT THE GSM
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
Jarosław Szanajca	1 454 050	5.72	1 454 050	5.77
Grzegorz Kiełpsz	1 280 750	5.04	1 280 750	5.08

*1) Shareholding by Aviva Otwarty Fundusz Emerytalny Aviva Santander (open-end pension fund) has been presented as per the latest notice dated 31 December 2020. The shareholding by AVIVA OFE is 1 313 383 shares in the Company as per the latest notice prepared dated 11 July 2011.

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 publication of these financial statements				Change in relation to the information disclosed in the financial statements for the year ended 31.12.2020	
	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	320 235	320	100 000	420 235	100 000	(100 000)
Leszek Stankiewicz	-	-	-	-	-	-
Mikołaj Konopka	88 981	89	150 000	238 981	50 000	(50 000)
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.

7.10 LOANS

DESCRIPTION OF MATERIAL CHANGES IN THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

No (new) loan agreements had expired or been signed at the Group in the three-month period ended 31 March 2021.

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

LOANS DUE WITHIN	31.03.2021 (unaudited)	31.12.2020
Less than 1 year	-	-
More than 1 year and less than 2 years	10 000	10 000
More than 2 years and less than 5 years	-	-
Over 5 years	-	-
Total loans	10 000	10 000
including: long-term	10 000	10 000
short-term	-	-

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

BANK LOANS AS AT 31.03.2021

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	10 000	PLN	18.12.2022
Total bank loans				10 000	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 31 March 2021, no funds were drawn from this credit line either by Dom Development S.A. or Euro Styl S.A.
- **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 31 March 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 31 March 2021, Dom Development S.A. drawn PLN 10 000 thousand 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 are presented separately under *Accrued interest on loans and bonds*.

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

7.11 BONDS

BONDS	31.03.2021 (unaudited)	31.12.2020
Nominal value of the bonds issued, long-term portion	250 000	250 000
Nominal value of the bonds issued, short-term portion	110 000	110 000
Nominal value of the bonds issued	360 000	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 Company approximately equals their book value, including accrued interest.

CORE DETAILS CONCERNING THE BONDS ISSUED

- Agreement with PeKaO S.A.

Under this agreement, Dom Development S.A. is allowed to issue mid-term bonds (with a maturity over 1 year and under 7 years) with an aggregate value of no more than PLN 400 million, which is to be construed as the nominal value of all issued and unredeemed bonds on any day during the term of the Programme. In accordance with the agreement, bonds may be issued by the Company as various series by 05 November 2021.

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

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

DESCRIPTION OF MATERIAL CHANGES IN THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

The total bond issue liabilities in the three-month period ended 31 March 2021 and their maturity dates have not changed.

BONDS ISSUED AS AT 31.03.2021

Series	Issue date	Amount	Currency	Maturity date
DOMDE6151121	15.11.2016	110 000	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
Total		360 000	PLN	

7.12 ACCRUED INTEREST ON LOANS AND BONDS

ACCRUED INTEREST ON LOANS AND BONDS	31.03.2021 (unaudited)	31.12.2020
Accrued interest on bonds	2 673	1 399
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	2 673	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	31.03.2021 (unaudited)	31.12.2020
Lease liabilities, short-term portion, including:	85 386	89 992
liabilities on account of perpetual usufruct right of land	79 295	83 950
liabilities on account of the right of use of office space	5 945	5 874
Other	146	168
Lease liabilities, long-term portion, including:	23 637	24 642
liabilities on account of the right of use of office space	23 596	24 573
Other	41	69
Total	109 023	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 31 March 2021, out of PLN 79 295 thousand of the land-related lease liabilities recognised as short-term:

- PLN 1 868 thousand is payable by the Group within 12 months following the balance sheet date,
- PLN 1 704 thousand is payable by the Group later than 12 months following the balance sheet date,
- PLN 75 723 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	31.03.2021 (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	828 526	1 111 129
Other	-	-
Total	828 526	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. The operations on the Wrocław and Tricity 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

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

FIGURES FOR THE THREE-MONTH PERIOD

ENDED 31.03.2021

(unaudited)

	Warsaw segment	Wroclaw segment	Tricity segment	Total
Sales revenue	620 734	130 119	57 060	807 913
Gross profit on sales, before the allocation of purchase price *)	211 711	32 505	20 366	264 582
Allocation of the Euro Styl S.A. Capital Group purchase price **)			(1 726)	(1 726)
Gross profit on sales after the allocation of purchase price	211 711	32 505	18 640	262 856
Selling costs, and general administrative expenses				(45 319)
Other operating income and expenses, net				(1 684)
Operating profit				215 853
Financial income and costs, net				227
Profit before tax				216 080
Income tax				(41 599)
Net profit				174 481

FIGURES FOR THE THREE-MONTH PERIOD

ENDED 31.03.2021

(unaudited)

	Warsaw segment	Wroclaw segment	Tricity segment	Total
Sales revenue	273 338	26 699	14 104	314 141
Gross profit on sales, before the allocation of purchase price *)	84 200	4 223	4 474	92 897
Allocation of the Euro Styl S.A. Capital Group purchase price **)	-	-	(188)	(188)
Gross profit on sales after the allocation of purchase price	84 200	4 223	4 286	92 709
Selling costs, and general administrative expenses				(41 851)
Other operating income and expenses, net				(1 139)
Operating profit				49 719
Financial income and costs, net				(1 577)
Profit before tax				48 142
Income tax				(9 606)
Net profit				38 536

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

**) the additional cost resulting from the allocation of the Euro Styl S.A. Capital Group acquisition price. This cost is the difference between the carrying value of the Euro Styl S.A. Capital Group's inventory and the fair value assessed as at the date when the Group was purchased 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	01.01.-31.03. 2021 (unaudited)	01.01.-31.03. 2020 (unaudited)
Sales of finished goods	800 531	308 968
Sales of services	7 369	5 025
Sales of goods (land)	13	148
Sales revenue, total	807 913	314 141
Cost of finished goods sold	(539 248)	(216 728)
Cost of services sold	(5 805)	(4 702)
Cost of goods sold	(4)	(147)
Inventory write down to the net realisable value	-	145
Cost of sales, total	(545 057)	(221 432)
Gross profit on sales	262 856	92 709

7.17 INCOME TAX IN THE INCOME STATEMENT

INCOME TAX	01.01.-31.03. 2021 (unaudited)	01.01.-31.03. 2020 (unaudited)
Current income tax	(29 757)	(18 638)
Deferred tax in the income statement	(11 842)	9 032
Total	(41 599)	(9 606)

7.18 EARNINGS PER SHARE

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01.-31.03. 2021 (unaudited)	01.01.-31.03. 2020 (unaudited)
BASIC EARNINGS PER SHARE		
Profit for calculation of the basic earnings per share	174 482	38 537
The weighted average number of ordinary shares for the calculation of basic earnings per share	25 300 422	25 068 422
Basic earnings per share (in PLN)	6.90	1.54
DILUTED EARNINGS PER SHARE		
Profit for calculation of the diluted earnings per share	174 482	38 537
Potential diluting shares related to the Management Share Option Programmes	166 351	153 310
The weighted average number of ordinary shares for the calculation of diluted earnings per share	25 466 773	25 221 732
Diluted earnings per share (in PLN)	6.85	1.53

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

7.19 TRANSACTIONS WITH RELATED ENTITIES

In the three-month periods ended 31 March 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	01.01.-31.03. 2021 (unaudited)	01.01.-31.03. 2020 (unaudited)
Woodsford Consulting Limited	Consulting services as per the agreement dated 27.06.2007 as annexed	496	867
Hansom Property Company Limited	Consulting services as per the agreement dated 02.01.2001 as annexed	136	1 000
M & M Usługi Doradcze M. Kolarski	Consulting services	34	18

BALANCES WITH RELATED ENTITIES – balances as in the books of the Company

	Receivables from related entities		Liabilities to related entities	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
Total balance	-	-	501	288
Other entities	-	-	501	288
M&M Usługi Doradcze M. Kolarski	-	-	-	-
Hansom Property Company Limited	-	-	136	125
Woodsford Consulting Limited	-	-	365	163

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

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

7.20 INCENTIVE PLAN – MANAGEMENT OPTION PROGRAMMES

As at 31 March 2021 there were three active Management Option Programmes adopted as part of the Incentive Scheme for the executives in the Company.

MANAGEMENT OPTION PROGRAMMES	31.03.2021 (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

On 21 January 2021, the Management Board increased Company's share capital by issuing 100 000 series AC ordinary bearer shares and 80 000 series AD ordinary bearer shares. The issue price of AC and AD series shares was set at PLN 35.00 and PLN 50.00 per share, respectively.

The AC series shares were issued in a private placement addressed to Ms Małgorzata Kolarska, Vice President of the Management Board as a participant in Management Options Programme IV and the AD series shares were issued in a private placement addressed to Mr Mikołaj Konopka, Member of the Management Board as a participant in Management Options Programme V and Marcin Drobek, Adviser to the Management Board and the Chief Construction Officer as a participant in Management Options Programme VI (which was described in detail in note 7.9).

These shares were registered by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register on 18 February 2021.

EXPIRY OF SHARE OPTIONS

In the three-month periods ended 31 March 2021 and 2020 no share options expired.

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

In the three-month periods ended 31 March 2021 and 2020 the amounts of PLN 1 049 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:

		01.01.-31.03. 2021 (unaudited)	01.01.-31.03. 2020 (unaudited)
Unexercised options at the beginning of the period	Number of options	550 000	550 000
	Total exercise price	24 500	23 000
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	180 000	150 000
	Total option exercise value	7 500	6 000
	Weighted average exercise price per share (PLN per share)	41.67	40.00
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	180 000	150 000
	Total exercise price	7 500	6 000
Exercisable options at the end of the period	Number of options	-	-
	Total exercise price	-	-

7.21 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES	31.03.2021 (unaudited)	31.12.2020
Guarantees	1 463	963
Sureties	15 555	25 055
Total	17 018	26 018

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

COLLATERALS FOR LIABILITIES	31.03.2021 (unaudited)	31.12.2020
Promissory notes, including:		
- promissory notes as other security	2 000	2 000
- promissory notes as a security for lease agreements	-	1
Total	2 000	2 001

In the three-month period ended 31 March 2021 the companies operating within the Group did not provide any guarantees for loans or borrowings, nor any other guarantees – jointly to one entity or its subsidiary, the value of which would be material for the Group or would amount to at least 10% of the Company's shareholders' equity.

7.22 MATERIAL COURT CASES AS AT 31 MARCH 2021

As at 31 March 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 Q1 2021, the operations of the Group were not disrupted and the market situation was favourable. The COVID-19 epidemic, which has been ongoing since 2020, has led to increased volatility in the economic environment and a significant economic downturn in individual various sectors of the economy. The demand for housing was high in all market segments and was mainly driven by the persistently low interest rates. Such rates encouraged investing savings in real estate, which, despite the difficult situation on the rental market, was still a more attractive investment compared to bank deposits with their negative real interest rates. At the same time, the low cost of credit combined with the loosening of lending criteria by the banks have translated into increased availability of mortgage loans.

The market supply of flats in Q1 2021 was under strong pressure due to the scarcity of land suitable for starting property development projects quickly to generate satisfactory margins. The time needed to obtain administrative permits and decisions also extended noticeably. This resulted to a large extent from restrictions affecting the operation of local authorities in connection with the COVID-19 epidemic. Compared to the sector average, the Group coped very well, efficiently replenishing its offer of new flats and starting the construction of further projects. Detailed information on the projects in progress and completed by the Dom Development S.A. Capital Group in Q1 2021 has been presented below.

MATERIAL CHANGES TO THE PORTFOLIO OF ONGOING PROPERTY DEVELOPMENT PROJECTS CARRIED OUT BY THE GROUP IN THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

DEVELOPMENT PROJECTS COMMENCED FROM 1 JANUARY 2021 UNTIL 31 MARCH 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 B2	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
DOM DEVELOPMENT S.A. CAPITAL GROUP			835
IN TOTAL: UNITS WITH CONSTRUCTION STARTED IN Q1 2021	DOM DEVELOPMENT S.A.	Warsaw	494
	EURO STYL S.A.	Tricity	183
	DOM DEVELOPMENT WROCŁAW SP. Z O.O.	Wrocław	158

DEVELOPMENT PROJECTS COMPLETED FROM 1 JANUARY 2021 UNTIL 31 MARCH 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
DOM DEVELOPMENT S.A. CAPITAL GROUP			554
IN TOTAL: UNITS WITH CONSTRUCTION ENDED IN Q1 2021	DOM DEVELOPMENT S.A.	Warsaw	228
	EURO STYL S.A.	Tricity	64
	DOM DEVELOPMENT WROCŁAW SP. Z O.O.	Wrocław	262

INFORMATION ON DELIVERIES OF RESIDENTIAL AND RETAIL UNITS

Number of residential and retail units delivered to customers by the Group companies in the three-month period ended 31 March 2021 has been presented in the following table:

NUMBER OF APARTMENTS AND RETAIL UNITS DELIVERED			
COMPANY	LOCATION	Q1 2021	Q1 2020
Dom Development S.A.	Warsaw	906	430
Euro Styl S.A.	Tricity	150	38
Dom Development Wrocław Sp. z o.o.	Wrocław	310	81
Total		1 336	549

7.24 DIVIDEND AND PROFIT DISTRIBUTION

On 12 March 2021, the Management Board of the Company adopted a resolution on the distribution of net profit of the Company for 2020.

In accordance with that resolution, the Management Board of the Company petitioned that the aggregate amount of PLN 253 984 220 of the Company's net profit for the year ended on 31 December 2020 be appropriated for the payment of a dividend to shareholders in Dom Development S.A., and a portion of the Company's 2020 net profit in the amount of PLN 10 232 417.73 be appropriated to the increase of the Company's supplementary capital.

The Management Board of the Company proposed that the date of record be 21 June 2021 and the dividend payment date be 28 June 2021.

On 8 April 2021, 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 2020 and fixing the date of record and the dividend payment date as proposed by the Management Board.

7.25 CHANGES IN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

In view of the resignation on 12 March 2021 by Mr. Janusz Zalewski from his position as Vice-President and Member of the Company's Management Board on account of reaching the retirement age, a shareholder holding at least 50.1 % of the Company's shares appointed, as of 15 March 2021, Mr Leszek Stankiewicz for a joint three-year term of office as a Member and Vice President of the Management Board of the Company responsible for finances of Dom Development S.A., in accordance with the Management Board bylaws.

As of 12 March 2021, Mr Michael Cronk, Member of the Company's Supervisory Board, resigned from his position of Member of the Company's Supervisory Board on account of his retirement.

Moreover, as of 12 March 2021, Mr Markham Dumas, Member and Vice Chairman of the Company's Supervisory Board, resigned from his position of Vice Chairman of the Supervisory Board while remaining a Member of the Company's Supervisory Board. As of 15 March 2021, a shareholder holding at least 50.1 % of the Company's shares appointed Mr Janusz Zalewski for a joint three-year term of office as a Member and Vice Chairman of the Company's Supervisory Board.

7.26 MATERIAL POST-BALANCE SHEET EVENTS

SALE OF SHARES IN M2 BIOUSO SP. Z O.O.

On 31 January 2019, the Company concluded a preliminary sale agreement for all shares in the share capital of M2 Biuro sp. z o.o., while on 23 April 2021, the Company concluded the sale agreement for all shares in this subsidiary.

NEW BOND ISSUE AND BOND REDEMPTION

On 11 May 2021, Dom Development S.A. prematurely redeemed for cancellation 32 076 unsecured bearer bonds, series DOMDE6151121, with a nominal value of PLN 1 000.00 each and maturing on 15 November 2021. The aggregate nominal value of the redeemed bonds is PLN 32 076 thousand. The redemption price per one bond was PLN 1 005.50. The total redemption price of the bonds was PLN 32 252 thousand.

On 12 May 2021, the Company issued 110 000 000 unsecured bonds, series DOMDET4250925, with the nominal value of PLN 1 000 each and the aggregate nominal value of PLN 110 000 thousand. The maturity date for these bonds is 12 May 2026. The issue value equals the nominal value of the bonds. The interest rate is set at WIBOR 6M plus margin. and will be paid semi-annually. No purpose for the bond issue was specified. The funds from the issue have been designated for current operations of the Company.

In the future, this issue will replace in the structure of the external financing of the Group the issue of bonds series DOMDE6151121 maturing on 15 November 2021. (taking into account the above mentioned premature redemption for cancellation by the Company of 32 076 bonds on 11 May 2021).

7.27 FORECASTS

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

7.28 SELECTED FINANCIAL DATA TRANSLATED INTO EURO

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

SELECTED DATA FROM THE INTERIM CONDENSED CONSOLIDATED BALANCE SHEET	31.03.2021 in EUR '000 (unaudited)	31.12.2020 in EUR '000
Total current assets	659 415	689 619
Total assets	675 401	704 951
Total shareholders' equity	287 866	250 817
Long-term liabilities	98 242	93 396
Short-term liabilities	289 293	360 738
Total liabilities	387 535	454 134
PLN/EURO exchange rate as at the balance sheet date	4.6603	4.6148

SELECTED DATA FROM THE INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT	01.01.-31.03. 2021 in EUR '000 (unaudited)	01.01.-31.03. 2020 in EUR '000 (unaudited)
Sales revenue	176 705	71 456
Gross profit on sales	57 491	21 088
Operating profit	47 211	11 309
Profit before tax	47 261	10 951
Net profit	38 162	8 766
Average PLN/EURO exchange rate for the reporting period	4.5721	4.3963