

DOM DEVELOPMENT S.A.

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



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

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

- interim condensed balance sheet as at 31 March 2021,
- interim condensed income statement for the three-month period ended 31 March 2021,
- interim condensed statement of comprehensive income for the three-month period ended 31 March 2021,
- interim condensed statement of changes in shareholders' equity for the three-month period ended 31 March 2021,
- interim condensed cash flow statement for the three-month period ended 31 March 2021,
- additional notes to the interim condensed 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 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 Dom Development S.A. and its financial result.

Jarosław Szanajca
President of the Management Board

Leszek Stankiewicz
Vice President of the Management Board

2 INTERIM CONDENSED BALANCE SHEET

ASSETS	Note	31.03.2021 (unaudited)	31.12.2020
Fixed assets			
Intangible assets		16 905	15 014
Tangible fixed assets	7.5	25 134	26 561
Investments in subsidiaries, associates and jointly controlled entities	7.6	366 671	366 671
Loans granted and other long-term receivables		55 063	55 069
Other long-term assets		1 625	85
TOTAL FIXED ASSETS		465 398	463 400
Current assets			
Inventory	7.7	1 553 889	1 641 331
Trade and other receivables		65 397	48 588
Corporate income tax receivables		21 803	27 909
Other current assets		6 263	2 940
Loans granted		47 088	27 089
Short-term financial assets	7.8	14 702	12 358
Cash and cash equivalents	7.9	505 160	531 841
TOTAL CURRENT ASSETS		2 214 302	2 292 056
TOTAL ASSETS		2 679 700	2 755 456

EQUITY AND LIABILITIES	Note	31.03.2021 (unaudited)	31.12.2020
Shareholders' equity			
Share capital	7.10	25 398	25 218
Share premium	7.10	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		397 165	264 217
TOTAL SHAREHOLDERS' EQUITY		1 294 736	1 152 196
Long-term liabilities			
Loans, long-term portion	7.11	10 000	10 000
Bonds, long-term portion	7.12	250 000	250 000
Deferred tax provision		40 918	25 677
Long-term provisions		13 824	13 305
Lease liabilities, long-term portion	7.14	19 138	20 033
Other long-term liabilities		80 759	63 458
TOTAL LONG-TERM LIABILITIES		414 639	382 473
Short-term liabilities			
Trade payables, tax and other liabilities		251 122	272 734
Loans, short-term portion	7.11	-	-
Bonds, short-term portion	7.12	110 000	110 000
Accrued interest on loans and bonds	7.13	2 673	1 399
Lease liabilities, short-term portion	7.14	67 316	67 951
Corporate income tax payables		-	-
Short-term provisions		17 155	16 982
Deferred income	7.15	522 059	751 721
TOTAL SHORT-TERM LIABILITIES		970 325	1 220 787
TOTAL LIABILITIES		1 384 964	1 603 260
TOTAL EQUITY AND LIABILITIES		2 679 700	2 755 456

All amounts in PLN '000.

3 INTERIM CONDENSED INCOME STATEMENT

	Note	Three-month period ended 31.03.2021 (unaudited)	Three-month period ended 31.03.2020 (unaudited)
Sales revenue	7.17	620 413	272 352
Cost of sales	7.17	(425 325)	(191 654)
Gross profit on sales	7.17	195 088	80 698
Selling costs		(10 566)	(11 444)
General administrative expenses		(20 373)	(17 991)
Other operating income		613	822
Other operating expenses		(1 816)	(1 612)
Operating profit		162 946	50 473
Financial income		3 059	1 212
Financial costs		(1 455)	(2 955)
Profit before tax		164 550	48 730
Income tax	7.18	(31 602)	(9 592)
Net profit from continued operations		132 948	39 138
Net profit from discontinued operations *)		-	-
Net profit		132 948	39 138
Earnings per share:			
Basic (PLN)	7.19	5.25	1.56
Diluted (PLN)	7.19	5.22	1.55

*) In the three-month period ended 31 March 2021 and 2020 the Company did not discontinue any of its activities.

All amounts in PLN '000 unless stated otherwise.

4 INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Three-month period ended 31.03.2021 <i>(unaudited)</i>	Three-month period ended 31.03.2020 <i>(unaudited)</i>
Net profit	132 948	39 138
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	133 991	37 257

All amounts in PLN '000.

5 INTERIM CONDENSED 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		164 550	48 730
Adjustments:			
Depreciation		2 625	2 735
(Profit)/loss on foreign exchange differences		1	65
(Profit)/loss on investments		(11)	63
Interest cost/(income)		3 980	1 706
Cost of the valuation of management option programmes		1 049	1 075
Changes in the operating capital:			
Changes in provisions		692	302
Changes in inventory		85 097	(65 490)
Changes in receivables		(16 804)	(16 484)
Changes in short-term liabilities, excluding loans and bonds		8 930	35 945
Changes in prepayments and deferred income		(249 043)	30 858
Other adjustments		(1)	(65)
Cash flow generated from operating activities		1 065	39 440
Interest received		-	550
Interest paid		(1 280)	(395)
Income tax paid		(10 499)	(13 010)
Net cash flow from operating activities		(10 714)	26 585
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		51	149
Dividends received		-	-
Proceeds from borrowings granted		6 022	1 135
Other proceeds from financial assets		-	-
Borrowings granted		(25 000)	-
Acquisition of intangible and tangible fixed assets		(3 900)	(2 448)
Acquisition of financial assets and additional contributions to the share capital of subsidiaries		(640)	-
Net cash flow from investing activities		(23 467)	(1 164)
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)	7.10	7 500	6 000
Proceeds from contracted loans	7.11	-	200 000
Proceeds from commercial papers issued	7.12	-	-
Repayment of loans and borrowings	7.11	-	-
Redemption of commercial papers	7.12	-	-
Dividends paid		-	-
Net cash flow from financing activities		7 500	206 000
Increase / (decrease) in net cash and cash equivalents		(26 681)	231 421
Cash and cash equivalents – opening balance	7.9	531 841	220 111
Cash and cash equivalents – closing balance	7.9	505 160	451 532

All amounts in PLN '000.

6 INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium less treasury shares	Other capital (supple- mentary capital)	Reserve capital from reduction of share capital	Reserve capital from valuation of cash flow hedges	Unappropriated profit	Total shareholders' equity
Balance as at 1 January 2021	25 218	251 038	614 804	510	(3 591)	264 217	1 152 196
Share capital increase by exercising share options (note 7.10)	180	7 320	-	-	-	-	7 500
Transfer of profit to supplementary capital	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-
Creation of reserve capital from the valuation of the share options (note 7.21)	-	-	1 049	-	-	-	1 049
Net profit for the reporting period	-	-	-	-	-	132 948	132 948
Other net comprehensive income for the reporting period	-	-	-	-	1 043	-	1 043
Total net comprehensive income	-	-	-	-	1 043	132 948	133 991
Increase / (decrease) in equity capital	180	7 320	1 049	-	1 043	132 948	142 540
Balance as at 31 March 2021 (unaudited)	25 398	258 358	615 853	510	(2 548)	397 165	1 294 736

All amounts in PLN '000.

	Share capital	Share premium less treasury shares	Other capital (supple- mentary capital)	Reserve capital from reduction of share capital	Reserve capital from valuation of cash flow hedges	Accumulated, unappropri- ated profit / (loss)	Total shareholders' equity
Balance as at 1 January 2020	25 068	245 188	543 715	510	(2 161)	304 665	1 116 985
Share capital increase by exercising share options	150	5 850	-	-	-	-	6 000
Transfer of profit to supplementary capital	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-
Creation of reserve capital from the valuation of the share options (note 7.21)	-	-	1 075	-	-	-	1 075
Net profit for the reporting period	-	-	-	-	-	39 138	39 138
Other net comprehensive income for the reporting period	-	-	-	-	(1 881)	-	(1 881)
Total net comprehensive income	-	-	-	-	(1 881)	39 138	37 257
Increase / (decrease) in equity capital	150	5 850	1 075	-	(1 881)	39 138	44 332
Balance as at 31 March 2020 (unaudited)	25 218	251 038	544 790	510	(4 042)	343 803	1 161 317

All amounts in PLN '000.

7 ADDITIONAL NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS





7.1 GENERAL INFORMATION ABOUT DOM DEVELOPMENT S.A.

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

According to the Polish Classification of Business Activity the Company’s scope of activity is the development of building projects – PKD 4110Z (NACE F41.1). The Company conducts its activities mainly in Warsaw and its vicinity. The company also has subsidiaries that run their real estate development activities in the Wrocław and Tricity markets.

The Company is a majority-owned subsidiary of Groupe Belleforêt S.à r.l. with its registered office in Luxembourg (see note 7.10). As at 31 March 2021, Groupe Belleforêt S.à r.l. controlled 55.74% of the Company’s shares.

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

The Company conducts its activities in the territory of Poland in compliance with the Code of Commercial Companies and Partnerships and its term of operations is unlimited.

In the three-month period ended 31 March 2021 the Company did not discontinue any of its activities.

7.2 BASIS FOR THE PREPARATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed 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 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 financial statements have been prepared on the assumption that the Company 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 liquidity to possible changes in the market environment and to the ongoing operating activities of the Company 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 financial statements all the prerequisites have been fulfilled for the going concern assumption in the foreseeable future.

The Polish zloty (“PLN”) is the functional currency for the Company. The condensed financial statements are stated in Polish zloty. Financial data included in the interim condensed financial statements are expressed in thousands of PLN unless stated otherwise.

The presented interim condensed balance sheet, interim condensed income statement, interim condensed statement of comprehensive income, interim condensed cash flow statement and interim condensed statement of changes in shareholders’ equity are unaudited and they have not been the subject of review by an independent certified auditor. These unaudited interim condensed financial statements do not include all the information and disclosures that are required from annual financial statements and therefore should be read in conjunction with the audited financial statements of the Company and the notes thereto for the year ended 31 December 2020.

The Company has also prepared interim condensed consolidated financial statements for Dom Development S.A. Capital Group 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 Company to prepare its interim condensed 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 Company, there are no differences in the IFRS policies applied by the Company and IFRS that have been endorsed by the EU.

The interim condensed 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 financial statements are prepared based on the same accounting policies as for the financial statements of the Company for the year ended 31 December 2020, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2021:

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

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

The Company 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 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 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 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 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 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 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 financial statements.

The Management Board is verifying effect of the above standards on the Company's financial position, operating results or the scope of information presented in the Company's interim condensed 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 financial statements of the Company 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 Company 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	2 207	2 488
Vehicles	1 470	1 670
Land and buildings	-	-
Right-of-use of office space	21 457	22 403
Total	25 134	26 561

As at 31 March 2021 there were no circumstances that would require the Company to create revaluation write downs for its tangible fixed assets.

No collaterals have been established on fixed assets.

7.6 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY	31.03.2021	31.12.2020
Interest in subsidiaries, associates and jointly controlled entity	366 671	366 671
Borrowings granted to related entities	53 679	53 679
Closing balance	420 350	420 350

BORROWINGS GRANTED TO RELATED ENTITIES

The loan agreement for the amount of up to PLN 150 000 thousand was concluded by the Company and Euro Styl S.A. on 26 February 2019. As at 31 March 2021 a borrowing of PLN 53 679 thousand was drawn under the said agreement.

The loan agreement for the amount of up to PLN 100 000 thousand was concluded by the Company and Dom Development Wrocław spółka z o.o. on 27 September 2019. Dom Development Wrocław spółka z o.o. did not use this loan as at 31 March 2021.

INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY

Investments in subsidiaries, associates and jointly controlled entity have been presented in the table below:

INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY	As at 31.03.2021			As at 31.12.2020		
	Company's interest (%)	Value of total investment	Net investment carrying value	Company's interest (%)	Value of total investment	Net investment carrying value
Dom Development Grunty sp. z o.o.	46%	24	24	46%	24	24
Dom Development Wrocław sp. z o.o.	100%	79 002	79 002	100%	79 002	79 002
Dom Development Kredyty sp. z o.o.	100%	505	505	100%	505	505
Mirabelle Investments sp. z o.o.	100%	58	58	100%	58	58
Euro Styl S.A.	100%	265 473	265 473	100%	265 473	265 473
Euro Styl Development sp. z o.o.	100%	252	252	100%	252	252
Dom Construction sp. z o.o.	100%	3 103	3 103	100%	3 103	3 103
M2 Biuro sp. z o.o.	100%	18 254	18 254	100%	18 254	18 254
Total		366 671	366 671		366 671	366 671

- Euro Styl S.A.

Euro Styl S.A. is the parent company of the Euro Styl S.A. Capital Group, whose composition as at 31 March 2021 is shown in the following table:

SKŁAD GRUPY KAPITAŁOWEJ EURO STYL S.A.	Percentage share in the SPVs operating in the Euro Styl S.A. Capital Group.	
	Euro Styl S.A.	Euro Styl Development sp. z o.o.
Euro Styl Construction sp. z o.o.	100.00%	-
Euro Styl Montownia sp. z o.o.	100.00%	-
Euro Styl Development sp. z o.o. KWARTET POLANKI sp.k.	99.975%	0.025%
GGI Dolne Miasto sp. z o.o.	100.00%	-
GGI Dolne Miasto II sp. z o.o. w likwidacji (under liquidation)	50.00%	-

The scope of operations of this company involves real estate development projects in the Tricity area.

Residential projects are constructed by Euro Styl Construction sp. z o.o. as a general contractor only for the companies of the Euro Styl S.A. Capital Group.

- Dom Development Wrocław sp. z o.o.

The scope of operations of this company involves real estate development projects in the Wrocław area.

- Dom Development Kredyty sp. z o.o.

As part of its statutory operations, this company provides credit intermediation services for financial institutions.

- Dom Construction sp. z o.o.

Dom Construction sp. z o.o. is a subsidiary that operates as the general contractor in residential development projects. Dom Construction sp. z o.o. provides services only to the Group companies (to the Company and to Dom Development Wrocław sp. z o.o.).

- Dom Development Grunty sp. z o.o.

The Company holds 46.00% shares in the share capital of Dom Development Grunty spółka z o.o. That is a company participating in property (land) transactions within the Group.

- Mirabelle Investments sp. z o.o.

On 7 September 2017 a purchase agreement and transfer agreement concerning perpetual usufruct of real properties located in the Żoliborz District, Warsaw, where in 2018 the Company commenced development of further stages of Żoliborz Artystyczny, were entered into by the Company and Acciona Nieruchomości Żoliborz sp. z o.o. with its registered office in Warsaw.

Moreover, on 7 September 2017 the Company acquired 100% of the shares in the share capital of Mirabelle Investments sp. z o.o. with its registered office in Warsaw. Mirabelle Investments Sp. z o.o. was the addressee of administrative decisions and the party to the agreements required for the development of housing project on the above mentioned properties.

It is not the Company's intention to carry out operations through Mirabelle Investments Sp. z o.o., and the project is being developed directly by Development S.A. on the said real estate.

- M2 Biuro sp. z o.o.

On 11 December 2018, the Company established a company styled M2 Biuro sp. z o.o. The share capital of this company was partially covered with non-cash contribution in the form of a share in the perpetual usufruct right to land and in the documentation, including the copyrights attached to this documentation. This company was formed in connection with the planned sale by the Company of some land situated near Żwirki i Wigury street and Raclawicka street in Warsaw and earmarked for office and service development.

On 31 January 2019, the Company entered into a preliminary agreement sale for all shares in the share capital of M2 Biuro sp. z o.o. Information on the sale of shares in this company has been presented in note 7.27.

DESCRIPTION OF MATERIAL CHANGES IN THE PERIOD FROM 1 JANUARY UNTIL 31 March 2021

Within the three-month period ended 31 March 2021, the Company did not make any other material changes in the structure of investing in subsidiaries, associates and joint ventures.

7.7 INVENTORY

INVENTORY	31.03.2021	31.12.2020
	<i>(unaudited)</i>	
Advances on deliveries	346 673	208 379
including: at purchase prices/production costs	346 673	208 379
write down to the net realisable value	-	-
Semi-finished goods and work in progress	999 730	1 112 005
including: at purchase prices/production costs	995 971	1 104 017
rights of perpetual usufruct of land (lease)	33 027	37 179
write down to the net realisable value	(29 268)	(29 191)
Finished goods	207 486	320 947
including: at purchase prices/production costs	214 959	328 497
write down to the net realisable value	(7 473)	(7 550)
Total	1 553 889	1 641 331

INVENTORY REVALUATION WRITE DOWNS	01.01.-31.03.	01.01.-31.03.
	2021	
	<i>(unaudited)</i>	
	2020	
	<i>(unaudited)</i>	
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 Company.

CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED	31.03.2021	31.12.2020
	<i>(unaudited)</i>	
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

7.8 SHORT-TERM FINANCIAL ASSETS

SHORT-TERM FINANCIAL ASSETS	31.03.2021	31.12.2020
	<i>(unaudited)</i>	
Bank deposits with a maturity over three months	-	-
Cash in open-end residential escrow accounts	14 702	12 358
Other short-term financial assets	-	-
Total	14 702	12 358

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 Company'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*.

7.9 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	439 909	528 194	7 388
Short-term deposits	65 251	3 606	444 103
Other	-	41	41
Total	505 160	531 841	451 532

7.10 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 7.21).

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

* 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.

7.11 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 Company 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 Company 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 Company 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 Company approximately equals their book value, including accrued interest.

7.12 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 Company 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	

7.13 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

7.14 LEASE LIABILITIES

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

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

The Company as lessee recognises lease liabilities as measured at the present value of unavoidable future lease payments, discounted at the marginal interest rates of the Company, 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:	67 316	67 951
liabilities on account of perpetual usufruct right of land	62 883	63 518
liabilities on account of the right of use of office space	4 433	4 433
Other	-	-
Lease liabilities, long-term portion, including:	19 138	20 033
liabilities on account of the right of use of office space	19 138	20 033
Other	-	-
Total	86 454	87 984

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 Company 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 Company held the perpetual usufruct right as at 31 March 2021, out of PLN 62 883 thousand of the land-related lease liabilities recognised as short-term:

- PLN 1 078 thousand is payable by the Company within 12 months following the balance sheet date,
- PLN 592 thousand is payable by the Company later than 12 months following the balance sheet date,
- PLN 61 213 thousand is to be transferred to the respective buyers of units.

7.15 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	522 059	751 721
Other	-	-
Total	522 059	751 721

7.16 SEGMENT REPORTING

The operations of the Company 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.

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

- the Warsaw segment
- the Tricity segment
- the Wrocław segment

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

Due to the fact that the Company's operating activities are carried out in the Warsaw market, i.e. within one segment, these interim condensed financial statements do not include segment-specific information.

Information on the business segments is provided in the interim condensed consolidated financial statements of the Company, which shows the operating activities on all the above mentioned markets (operating segments and reporting segments).

7.17 SALES REVENUE AND COST OF SALES

ANALYSIS OF SALES REVENUE AND COST OF SALES	01.01.-31.03.	01.01.-31.03.
	2021	2020
	(unaudited)	(unaudited)
Sales of finished goods	614 742	269 224
Sales of services	5 671	3 128
Sales of goods (land)	-	-
Sales revenue, total	620 413	272 352
Cost of finished goods sold	(420 907)	(188 350)
Cost of services sold	(4 418)	(3 449)
Cost of goods sold	-	-
Inventory write down to the net realisable value	-	145
Cost of sales, total	(425 325)	(191 654)
Gross profit on sales	195 088	80 698

7.18 INCOME TAX IN THE INCOME STATEMENT

INCOME TAX	01.01.-31.03.	01.01.-31.03.
	2021	2020
	(unaudited)	(unaudited)
Current income tax	(16 605)	(16 308)
Deferred tax in the income statement	(14 997)	6 716
Total	(31 602)	(9 592)

7.19 EARNINGS PER SHARE

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01.-31.03.	01.01.-31.03.
	2021	2020
	(unaudited)	(unaudited)
BASIC EARNINGS PER SHARE		
Profit for calculation of the basic earnings per share	132 948	39 138
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 (PLN)	5.25	1.56
DILUTED EARNINGS PER SHARE		
Profit for calculation of the diluted earnings per share	132 948	39 138
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)	5.22	1.55

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

7.20 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:

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
Dom Development Grunty sp. z o.o.	Services performed as per the contract of mandate for the activities related to the purchase of land and management thereof, as annexed	-	-
Dom Development Wrocław sp. z o.o.	Cooperation Agreements	-	-
Mirabelle Investments sp. z o.o.	Other	-	1
Euro Styl S.A.	Cooperation Agreements	16	-
Euro Styl Construction sp. z o.o.	Cooperation Agreements	-	-
Dom Construction sp. z o.o.	Construction services	99 513	72 168
Dom Construction sp. z o.o.	Other	109	107

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

DOM DEVELOPMENT S.A. AS A SELLER OF GOODS OR SERVICES:			
Counterparty	Transaction description	01.01.-31.03. 2021 (unaudited)	01.01.-31.03. 2020 (unaudited)
Dom Development Grunty sp. z o.o.	Other	1	1
Euro Styl S.A.	Cooperation Agreement	522	204
Euro Styl Construction sp. z o.o.	Cooperation Agreement	-	4
Dom Land sp. z o.o.	Other	1	1
Dom Development Wrocław sp. z o.o.	Cooperation Agreements	436	290
Dom Development Kredyty sp. z o.o.	Cooperation Agreements	110	114
Dom Construction sp. z o.o.	Cooperation Agreements	616	1 727
M2 Biuro sp. z o.o.	Cooperation Agreements	1	1
M2 Hotel sp. z o.o.	Cooperation Agreements	-	1
Mirabelle Investments sp. z o.o.	Other	1	1

DOM DEVELOPMENT S.A. AS A LENDER:

DOM DEVELOPMENT S.A. AS A LENDER:			
Counterparty	Transaction description	01.01.-31.03. 2021 (unaudited)	01.01.-31.03. 2020 (unaudited)
Dom Development Wrocław sp. z o.o.	Borrowing provided	-	-
Dom Development Wrocław sp. z o.o.	Loan repaid	-	-
Dom Development Wrocław sp. z o.o.	Interest received on the borrowing	-	351
Euro Styl S.A.	Borrowing provided	-	-
Euro Styl S.A.	Loan repaid	-	-
Euro Styl S.A.	Interest received on the borrowing	522	688

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	143 020	142 292	92 436	75 818
Subsidiaries	133 185	132 457	91 935	75 530
Dom Development Grunty sp. z o.o.	1 482	1 482	-	-
Dom Development Wrocław sp. z o.o. additional contributions to the share capital*)	75 000	75 000	-	-
Dom Development Wrocław sp. z o.o. loans granted	-	-	-	-
Dom Development Wrocław sp. z o.o.	497	55	-	-
Euro Styl S.A. loans granted	53 680	53 680	-	-
Euro Styl S.A.	642	3	-	-
Euro Styl Construction sp. z o.o.	-	-	-	-
Mirabelle Investments sp. z o.o.	-	-	-	-
Dom Development Kredyty sp. z o.o.	88	-	-	1
Dom Construction sp. z o.o.	1 046	1 487	91 935	75 529
Dom Construction sp. z o.o. additional contributions to the share capital *)	-	-	-	-
M2 Biuro sp. z o.o.	-	-	-	-
M2 Hotel sp. z o.o.	-	-	-	-
M2 Biuro sp. z o.o. additional contributions to the share capital*)	750	750	-	-
Other entities	9 835	9 835	501	288
Dom Land sp. z o.o.	9 835	9 835	-	-
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 has 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.

7.21 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		
	Name of the Programme Options in the programme (number of shares)	Options in the programme (number of shares)	Options granted (number of shares)	Options exercised (number of shares)	Options in the programme (number of shares)	Options granted (number of shares)
Programme 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 7.10).

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	-	-

7.22 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES	31.03.2021 (unaudited)	31.12.2020
Guarantees	1 463	963
Sureties	14 655	24 155
Total	16 118	25 118

Additionally, some liabilities of the Company are secured with promissory notes:

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

In the three-month period ended 31 March 2021 the Company 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 Company or would amount to at least 10% of the Company's shareholders' equity.

7.23 MATERIAL COURT CASES AS AT 31 MARCH 2021

As at 31 March 2021 the Company was not a party to any material court cases.

7.24 FACTORS AND EVENTS WITH MATERIAL IMPACT ON THE CONDENSED FINANCIAL STATEMENTS OF THE COMPANY

IMPACT OF THE COVID-19 EPIDEMIC ON THE ONGOING COMPANY'S OPERATIONS

In Q1 2021, the operations of the Company 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 Company 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 Dom Development S.A. in Q1 2021 has been presented below.

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

DEVELOPMENT PROJECTS COMMENCED FROM 1 JANUARY 2021 UNTIL 31 MARCH 2021:

PROJECT	LOCATION	NUMBER OF APARTMENTS AND RETAIL UNITS
Apartamenty Służewiec	Warsaw	37
Dzielnica Mieszkaniowa Metro Zachód, stage 3 phase 1	Warsaw	145
Wilno IV, phase 3	Warsaw	154
Wilno IV, phase 5	Warsaw	158
Q1 2021		494

DEVELOPMENT PROJECTS COMPLETED FROM 1 JANUARY 2021 UNTIL 31 MARCH 2021:

PROJECT	LOCATION	NUMBER OF APARTMENTS AND RETAIL UNITS
Wilno VI, stage 3 phase 2	Warsaw	228
Q1 2021		228

INFORMATION ON DELIVERIES OF RESIDENTIAL AND RETAIL UNITS

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

NUMBER OF APARTMENTS AND RETAIL UNITS DELIVERED	2021	2020
Q1 (01.01.-31.03)	906	430
Total	906	430

7.25 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.

7.26 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.

7.27 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 Biouso sp. z o.o. (see note 7.6), 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 Company 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).

7.28 FORECASTS

The Management Board of Dom Development S.A. does not publish any financial forecasts concerning the Company.

7.29 SELECTED FINANCIAL DATA TRANSLATED INTO EURO

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

SELECTED DATA FROM THE INTERIM CONDENSED BALANCE SHEET	31.03.2021 in EUR '000 (unaudited)	31.12.2020 in EUR '000
Total current assets	475 142	496 675
Total assets	575 006	597 091
Total shareholders' equity	277 822	249 674
Long-term liabilities	88 973	82 880
Short-term liabilities	208 211	264 537
Total liabilities	297 184	347 417
PLN/EURO exchange rate as at the balance sheet date	4.6603	4.6148



SELECTED DATA FROM THE INTERIM CONDENSED INCOME STATEMENT	01.01-31.03. 2021 in EUR '000 (unaudited)	01.01.-31.03. 2020 in EUR '000 (unaudited)
Sales revenue	135 695	61 950
Gross profit on sales	42 669	18 356
Operating profit	35 639	11 481
Profit before tax	35 990	11 084
Net profit	29 078	8 902
<i>Average PLN/EURO exchange rate for the reporting period</i>	4.5721	4.3963