



# **DOM DEVELOPMENT S.A.**

## **Interim condensed consolidated financial statements for the six-month period ended 30 June 2020**

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

These interim condensed consolidated financial statements for the six-month period ended on 30 June 2020, comprising:

- interim condensed consolidated balance sheet as at 30 June 2020,
- interim condensed consolidated income statement for the three-month and the six-month periods ended 30 June 2020,
- interim condensed consolidated statement of comprehensive income for the three-month and the six-month period ended 30 June 2020,
- interim condensed statement of changes in consolidated shareholders' equity for the six-month period ended 30 June 2020,
- interim condensed consolidated cash flow statement for the six-month period ended 30 June 2020,
- additional notes to the interim condensed consolidated financial statements,

were prepared and approved by the Management Board of the Company on 21 August 2020.

The Management Board of the Company declares that to the best of its knowledge, these interim condensed consolidated financial statements 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 Group and its financial result.

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Jarosław Szanajca,  
President of the Management Board

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Janusz Zalewski,  
Vice President of the Management Board

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Małgorzata Kolarska,  
Vice President of the Management Board

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Mikołaj Konopka,  
Member of the Management Board

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Terry R. Roydon,  
Member of the Management Board



## 2. INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	Note	30.06.2020 (unaudited)	31.12.2019
<b>Fixed assets</b>			
Intangible assets		14 800	14 228
Tangible fixed assets	7.5	40 511	44 019
Deferred tax assets		9 489	5 927
Long-term receivables		1 761	1 876
Other long-term assets		2 833	2 797
<b>Total fixed assets</b>		<b>69 394</b>	<b>68 847</b>
<b>Current assets</b>			
Inventory	7.6	2 547 942	2 509 632
Trade and other receivables		57 373	62 166
Income tax receivables		4 934	418
Other current assets		6 958	4 968
Short-term financial assets	7.7	69 967	61 587
Cash and cash equivalents	7.8	599 894	253 318
<b>Total current assets</b>		<b>3 287 068</b>	<b>2 892 089</b>
<b>Total assets</b>		<b>3 356 462</b>	<b>2 960 936</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	7.9	25 218	25 068
Share premium		251 038	245 188
Other capital (supplementary capital)		545 866	543 715
Reserve capital from valuation of cash flow hedges		(4 292)	(2 161)
Reserve capital from reduction of share capital		510	510
Unappropriated profit		389 547	271 877
<b>Equity attributable to the shareholders of parent company</b>		<b>1 207 887</b>	<b>1 084 197</b>
Non-controlling interests		32	34
<b>Total shareholders' equity</b>		<b>1 207 919</b>	<b>1 084 231</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Loans, long-term portion	7.10	332 946	85 000
Bonds, long-term portion	7.11	260 000	260 000
Deferred tax provision		15 137	10 714
Long-term provisions		21 407	18 687
Lease liabilities, long-term portion	7.13	24 873	26 970
Other long-term liabilities		71 439	67 644
<b>Total long-term liabilities</b>		<b>725 802</b>	<b>469 015</b>
<b>Short-term liabilities</b>			
Trade payables, tax and other liabilities		292 519	321 643
Loans, short-term portion	7.10	-	14
Bonds, short-term portion	7.11	-	100 000
Accrued interest on loans and bonds	7.12	937	1 311
Lease liabilities, short-term portion	7.13	84 689	98 525
Corporate income tax payables		1 889	34 829
Short-term provisions		18 260	17 021
Deferred income	7.14	1 024 447	834 347
<b>Total short-term liabilities</b>		<b>1 422 741</b>	<b>1 407 690</b>
<b>Total liabilities</b>		<b>2 148 543</b>	<b>1 876 705</b>
<b>Total equity and liabilities</b>		<b>3 356 462</b>	<b>2 960 936</b>



## Dom Development S.A.

Interim condensed consolidated income statement  
for the three-month and the six-month periods ended 30 June 2020  
(all amounts in thousands PLN unless stated otherwise)

### 3. INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six-month period ended		Three-month period ended	
		30.06.2020 (unaudited)	30.06.2019 (unaudited)	30.06.2020 (unaudited)	30.06.2019 (unaudited)
Sales revenue	7.16	772 161	766 841	458 020	238 654
Cost of sales	7.16	(532 768)	(542 497)	(311 336)	(159 285)
<b>Gross profit on sales</b>		<b>239 393</b>	<b>224 344</b>	<b>146 684</b>	<b>79 369</b>
Selling costs		(29 411)	(32 857)	(13 883)	(14 928)
General administrative expenses		(52 465)	(45 347)	(26 142)	(22 087)
Other operating income		2 502	5 343	1 301	482
Other operating expenses		(6 113)	(8 030)	(3 773)	(4 679)
<b>Operating profit</b>		<b>153 906</b>	<b>143 453</b>	<b>104 187</b>	<b>38 157</b>
Financial income		2 332	1 701	1 415	1 014
Financial costs		(9 768)	(1 976)	(7 274)	(733)
<b>Profit before tax</b>		<b>146 470</b>	<b>143 178</b>	<b>98 328</b>	<b>38 438</b>
Income tax	7.17	(28 802)	(27 862)	(19 196)	(7 384)
<b>Net profit</b>		<b>117 668</b>	<b>115 316</b>	<b>79 132</b>	<b>31 054</b>
<b>Net profit attributable to:</b>					
Shareholders of the parent company		<b>117 670</b>	<b>115 319</b>	<b>79 133</b>	<b>31 056</b>
Non-controlling interests		(2)	(3)	(1)	(2)
<b>Earnings per share:</b>					
Basic, from the profit for the period, attributable to parent company's shareholders (PLN)	7.18	4.68	4.61	3.16	1.24
Diluted, from the profit for the period, attributable to parent company's shareholders (PLN)	7.18	4.65	4.58	3.14	1.23



## Dom Development S.A.

Interim condensed consolidated statement of comprehensive income  
for the three-month and the six-month period ended 30 June 2020  
(all amounts in thousands PLN unless stated otherwise)

### 4. INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six-month period ended		Three-month period ended	
	30.06.2020 (unaudited)	30.06.2019 (unaudited)	30.06.2020 (unaudited)	30.06.2019 (unaudited)
<b>Net profit</b>	<b>117 668</b>	<b>115 316</b>	<b>79 132</b>	<b>31 054</b>
<b>Other comprehensive income/(losses)</b>				
Net change to cash flow hedges	(2 631)	(489)	(309)	83
Income tax	500	93	59	(16)
<b>Other net comprehensive income/(losses)</b>	<b>(2 131)</b>	<b>(396)</b>	<b>(250)</b>	<b>67</b>
<b>Total net comprehensive income</b>	<b>115 537</b>	<b>114 920</b>	<b>78 882</b>	<b>31 121</b>
<b>Net comprehensive income attributable to:</b>				
Shareholders of the parent company	115 539	114 923	78 883	31 123
Non-controlling interests	(2)	(3)	(1)	(2)



## 5. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Six-month period ended	
		30.06.2020 (unaudited)	30.06.2019 (unaudited)
<b>Cash flow from operating activities</b>			
Profit before tax		<b>146 470</b>	<b>143 178</b>
Adjustments:			
Depreciation		7 585	7 405
Profit/(loss) on foreign exchange differences		131	(4)
Profit/(loss) on investments		(309)	272
Interest cost/income		4 755	5 353
Cost of the valuation of management option programmes		2 151	1 361
Changes in the operating capital:			
Changes in provisions		4 217	2 349
Changes in inventory		(35 350)	(221 406)
Changes in receivables		4 849	10 243
Changes in short-term liabilities, excluding loans and bonds		(43 636)	120 775
Changes in prepayments and deferred income		180 590	109 893
Other adjustments		42	169
<b>Cash flow generated from operating activities</b>		<b>271 495</b>	<b>179 588</b>
Interest received		986	1 583
Interest paid		(9 551)	(8 224)
Income tax paid		(64 897)	(54 797)
<b>Net cash flow from operating activities</b>		<b>198 033</b>	<b>118 150</b>
<b>Cash flow from investing activities</b>			
Proceeds from the sale of intangible assets and tangible fixed assets		739	101
Other proceeds from financial assets		-	-
Proceeds from borrowings granted		144	-
Borrowings granted		-	(3 000)
Acquisition of intangible and tangible fixed assets		(5 648)	(5 413)
Expenses on account of advances for acquisition of financial assets		-	-
Acquisition of financial assets and additional contributions to the capital		(500)	(500)
<b>Net cash flow from investing activities</b>		<b>(5 265)</b>	<b>(8 812)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (exercise of share options)	<b>7.9</b>	6 000	3 500
Proceeds from contracted loans	<b>7.10</b>	247 946	139 520
Proceeds from commercial papers issued	<b>7.11</b>	-	-
Repayment of loans and borrowings	<b>7.10</b>	(14)	(100 000)
Redemption of commercial papers	<b>7.11</b>	(100 000)	-
Dividends paid		-	(226 907)
Payment of financial lease liabilities		(124)	(128)
<b>Net cash flow from financing activities</b>		<b>153 808</b>	<b>(184 015)</b>
<b>Increase / (decrease) in net cash and cash equivalents</b>		<b>346 576</b>	<b>(74 677)</b>
<b>Cash and cash equivalents – opening balance</b>	<b>7.8</b>	<b>253 318</b>	<b>282 492</b>
<b>Cash and cash equivalents – closing balance</b>	<b>7.8</b>	<b>599 894</b>	<b>207 815</b>



**Dom Development S.A.**  
Interim condensed statement of changes in consolidated shareholders' equity  
for the six-month period ended 30 June 2020  
(all amounts in thousands PLN unless stated otherwise)

**6. INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY**

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital		Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholders' equity
				from reduction of share capital	from valuation of cash flow hedges				
<b>Balance as at 1 January 2020</b>	<b>25 068</b>	<b>245 188</b>	<b>543 715</b>	<b>510</b>	<b>(2 161)</b>	<b>271 877</b>	<b>1 084 197</b>	<b>34</b>	<b>1 084 231</b>
Share capital increase by exercising share options (note 7.9)	150	5 850	-	-	-	-	6 000	-	6 000
Transfer of some supplementary capital to unappropriated financial result	-	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	-
Creation of reserve capital from the valuation of the share options (note 7.20)	-	-	2 151	-	-	-	2 151	-	2 151
Net profit for the reporting period	-	-	-	-	-	117 670	117 670	(2)	117 668
Other net comprehensive income for the reporting period	-	-	-	-	(2 131)	-	(2 131)	-	(2 131)
<b>Balance as at 30 June 2020 (unaudited)</b>	<b>25 218</b>	<b>251 038</b>	<b>545 866</b>	<b>510</b>	<b>(4 292)</b>	<b>389 547</b>	<b>1 207 887</b>	<b>32</b>	<b>1 207 919</b>

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital		Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholders' equity
				from reduction of share capital	from valuation of cash flow hedges				
<b>Balance as at 1 January 2019</b>	<b>24 968</b>	<b>241 788</b>	<b>551 395</b>	<b>510</b>	<b>(2 148)</b>	<b>229 960</b>	<b>1 046 473</b>	<b>69</b>	<b>1 046 542</b>
Share capital increase by exercising share options	100	3 400	-	-	-	-	3 500	-	3 500
Transfer of some supplementary capital to unappropriated financial result	-	-	(12 771)	-	-	12 771	-	-	-
Dividends to shareholders	-	-	-	-	-	(226 869)	(226 869)	(38)	(226 907)
Creation of reserve capital from the valuation of the share options (note 7.20)	-	-	1 361	-	-	-	1 361	-	1 361
Net profit for the reporting period	-	-	-	-	-	115 319	115 319	(3)	115 316
Other net comprehensive income for the reporting period	-	-	-	-	(396)	-	(396)	-	(396)
<b>Balance as at 30 June 2019 (unaudited)</b>	<b>25 068</b>	<b>245 188</b>	<b>539 985</b>	<b>510</b>	<b>(2 544)</b>	<b>131 181</b>	<b>939 388</b>	<b>28</b>	<b>939 416</b>





## 7. ADDITIONAL NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7.1. General information about Dom Development S.A. and Dom Development S.A. Capital Group

#### General information about the parent company of the Dom Development S.A. Capital Group

The parent company of Dom Development Capital Group ("the Group") is the public limited company Dom Development S.A. ("the Company" / "the parent company") with its registered office in Warsaw (00-078 Warsaw, Plac Piłsudskiego 3) 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 companies operating within the Group is the development of building projects – PKD 4110Z (NACE F41.1). The Group conducts its activities mainly in Warsaw and its vicinity, and in Wrocław and the Tricity area.

The Company is a majority-owned subsidiary of Groupe Belleforêt S.à r.l. with its registered office in Luxembourg (see note 7.9). As at 30 June 2020, Groupe Belleforêt S.à r.l. controlled 56.13% of the Company's shares.

#### General information about the Group and joint ventures

The Group's structure and the parent company interest in the share capital of the entities comprising the Group as at 30 June 2020 is presented in the table below:

Entity	Country of registration	% of the share capital held by the parent company	% of the votes held by the parent company	Consolidation method
<b>Subsidiaries</b>				
Dom Development Grunty sp. z o.o.	Poland	46%	100%	full consolidation
Dom Development Kredyty sp. z o.o.	Poland	100%	100%	full consolidation
M2 Biuro 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

\*) Euro Styl S.A. is the parent company of the Euro Styl S.A. Capital Group, with non-controlling interests held by Euro Styl Development sp. z o.o. As a result of the acquisition of both these companies, Dom Development S.A. has full control over the Euro Styl S.A. Capital Group.

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

Dom Development Grunty sp. z o.o. is fully consolidated 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 six-month period ended 30 June 2020 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, in the six-month period ended 30 June 2020.**

Within the six-month period ended 30 June 2020, the Group did not make any material changes in the structure of investing in subsidiaries, associates and joint ventures other than the sale of shares in its subsidiary, M2 Hotel Sp. z o.o., as described below.

On 24 April 2020, as a consequence of the preliminary sale agreement entered into on 11 February 2019, the Company sold all its shares in the share capital in M2 Hotel sp. z o.o.

Both M2 Hotel Sp. z o.o. and M2 Biuro Sp. z o.o. were created on 11 December 2018. The share capital of these companies 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. These companies were formed in connection with the planned sale by the Company of some land situated near Żwirki i Wigury street and Raławicka street in Warsaw and earmarked for hotel, office and service development.

## **7.2. Basis for the preparing of the interim condensed consolidated financial statements**

The 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 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 six-month period ended 30 June 2020, on account of the announcement 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 liquidity of the Group companies to possible changes in the market environment and to the ongoing operating activities of the companies operating within the Group on account of the epidemic. In the opinion of the Management Board of the Company, all the prerequisites have been fulfilled for the going concern assumption in the foreseeable future for the companies operating within the Group.

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 2019.

The Company also prepares interim condensed financial statements for Dom Development S.A. for the six-month period ended 30 June 2020. These statements were approved by the Management Board of the Company on 21 August 2020.

## **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 2019, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 01 January 2020:

- IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors."  
A new definition of "material" was published by the Board. Amendments to IAS 1 and IAS 8 fine tune the definition of materiality and increase consistency between standards, but it is not expected that they will have a significant impact on the preparation of the financial statements. The amendments are effective for annual periods beginning on or after 1 January 2020;

The introduced amendments were scrutinised by the Management Board of the parent 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, interpretations and amendments 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 *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 2022. Not endorsed by the European Union until the date of approval 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. not endorsed by the European Union until the date of approval of these interim condensed financial statements.

The Management Board of the Company is verifying effect of the above standards on the Group's financial position, operating results or the scope of information presented in the consolidated financial statements and no significant changes are expected.

#### 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 construction 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:



- ongoing evaluation of the profitability of projects,
- verification of whether to create (or change) a potential inventory impairment write down or not,
- 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, parking places in the garage, 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

<b>TANGIBLE FIXED ASSETS</b>	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
<b>Tangible fixed assets, including:</b>		
- Technical equipment and other tangible fixed assets	5 838	6 101
- Vehicles	4 425	5 143
- Land and buildings	878	823
- Right-of-use of office space*)	29 370	31 952
<b>Total tangible fixed assets</b>	<b>40 511</b>	<b>44 019</b>

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

## 7.6. Inventory

<b>INVENTORY</b>	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
<b>Advances on deliveries</b>	<b>268 761</b>	<b>220 162</b>
including: at purchase prices/production costs	268 761	220 162
write down to the net realisable value	-	-
<b>Semi-finished goods and work in progress</b>	<b>2 033 511</b>	<b>2 100 705</b>
including: at purchase prices/production costs	1 995 928	2 045 220
rights of perpetual usufruct of land (lease)	69 544	87 446
write down to the net realisable value	(31 961)	(31 961)
<b>Finished goods</b>	<b>245 670</b>	<b>188 765</b>
including: at purchase prices/production costs	253 136	196 464
write down to the net realisable value	(7 466)	(7 699)
<b>Total</b>	<b>2 547 942</b>	<b>2 509 632</b>

<b>INVENTORY REVALUATION WRITE DOWNS</b>	<b>01.01 - 30.06.2020</b> <i>(unaudited)</i>	<b>01.01 - 30.06.2019</b> <i>(unaudited)</i>
<b>Opening balance</b>	<b>39 660</b>	<b>41 338</b>
Increments	-	-
Decrease	(233)	(646)
<b>Closing balance</b>	<b>39 427</b>	<b>40 692</b>



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

<b>CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED</b>	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
Value of mortgages established to secure real estate purchase agreements	-	13 669
Value of mortgages established to secure loan agreements of the Company	-	-
Value of mortgages established to secure loan agreements of the Company and Group companies	502 500	502 500

## 7.7. Short-term financial assets

<b>SHORT-TERM FINANCIAL ASSETS</b>	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
Bank deposits with a maturity over three months	50	50
Cash in open-end residential escrow accounts	44 248	37 050
Other short-term financial assets	25 669	24 487
<b>Total</b>	<b>69 967</b>	<b>61 587</b>

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 six months maturity on the date when they are made. The book value of these assets corresponds to their fair value.

<b>CASH AND CASH EQUIVALENTS</b>	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>	<b>30.06.2019</b> <i>(unaudited)</i>
Cash in hand and at bank	186 259	13 702	112 402
Bank deposits with a maturity of three months or less	413 594	239 575	95 375
Other	41	41	38
<b>Total</b>	<b>599 894</b>	<b>253 318</b>	<b>207 815</b>

## 7.9. Share capital

Description of changes to the share capital in the Company in the period from 1 January until 30 June 2020

	<b>Share capital</b>		<b>Share premium</b>
	Number of shares	Value at the nominal value	
<b>Status as at 01.01.2020</b>	<b>25 068 422</b>	<b>25 068</b>	<b>245 188</b>
Change	150 000	150	5 850
<b>Status as at 30.06.2020</b>	<b>25 218 422</b>	<b>25 218</b>	<b>251 038</b>



On 21 January 2020, the Management Board of the Company increased Company's share capital from PLN 25 068 422.00 to PLN 25 218 422.00, i.e. by PLN 150 000.00, by issuing 100 000 series AA ordinary bearer shares with PLN 1.00 nominal each and 50 000 series AB ordinary bearer shares with PLN 1.00 nominal each. The issue of series AA and AB shares took place through a private placement.

The purpose of the series Z shares issue was to enable the Company to fulfil its obligations arising from Management Options Programme IV for Ms Małgorzata Kolarska related to 500 000 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 AA bearer ordinary shares. The reason for the exclusion of the pre-emptive right from the existing shareholders is that the issue of series AA shares is addressed only to Ms Małgorzata Kolarska as a participant in Programme IV and in order to allow her to exercise her rights under subscription warrants. The issue price for the new series AA shares was determined as PLN 35.00 per share.

The purpose of the series AB shares issue was to enable the Company to fulfil its obligations arising from Management Options Programme V for Mr Mikołaj Konopka related to 250 000 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 50 000 series AB bearer ordinary shares. The reason for the exclusion of the pre-emptive right from the existing shareholders is that the issue of series AB shares is addressed only to Mr Mikołaj Konopka as a participant in Programme V and in order to allow him to exercise his rights under subscription warrants. The issue price for the new series AB shares was determined as PLN 50.00 per share.

On 3 February 2020, Ms Małgorzata Kolarska and Mr Mikołaj Konopka exercised their share options in the Company by exercising her rights under subscription warrants and subscribing for the shares.

On 4 February 2020, the Management Board of the Company adopted a resolution on the allocation of 100 000 series AA shares to Ms Małgorzata Kolarska and 50 000 series AB shares to Mr Mikołaj Konopka.

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 31 March 2020.

These shares were registered by Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities) in the securities depository on 28 May 2020.

**List of shareholders who hold, directly or indirectly through subsidiaries, at least 5% of the overall number of votes at the General Shareholders Meeting ("GSM") as at the date that these financial statements are prepared and approved by the Company's Management Board.**

	Status as at the publication date of these financial statements				Change in the period from publication of the quarterly financial statements for the three-month period ended 31.03.2020
	Shares	% of capital	Number of votes at the GSM	% of votes at the GSM	Shares
Groupe Belleforêt S.à r.l.	14 155 941	56,13	14 155 941	56,13	-
Jarosław Szanajca	1 454 050	5,77	1 454 050	5,77	-
Aviva Otwarty Fundusz Emerytalny Aviva Santander *)	1 313 383	5,21	1 313 383	5,21	no data
Grzegorz Kiełpsz	1 280 750	5,08	1 280 750	5,08	-

\*) Shareholding of Aviva Otwarty Fundusz Emerytalny Aviva Santander has been presented as per the latest notice as of 11.07.2011 received by the Company.



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 publication date of these financial statements			Change in the period from publication of the quarterly financial statements for the three-month period ended 31.03.2020	
	Shares	Share options	Total	Shares	Share options
<b>The Management Board</b>					
Jarosław Szanajca	1 454 050	-	1 454 050	-	-
Janusz Zalewski	300 000	-	300 000	(50 000)	-
Małgorzata Kolarska	220 235	200 000	420 235	-	-
Mikołaj Konopka	51 292	200 000	251 292	-	-
Terry Roydon	58 500	-	58 500	-	-
<b>The Supervisory Board</b>					
Grzegorz Kielpsz	1 280 750	-	1 280 750	-	-
Mark Spiteri	900	-	900	-	-

## 7.10. Loans

### Description of material changes in the six-month period ended 30 June 2020

There were no loan agreements or any other agreements within the Group that expired or been signed in the six-month period ended 30 June 2020.

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

<b>LOANS DUE WITHIN</b>	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
Less than 1 year	-	14
More than 1 year and less than 2 years	-	-
More than 2 years and less than 5 years	332 946	85 000
Over 5 years	-	-
<b>Total loans</b>	<b>332 946</b>	<b>85 014</b>
including: long-term	332 946	85 000
short-term	-	14

<b>BANK LOANS AS AT 30.06.2020</b>						
<b>Bank</b>	<b>Registered office</b>	<b>Loan amount as per agreement</b>	<b>Currency</b>	<b>Outstanding loan amount (less accrued interest)</b>	<b>Currency</b>	<b>Due date</b>
PKO BP	Warsaw	150 000*)	PLN	147 946	PLN	26.02.2023
mBank	Warsaw	185 000**)	PLN	185 000	PLN	31.01.2023
Millennium	Warsaw	50 000	PLN	-	PLN	18.12.2022
<b>Total bank loans</b>				<b>332 946</b>	<b>PLN</b>	

\*) Revolving loan in the credit facility account up to PLN 150 000 thousand. Pursuant to the agreement with the bank, Euro Styl S.A. may use up to PLN 50 000 thousand of this credit limit. As at 30 June 2020 Euro Styl S.A. drawn PLN 47 946 thousand from the said credit limit, and Dom Development S.A. drawn PLN 100 000 therefrom.

\*\*) Revolving loan in the credit facility account up to PLN 185 000 thousand. Under the said agreement, Dom Development Wrocław Sp. z o.o. may use up to PLN 60 000 thousand of this credit limit, and Euro Styl S.A. may use up to PLN 100 000 thousand of this credit limit. As at 30 June 2020 Dom Development Wrocław Sp. z o.o. has drawn PLN 35 000 thousand and Euro Styl S.A. has drawn PLN 50 000 thousand from the said credit limit, and Dom Development S.A. drawn PLN 100 000 therefrom.





As at 30 June 2020 and 31 December 2019 all the loans available and drawn by and for the Group were expressed in Polish zloty.

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.

In the "Loans" item the Group states the nominal value of the loan liabilities, and the interest charged as at the balance sheet date are presented separately in the item "Accrued interest on loans and bonds".

## 7.11. Bonds

<b>BONDS</b>	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
Nominal value of the bonds issued, long-term portion	260 000	260 000
Nominal value of the bonds issued, short-term portion	-	100 000
<b>Total nominal value of the bonds issued</b>	<b>260 000</b>	<b>360 000</b>

In the "Bonds" item the Company states the nominal value of the bond liabilities, and the interest charged as at the balance sheet date are presented separately in the item "Accrued interest on loans and bonds".

<b>BONDS ISSUED AS AT 30.06.2020</b>				
<b>Series</b>	<b>Issue date</b>	<b>Amount</b>	<b>Currency</b>	<b>Contractual maturity date</b>
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
<b>Total</b>		<b>260 000</b>	<b>PLN</b>	

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 by the Company

- 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 six-month period ended 30 June 2020

On 12 June 2020, the Company redeemed 10 000 bearer bonds with the nominal value of PLN 10 000 each and the aggregate nominal value of PLN 100 000 thousand as maturing on this date.





### 7.12. Accrued interest on loans and bonds

<b>ACCRUED INTEREST ON LOANS AND BONDS</b>	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
Accrued interest on bonds	937	1 311
Accrued interest on loans	-	-
<b>Total accrued interest on loans and bonds</b>	<b>937</b>	<b>1 311</b>

### 7.13. Lease liabilities

The following material assets that meet the criteria of IFRS 16 *Leasing*, 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.

<b>Lease liabilities</b>	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
<b>Lease liabilities, short-term portion, including:</b>	<b>84 689</b>	<b>98 525</b>
Liabilities on account of perpetual usufruct right of land	78 921	92 426
Liabilities on account of the right of use of office space	5 554	5 855
Other	214	244
<b>Lease liabilities, long-term portion, including:</b>	<b>24 873</b>	<b>26 970</b>
Liabilities on account of the right of use of office space	24 730	26 735
Other	143	<b>235</b>
<b>Total</b>	<b>109 562</b>	<b>125 495</b>

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 Group held the perpetual usufruct right as at 30 June 2020, out of PLN 78 921 thousand of the land-related lease liabilities recognised as short-term:

- PLN 1 832 thousand is payable by the Group within 12 months following the balance sheet date,
- PLN 1 692 thousand is payable by the Group later than 12 months following the balance sheet date,
- PLN 75 397 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).

<b>DEFERRED INCOME</b>	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement	1 024 447	834 347
Other	-	-
<b>Total</b>	<b>1 024 447</b>	<b>834 347</b>

#### 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.

<b>Figures for the six-month period ended 30.06.2020</b>	<b>Segments</b>			<b>Total</b>
	<b>Warsaw</b>	<b>Wrocław</b>	<b>Tricity</b>	
Sales revenue	602 352	28 391	141 418	772 161
Gross profit on sales, before the allocation of purchase price *)	184 702	5 632	51 465	241 799
Allocation of the Euro Styl S.A. Capital Group purchase price **)	-	-	(2 406)	(2 406)
<b>Gross profit on sales after the allocation of purchase price</b>	<b>184 702</b>	<b>5 632</b>	<b>49 059</b>	<b>239 393</b>
Selling costs, and general administrative expenses				(81 876)
Other operating income and expenses, net				(3 611)
<b>Operating profit</b>				<b>153 906</b>
Financial income and costs, net				(7 436)
<b>Profit before tax</b>				<b>146 470</b>
Income tax				(28 802)
<b>Net profit</b>				<b>117 668</b>



Figures for the six-month period ended 30.06.2019	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	677 907	3 499	85 435	766 841
Gross profit on sales, before the allocation of purchase price *)	195 349	605	36 001	231 955
Allocation of the Euro Styl S.A. Capital Group purchase price **)	-	-	(7 611)	(7 611)
<b>Gross profit on sales after the allocation of purchase price</b>	<b>195 349</b>	<b>605</b>	<b>28 390</b>	<b>224 344</b>
Selling costs, and general administrative expenses				(78 204)
Other operating income and expenses, net				(2 687)
<b>Operating profit</b>				<b>143 453</b>
Financial income and costs, net				(275)
<b>Profit before tax</b>				<b>143 178</b>
Income tax				(27 862)
<b>Net profit</b>				<b>115 316</b>

\*) for the Tricity, the gross profit on sales results from the financial data of the Euro Styl S.A. Capital 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

REVENUE BREAKDOWN	01.01 - 30.06.2020 (unaudited)	01.01 - 30.06.2019 (unaudited)
Sales of finished goods	728 384	753 238
Sales of services	9 237	10 181
Sales of land	34 540	3 422
<b>Total sales revenue</b>	<b>772 161</b>	<b>766 841</b>
<b>Cost of sales</b>		
Cost of finished goods sold	(496 224)	(533 527)
Cost of services sold	(8 410)	(9 340)
Cost of land sold	(28 367)	(276)
Inventory write down to the net realisable value	233	646
<b>Total cost of sales</b>	<b>(532 768)</b>	<b>(542 497)</b>
<b>Gross profit on sales</b>	<b>239 393</b>	<b>224 344</b>

#### 7.17. Income tax in the income statement

INCOME TAX	01.01 - 30.06.2020 (unaudited)	01.01 - 30.06.2019 (unaudited)
Current income tax	(27 441)	(44 937)
Deferred tax in the income statement	(1 361)	17 075
<b>Total</b>	<b>(28 802)</b>	<b>(27 862)</b>



## 7.18. Earnings per share

<b>CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>01.01 - 30.06.2020</b> <i>(unaudited)</i>	<b>01.01 - 30.06.2019</b> <i>(unaudited)</i>
<b>Basic earnings per share</b>		
Profit for calculation of the basic earnings per share	117 670	115 319
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	25 143 422	25 035 825
<b>Basic earnings per share (PLN)</b>	<b>4.68</b>	<b>4.61</b>
<b>Diluted earnings per share</b>		
Profit for calculation of the diluted earnings per share	117 670	115 319
Potential diluting shares related to the Management Share Option Programmes	148 736	122 042
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	25 292 158	25 157 867
<b>Diluted earnings per share (PLN)</b>	<b>4.65</b>	<b>4.58</b>

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

## 7.19. Transactions with related entities

In the six-month periods ended 30 June 2020 and 2019, the Company was a party to transactions with related entities, as listed below.

<b>Counterparty</b>	<b>Transaction description</b>	<b>01.01-30.06.2020</b> <i>(unaudited)</i>	<b>01.01-30.06.2019</b> <i>(unaudited)</i>
<b>DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES:</b>			
Woodsford Consulting Limited	Consulting services as per the agreement dated 27 June 2007 as annexed	1 308	1 442
Hansom Property Company Limited	Consulting services as per the agreement dated 2 January 2001 as annexed	1 122	948
M & M Usługi Doradcze M. Kolarski	Consulting services	21	113

<b>BALANCES WITH RELATED ENTITIES – balances as in the books of the Company</b>				
<b>Entity</b>	<b>Receivables from related entities</b>		<b>Liabilities to related entities</b>	
	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
<b>Total balance</b>	<b>36</b>	<b>-</b>	<b>2</b>	<b>369</b>
<b>Other entities</b>	<b>36</b>	<b>-</b>	<b>2</b>	<b>369</b>
M&M Usługi Doradcze M. Kolarski	-	-	2	1
Dom Land sp. z o.o.	36	-	-	-
Woodsford Consulting Limited	-	-	-	368

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

**7.20. Incentive Plan – Management Option Programmes**

As at 30 June 2020 there were two active Management Option Programmes adopted as part of the Incentive Scheme for the executives in the Company.

Name of the Programme	Options in the programme (number of shares)	Options granted (number of shares)	Options exercised (number of shares)
<b>30.06.2020</b>			
Programme IV	500 000	500 000	300 000
Programme V	250 000	250 000	50 000

Options in the programme (number of shares)	Options granted (number of shares)	Options exercised (number of shares)
<b>31.12.2019</b>		
500 000	500 000	200 000
250 000	250 000	-

**Exercise of the share options**

On 21 January 2020, the Management Board of the Company adopted a resolution on the increase of share capital in the Company by issuing 150 000 bearer shares (see note 7.9 for details), including:

- 100 000 series AA shares. The shares were issued in a private placement addressed to Mr Małgorzata Kolarska, Vice President of the Management Board as a participant in Management Options Programme IV.
- 50 000 series AB shares. The 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.

See note 7.9 for details concerning the shares.

**Grant of new share options**

In the six-month period ended 30 June 2020 the Company did not grant any new share options.

The proposed grant of new share options as put forward after the balance sheet date has been described in note 7.25.

**Expiry of share options**

In the six-month period ended 30 June 2020 no share options expired.

**Cost of Management Option Programmes accounted for in the income statement and the shareholders' equity**

In the six-month periods ended 30 June 2020 and 2019 the amounts of PLN 2 151 thousand and PLN 1 361 thousand respectively, were accounted for in the income statement for the management options granted and in the supplementary capital.



**Share options granted and exercisable as at respective balance sheet dates, and changes in the presented periods:**

<b>SHARE OPTIONS</b>		<b>01.01 - 30.06.2020</b> <i>(unaudited)</i>	<b>01.01 - 30.06.2019</b> <i>(unaudited)</i>
<b>Unexercised options at the beginning of the period</b>	<b>Number of options</b>	<b>550 000</b>	<b>400 000</b>
	<b>Total exercise price</b>	<b>23 000</b>	<b>14 000</b>
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	150 000	100 000
	Total option exercise value	6 000	3 500
	Weighted average exercise price per share (PLN per share)	40,00	35,00
<b>Unexercised options at the end of the period</b>	<b>Number of options</b>	<b>400 000</b>	<b>300 000</b>
	<b>Total exercise price</b>	<b>17 000</b>	<b>10 500</b>
Exercisable options at the beginning of the period	Number of options	150 000	100 000
	Total exercise price	6 000	3 500
Exercisable options at the end of the period	Number of options	-	-
	Total exercise price	-	-

**7.21. Contingent liabilities**

<b>CONTINGENT LIABILITIES</b>	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
Guarantees	963	963
Sureties	34 616	42 034
<b>Total</b>	<b>35 579</b>	<b>42 997</b>

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

<b>COLLATERALS FOR LIABILITIES</b>	<b>30.06.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
Promissory notes, including:		
– promissory notes as other security	2 000	4 000
– promissory notes as a security for lease agreements	24	50
<b>Total</b>	<b>2 024</b>	<b>4 050</b>

In the six-month period ended 30 June 2020 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 30 June 2020 the Company was not a party to any material court cases.

## **7.23. Factors and events with significant impact on the condensed consolidated financial statements of the Group**

### **Impact of the COVID-19 epidemic on the ongoing Group's operations**

In the six-month period ended 30 June 2020, the most important factor affecting the ongoing activities of the Group was the announcement of the state of COVID-19 epidemic in March 2020 and the associated restrictions on social and economic life. Thanks to the prompt response by the Group companies, notwithstanding temporary changes to the manner of operation, the COVID-19 epidemic had no effect on the financial results presented in the interim condensed consolidated financial statements for the period ended 30 June 2020.

The Dom Development S.A. Capital Group quickly adapted to the new situation and maintained continuity in all areas of business. Ongoing property development projects continued on schedule and completed apartments were handed over to customers on time. However, the travel and business restrictions resulted in a temporary drop in ongoing sales, which was particularly evident in April. Still, May and June were a period of strong recovery of demand, specifically in the Warsaw market. On account of the highly volatile and uncertain situation, at the beginning of the epidemic, the Company's Management Board halted the commencement of some projects that were ready to start and postponed the completion of ongoing investment land purchases.

The Management Board of the Company decided to secure the Group's liquidity through launching credit lines of PLN 248 440 thousand in March 2020, owing to which the balance of cash in hand and funds in the escrow accounts of the companies operating within the Group as at 30 June 2020 were PLN 669 861 thousand, while debt arising from bonds and credit facilities was PLN 592 946 thousand.

On 6 April 2020, the Company's Management Board decided to exercise the one-time option to reschedule the Ordinary General Shareholders' Meeting to a later date on account of the outbreak of COVID-19 and convened it to 31 August 2020. The Company's Management Board decided to suspend the initial recommendation of dividend payment in the amount of PLN 9.50 per share and to issue a new recommendation with the greatest possible knowledge of the impact of the COVID-19 epidemic on the activities of the Company and the Group.

The derogation from the initial recommendation to pay PLN 239 575 thousand as dividend out of the Company's 2019 net profit on 25 June 2020 had a significant impact on the Group's consolidated balance sheet as at 30 June 2020 and on its consolidated cash flow statement in the first half of 2020.

On 4 August 2020, the Company's Management Board adopted a resolution to uphold the initial recommendation for dividend payment in the amount of PLN 9.50 per share, i.e. in the total amount of PLN 239 575 009.00, i.e. 79% of the Company's 2019 profit. The Management Board recommends to allocate the remainder of the Company's net profit in the amount of PLN 65 089 927.64 to the Company's supplementary capital. In respect of the distribution of 2019 profits, the Management Board of the Company has proposed that the dividend date be 7 September 2020 and the dividend payment date be 14 September 2020. The dividend recommendation for 2019 was adopted by the Management Board after taking into account the last-five-month figures concerning the impact of COVID-19 on the Company's operations and finance, and reflects the Company's high liquidity and strong balance sheet.



**Material changes to the portfolio of ongoing property development projects carried out by the Group in the period from 1 January to 30 June 2020**

Projects where the construction commenced in the period from 1 January 2020 until 30 June 2020:

Project	Company	Standard	Number of apartments	Number of commercial units	Started in
Wilno V, phase 1	Dom Development S.A.	Popular	323	3	Q1 2020
Zielony Południk, building 5	Euro Styl S.A.	Popular	22	-	Q1 2020
Zielony Południk, building 6	Euro Styl S.A.	Popular	22	-	Q1 2020
Zielony Południk, building 7	Euro Styl S.A.	Popular	22	-	Q1 2020
Zielony Południk, building 8	Euro Styl S.A.	Popular	23	-	Q1 2020
Locus building 4	Euro Styl S.A.	Popular	91	-	Q1 2020
Osiedle Głębocka, phase 1	Dom Development S.A.	Popular	60	-	Q2 2020
Dzielnica Mieszkaniowa Metro Zachód, stage 2 phase 1	Dom Development S.A.	Popular	129	-	Q2 2020
Żoliborz Artystyczny, stage 13 phase 1	Dom Development S.A.	Popular	153	5	Q2 2020
Żoliborz Artystyczny, stage 13 phase 2	Dom Development S.A.	Popular	50	5	Q2 2020
Osiedle Perspektywa, stage 1 phase 1	Euro Styl S.A.	Popular	29	4	Q2 2020
Osiedle Perspektywa, stage 1 phase 2	Euro Styl S.A.	Popular	21	-	Q2 2020
Osiedle Perspektywa, stage 1 phase 3	Euro Styl S.A.	Popular	70	-	Q2 2020
Zielony Południk, building 13	Euro Styl S.A.	Popular	45	5	Q2 2020
<b>Total</b>			<b>1 060</b>	<b>22</b>	

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

Projects where the construction was completed in the period from 1 January 2020 until 30 June 2020:

Project	Company *)	Standard	Number of apartments	Number of commercial units	Completed in
Stacja Grochów, phase 1	Dom Development S.A.	Popular	138	10	Q1 2020
Wilno III, phase 4	Dom Development S.A.	Popular	116	-	Q1 2020
Wilno III, phase 5	Dom Development S.A.	Popular	46	-	Q1 2020
Apartamenty Polanki	Euro Styl S.A.	Apartments	9	-	Q1 2020
Zielony Południk, building 4	Euro Styl S.A.	Popular	21	-	Q1 2020
Rezydencje Marina Mokotów	Dom Development S.A.	Apartments	91	6	Q2 2020
Apartamenty Marina Mokotów	Dom Development S.A.	Popular	215	7	Q2 2020
Idea building 9	Euro Styl S.A.	Apartments	58	-	Q2 2020
Locus building 1	Euro Styl S.A.	Popular	54	5	Q2 2020
Spektrum, building D	Euro Styl S.A.	Apartments	152	5	Q2 2020
Mezzo, building B1	Euro Styl S.A.	Popular	82	-	Q2 2020
Mezzo, building B2	Euro Styl S.A.	Popular	76	-	Q2 2020
Piękna 21	Dom Development Wrocław Sp. z o.o.	Popular	196	4	Q2 2020
<b>Total</b>			<b>1 254</b>	<b>37</b>	

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

**Information on deliveries of residential and commercial units in the period from 1 January 2020 until 30 June 2020:**

Apartments and retail units delivered	Market/Segment	01.01 - 30.06.2020	01.01 - 30.06.2019
Dom Development S.A.	Warsaw	930	1 481
Euro Styl S.A.	Tricity	227	166
Dom Development Wrocław Sp. z o.o.	Wrocław	84	8
<b>Total</b>		<b>1 241</b>	<b>1 655</b>



## **7.24. Dividends**

Decisions and recommendations of the Management Board regarding the dates (date of record and dividend payment day) and amount of dividend in 2020 have been described in note 7.23.

## **7.25. Material post-balance sheet events**

### **Proposed adoption of a new share option programme**

On 4 August 2020, a resolution was adopted by the Company's Management Board, concerning the inclusion on the agenda for the General Meeting of Shareholders of a matter concerning passing of a resolution on the adoption of Management Option Programme VI for the Advisor to the Management Board, Mr Marcin Drobek, Director for Investment Realization (hereinafter "Programme VI").

In accordance with the terms of Programme VI, Mr Marcin Drobek would only once receive options authorising him to subscribe for 150 000 shares in Dom Development S.A. for the price of PLN 50.00 per share. The exercise of these options will be limited to 30,000 shares in any period of consecutive 12 months, and the non-exercised options may be exercised at a later time, however not later than by 31 December 2030.

The Supervisory Board of the Company gave a positive opinion as regards the draft of the above mentioned resolution and recommended to the General Shareholders' Meeting that this resolution be adopted with the body as proposed by the Management Board.

### **Decrease in loan liabilities**

In July 2020, the Group repaid the liabilities due to revolving loans in the current account in the amount of PLN 247 946 thousand, which as at 30 June 2020 were shown in the balance sheet in long-term liabilities. The decision to repay these liabilities was made by the Company's Management Board, taking into account the high liquidity of the Group and the market environment.

## **7.26. Forecasts**

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



## Dom Development S.A.

Additional notes to the interim condensed consolidated financial statements  
for the six-month period ended 30 June 2020  
(all amounts in thousands PLN unless stated otherwise)

### 7.27. Selected financial data translated into euro

The following financial data of the Group have been translated into euro:

<b>SELECTED DATA FROM THE BALANCE SHEET</b>	<b>30.06.2020</b> <i>(unaudited)</i> thousand Euro	<b>31.12.2019</b> thousand Euro
Total current assets	736 021	679 133
Total assets	751 559	695 300
Total shareholders' equity	270 470	254 604
Long-term liabilities	162 517	110 136
Short-term liabilities	318 572	330 560
Total liabilities	481 089	440 696
<b><i>PLN/EURO exchange rate as at the balance sheet date</i></b>	<b><i>4.4660</i></b>	<b><i>4.2585</i></b>

<b>SELECTED DATA FROM THE INCOME STATEMENT</b>	<b>01.01 - 30.06.2020</b> <i>(unaudited)</i> thousand Euro	<b>01.01 - 30.06.2019</b> <i>(unaudited)</i> In thousands Euro
Sales revenue	173 859	178 834
Gross profit on sales	53 902	52 319
Operating profit	34 653	33 455
Profit before tax	32 979	33 390
Net profit	26 494	26 893
<b><i>Average PLN/EURO exchange rate for the reporting period</i></b>	<b><i>4.4413</i></b>	<b><i>4.2880</i></b>