



# **DOM DEVELOPMENT S.A.**

## **Interim condensed consolidated financial statements for the three-month period ended 30 September 2020**

## CONTENTS

1.	APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS BY THE MANAGEMENT BOARD OF THE COMPANY .....	2
2.	INTERIM CONDENSED CONSOLIDATED BALANCE SHEET .....	3
3.	INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT .....	4
4.	INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	5
5.	INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT .....	6
6.	INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY .....	7
7.	ADDITIONAL NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS .....	8
7.1.	General information about Dom Development S.A. and the Dom Development S.A. Capital Group .....	8
7.2.	Basis for the preparing of the interim condensed consolidated financial statements .....	9
7.3.	Accounting policies .....	9
7.4.	Key figures based on professional judgement and basis for estimates .....	10
7.5.	Tangible fixed assets .....	11
7.6.	Inventory .....	11
7.7.	Short-term financial assets .....	12
7.8.	Cash and cash equivalents .....	12
7.9.	Share capital .....	12
7.10.	Loans .....	14
7.11.	Bonds .....	15
7.12.	Accrued interest on loans and bonds .....	16
7.13.	Lease liabilities .....	17
7.14.	Deferred income .....	17
7.15.	Segment reporting .....	18
7.16.	Sales revenue and cost of sales .....	20
7.17.	Income tax in the income statement .....	20
7.18.	Earnings per share .....	20
7.19.	Transactions with related entities .....	21
7.20.	Incentive Plan – Management Option Programmes .....	21
7.21.	Contingent liabilities .....	23
7.22.	Material court cases .....	23
7.23.	Factors and events with significant impact on the condensed consolidated financial statements of the Group .....	23
7.24.	Dividends .....	25
7.25.	Material post-balance sheet events .....	26
7.26.	Forecasts .....	26
7.27.	Selected financial data translated into euro .....	26



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

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

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

were prepared and approved by the Management Board of the Company on 9 November 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.

---

Jarosław Szanajca,  
President of the Management Board

---

Janusz Zalewski,  
Vice President of the Management Board



## 2. INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	Note	30.09.2020 (unaudited)	31.12.2019
<b>Fixed assets</b>			
Intangible assets		15 403	14 228
Tangible fixed assets	7.5	39 828	44 019
Deferred tax assets		9 361	5 927
Long-term receivables		1 761	1 876
Other long-term assets		3 292	2 797
<b>Total fixed assets</b>		<b>69 645</b>	<b>68 847</b>
<b>Current assets</b>			
Inventory	7.6	2 566 481	2 509 632
Trade and other receivables		55 977	62 166
Corporate income tax receivables		14 346	418
Other current assets		6 475	4 968
Short-term financial assets	7.7	85 826	61 587
Cash and cash equivalents	7.8	380 580	253 318
<b>Total current assets</b>		<b>3 109 685</b>	<b>2 892 089</b>
<b>Total assets</b>		<b>3 179 330</b>	<b>2 960 936</b>
EQUITY AND LIABILITIES	Note	30.09.2020 (unaudited)	31.12.2019
<b>Shareholders' equity</b>			
Share capital	7.9	25 218	25 068
Share premium		251 038	245 188
Other capital (supplementary capital)		612 031	543 715
Reserve capital from valuation of cash flow hedges		(4 327)	(2 161)
Reserve capital from reduction of share capital		510	510
Unappropriated profit		142 443	271 877
<b>Equity attributable to the shareholders of parent company</b>		<b>1 026 913</b>	<b>1 084 197</b>
Non-controlling interests		31	34
<b>Total shareholders' equity</b>		<b>1 026 944</b>	<b>1 084 231</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Loans, long-term portion	7.10	23 000	85 000
Bonds, long-term portion	7.11	360 000	260 000
Deferred tax provision		18 196	10 714
Long-term provisions		20 983	18 687
Lease liabilities, long-term portion	7.13	25 866	26 970
Other long-term liabilities		72 951	67 644
<b>Total long-term liabilities</b>		<b>520 996</b>	<b>469 015</b>
<b>Short-term liabilities</b>			
Trade payables, tax and other liabilities		282 930	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	2 903	1 311
Lease liabilities, short-term portion	7.13	90 361	98 525
Corporate income tax payables		788	34 829
Short-term provisions		17 826	17 021
Deferred income	7.14	1 236 582	834 347
<b>Total short-term liabilities</b>		<b>1 631 390</b>	<b>1 407 690</b>
<b>Total liabilities</b>		<b>2 152 386</b>	<b>1 876 705</b>
<b>Total equity and liabilities</b>		<b>3 179 330</b>	<b>2 960 936</b>



## Dom Development S.A.

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

### 3. INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Nine-month period ended		Three-month period ended	
		30.09.2020 <i>(unaudited)</i>	30.09.2019 <i>(unaudited)</i>	30.09.2020 <i>(unaudited)</i>	30.09.2019 <i>(unaudited)</i>
Sales revenue	<b>7.16</b>	1 135 352	1 154 486	363 191	387 645
Cost of sales	<b>7.16</b>	(779 722)	(820 380)	(246 954)	(277 883)
<b>Gross profit on sales</b>		<b>355 630</b>	<b>334 106</b>	<b>116 237</b>	<b>109 762</b>
Selling costs		(44 626)	(48 350)	(15 215)	(15 493)
General administrative expenses		(78 983)	(69 809)	(26 518)	(24 462)
Other operating income		3 525	7 067	1 023	1 724
Other operating expenses		(7 753)	(10 818)	(1 640)	(2 788)
<b>Operating profit</b>		<b>227 793</b>	<b>212 196</b>	<b>73 887</b>	<b>68 743</b>
Financial income		2 764	2 788	432	1 087
Financial costs		(12 067)	(3 257)	(2 299)	(1 281)
<b>Profit before tax</b>		<b>218 490</b>	<b>211 727</b>	<b>72 020</b>	<b>68 549</b>
Income tax	<b>7.17</b>	(43 262)	(41 395)	(14 460)	(13 533)
<b>Net profit</b>		<b>175 228</b>	<b>170 332</b>	<b>57 560</b>	<b>55 016</b>
<b>Net profit attributable to:</b>					
Shareholders of the parent company		175 231	170 336	57 561	55 017
Non-controlling interests		(3)	(4)	(1)	(1)
<b>Earnings per share:</b>					
Basic, from the profit for the period, attributable to parent company's shareholders (PLN)	<b>7.18</b>	6.96	6.80	2.28	2.19
Diluted, from the profit for the period, attributable to parent company's shareholders (PLN)	<b>7.18</b>	6.91	6.77	2.26	2.18



## Dom Development S.A.

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

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

	Nine-month period ended		Three-month period ended	
	30.09.2020 <i>(unaudited)</i>	30.09.2019 <i>(unaudited)</i>	30.09.2020 <i>(unaudited)</i>	30.09.2019 <i>(unaudited)</i>
<b>Net profit</b>	<b>175 228</b>	<b>170 332</b>	<b>57 560</b>	<b>55 016</b>
<b>Other comprehensive income/(losses)</b>				
Net change to cash flow hedges	(2 674)	(725)	(43)	(236)
Income tax	508	138	8	45
<b>Other net comprehensive income/(losses)</b>	<b>(2 166)</b>	<b>(587)</b>	<b>(35)</b>	<b>(191)</b>
<b>Total net comprehensive income</b>	<b>173 062</b>	<b>169 745</b>	<b>57 525</b>	<b>54 825</b>
<b>Net comprehensive income attributable to:</b>				
Shareholders of the parent company	173 065	169 749	57 526	54 826
Non-controlling interests	(3)	(4)	(1)	(1)



## Dom Development S.A.

Interim condensed consolidated cash flow statement  
for the nine-month period ended 30 September 2020  
(all amounts in thousands PLN unless stated otherwise)

### 5. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Nine-month period ended	
		30.09.2020 <i>(unaudited)</i>	30.09.2019 <i>(unaudited)</i>
<b>Cash flow from operating activities</b>			
Profit before tax		<b>218 490</b>	<b>211 727</b>
Adjustments:			
Depreciation		11 192	11 150
Profit/(loss) on foreign exchange differences		131	(128)
Profit/(loss) on investments		(325)	201
Interest cost/income		7 190	7 644
Cost of the valuation of management option programmes		3 226	2 042
Changes in the operating capital:			
Changes in provisions		3 359	965
Changes in inventory		(15 136)	(398 538)
Changes in receivables		(3 672)	835
Changes in short-term liabilities, excluding loans and bonds		(46 822)	107 236
Changes in prepayments and deferred income		351 944	218 311
Other adjustments		126	376
<b>Cash flow generated from operating activities</b>		<b>529 703</b>	<b>161 821</b>
Interest received		1 004	1 950
Interest paid		(10 381)	(9 092)
Income tax paid		(86 676)	(71 066)
<b>Net cash flow from operating activities</b>		<b>433 650</b>	<b>83 613</b>
<b>Cash flow from investing activities</b>			
Proceeds from the sale of intangible assets and tangible fixed assets		820	651
Other proceeds from financial assets		-	13
Proceeds from borrowings granted		159	-
Borrowings granted		(400)	(3 000)
Bank deposits with a maturity over three months		50	-
Acquisition of intangible and tangible fixed assets		(7 498)	(9 521)
Expenses on account of advances for acquisition of financial assets		-	-
Acquisition of financial assets and additional contributions to the capital		(3 745)	(1 050)
<b>Net cash flow from investing activities</b>		<b>(10 614)</b>	<b>(12 907)</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>	257 946	139 520
Proceeds from commercial papers issued	<b>7.11</b>	100 000	-
Repayment of loans and borrowings	<b>7.10</b>	(319 960)	(134 462)
Redemption of commercial papers	<b>7.11</b>	(100 000)	-
Dividends paid		(239 575)	(226 907)
Payment of financial lease liabilities		(185)	(198)
<b>Net cash flow from financing activities</b>		<b>(295 774)</b>	<b>(218 547)</b>
<b>Increase / (decrease) in net cash and cash equivalents</b>		<b>127 262</b>	<b>(147 841)</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>380 580</b>	<b>134 651</b>



## Dom Development S.A.

Interim condensed statement of changes in consolidated shareholders' equity  
for the nine-month period ended 30 September 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	-	-	65 090	-	-	(65 090)	-	-	-
Dividends to shareholders (note 7.24)	-	-	-	-	-	(239 575)	(239 575)	-	(239 575)
Creation of supplementary capital from the valuation of the share options (note 7.20)	-	-	3 226	-	-	-	3 226	-	3 226
Net profit for the reporting period	-	-	-	-	-	175 231	175 231	(3)	175 228
Other net comprehensive income for the reporting period	-	-	-	-	(2 166)	-	(2 166)	-	(2 166)
<b>Balance as at 30 September 2020</b> <i>(unaudited)</i>	<b>25 218</b>	<b>251 038</b>	<b>612 031</b>	<b>510</b>	<b>(4 327)</b>	<b>142 443</b>	<b>1 026 913</b>	<b>31</b>	<b>1 026 944</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 supplementary capital from the valuation of the share options (note 7.20)	-	-	2 042	-	-	-	2 042	-	2 042
Net profit for the reporting period	-	-	-	-	-	170 336	170 336	(4)	170 332
Other net comprehensive income for the reporting period	-	-	-	-	(587)	-	(587)	-	(587)
<b>Balance as at 30 September 2019</b> <i>(unaudited)</i>	<b>25 068</b>	<b>245 188</b>	<b>540 666</b>	<b>510</b>	<b>(2 735)</b>	<b>186 198</b>	<b>994 895</b>	<b>27</b>	<b>994 922</b>





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

### 7.1. General information about Dom Development S.A. and the 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 S.A. 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. As at 30 September 2020, Groupe Belleforêt S.à r.l. controlled **56.13%** of the Company's shares (see note 7.9).

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

The Group's structure and the parent company's interest in the share capital of the entities comprising the Group as at 30 September 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. With 100% shareholding in Euro Styl Development sp. z o.o., the Company 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 three-month period ended 30 September 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, within the three-month period ended 30 September 2020.**

Within the three-month period ended 30 September 2020, the Group did not make any other material changes in the structure of investing in subsidiaries, associates and joint ventures.

## **7.2. Basis for the 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 three-month period ended 30 September 2020, on account of the COVID-19 epidemic announced 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 three-month period ended 30 September 2020. These statements were approved by the Management Board of the Company on 9 November 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 1 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 consolidated financial statements,
- IAS 1 *Presentation of Financial Statements*, Amendments to IAS 1 Presentation of Financial Statements. The IASB published amendments to IAS 1 which clarify the presentation issue of long-term and short-term liabilities. The published amendments are effective for financial statements for the periods beginning on or after 1 January 2022. not endorsed by the European Union until the date of approval of these interim condensed consolidated financial statements.
- Amendments to IAS 37 *Provisions, Contingent liabilities and Contingent assets*. The amendments to IAS 37 provide clarifications regarding the costs that an entity is to consider when assessing whether a contract is an onerous contract. The amendments are effective for financial statements for the periods beginning on or after 1 January 2022. not endorsed by the European Union until the date of approval of these interim condensed consolidated 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>30.09.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
<b>Tangible fixed assets, including:</b>		
- Technical equipment and other tangible fixed assets	5 456	6 101
- Vehicles	4 020	5 143
- Land and buildings	853	823
- Right-of-use of office space*)	29 499	31 952
<b>Total tangible fixed assets</b>	<b>39 828</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>30.09.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
<b>Advances on deliveries</b>	<b>207 179</b>	<b>220 162</b>
including: at purchase prices/production costs	207 179	220 162
write down to the net realisable value	-	-
<b>Semi-finished goods and work in progress</b>	<b>2 177 719</b>	<b>2 100 705</b>
including: at purchase prices/production costs	2 136 286	2 045 220
rights of perpetual usufruct of land (lease)	73 394	87 446
write down to the net realisable value	(31 961)	(31 961)
<b>Finished goods</b>	<b>181 583</b>	<b>188 765</b>
including: at purchase prices/production costs	189 049	196 464
write down to the net realisable value	(7 466)	(7 699)
<b>Total</b>	<b>2 566 481</b>	<b>2 509 632</b>

<b>INVENTORY REVALUATION WRITE DOWNS</b>	<b>01.01 - 30.09.2020</b> <i>(unaudited)</i>	<b>01.01 - 30.09.2019</b> <i>(unaudited)</i>
<b>Opening balance</b>	<b>39 660</b>	<b>41 338</b>
Increments	100	-
Decrease	(333)	(646)
<b>Closing balance</b>	<b>39 427</b>	<b>40 692</b>



## Dom Development S.A.

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

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>30.09.2020</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>30.09.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
Bank deposits with a maturity over three months	-	50
Cash in open-end residential escrow accounts	85 721	37 050
Other short-term financial assets	105	24 487
<b>Total</b>	<b>85 826</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 three 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>30.09.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>	<b>30.09.2019</b> <i>(unaudited)</i>
Cash in hand and at bank	219 194	13 702	23 542
Bank deposits with a maturity of three months or less	161 345	239 575	111 059
Other	41	41	50
<b>Total</b>	<b>380 580</b>	<b>253 318</b>	<b>134 651</b>

### 7.9. Share capital

#### Description of changes to the share capital in the Company in the period from 1 July until 30 September 2020

In the three-month period ended 30 September 2019 no changes were made by the Company to the share capital.

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

	Share capital		Share premium
	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 30.09.2020</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. 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. 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.

#### **Adoption of the new Management 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, Project Director (hereinafter "Programme VI").

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.

On 31 August 2020, the Ordinary General Meeting of Shareholders of the Company resolved to adopt Management Option Programme VI for Mr Marcin Drobek. In accordance with the said resolution on the adoption 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 General Meeting authorised the Management Board and the Supervisory Board of the Company to implement the above-mentioned Programme VI.



## Dom Development S.A.

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

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 release date of these statements				Change in the period from publication of the interim financial statements for the six-month period ended 30.06.2020
	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 Kielpsz	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 interim financial statements for the six-month period ended 30.06.2020	
	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	-	-
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 three-month period ended 30 September 2020

No (new) loan agreements had expired or been signed at the Group in the three-month period ended 30 September 2020.

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

LOANS DUE WITHIN	30.09.2020 (unaudited)	31.12.2019
Less than 1 year	-	14
More than 1 year and less than 2 years	-	-
More than 2 years and less than 5 years	23 000	85 000
Over 5 years	-	-
<b>Total loans</b>	<b>23 000</b>	<b>85 014</b>
including: long-term	23 000	85 000
short-term	-	14



## Dom Development S.A.

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

<b>BANK LOANS AS AT 30.09.2020</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	-	PLN	26.02.2023
mBank	Warsaw	185 000	PLN	13 000	PLN	31.01.2023
Millennium	Warsaw	50 000	PLN	10 000	PLN	18.12.2022
<b>Total bank loans</b>				<b>23 000</b>	<b>PLN</b>	

### Core details concerning credit lines held by the Company

- Loan at PKO BP  
Revolving loan in the credit facility account up to PLN 150 000 thousand. Pursuant to the agreement with the bank, Euro Styl S.A. may use up to PLN 50 000 thousand of this credit limit. As at 30 September 2020, no funds were drawn from this credit line either by Dom Development S.A. or other Group companies.
- Credit at mBank  
Revolving loan in the credit facility account up to PLN 185 000 thousand. Under the said agreement, Dom Development Wrocław Sp. z o.o. may use up to PLN 60 000 thousand of this credit limit, and Euro Styl S.A. may use up to PLN 100 000 thousand of this credit limit. As at 30 September 2020 Dom Development Wrocław Sp. z o.o. drawn PLN 13 000 thousand from the said credit limit, and Euro Styl S.A. has not drawn any funds therefrom.
- Loan at Millennium Bank  
The revolving loan denominated in PLN, up to PLN 50 000 thousand. As at 30 September 2020 Dom Development S.A. drawn PLN 10 000 thousand from the said credit limit.

As at 30 September 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>30.09.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
Nominal value of the bonds issued, long-term portion	360 000	260 000
Nominal value of the bonds issued, short-term portion	-	100 000
<b>Total nominal value of the bonds issued</b>	<b>360 000</b>	<b>360 000</b>





## Dom Development S.A.

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

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 30.9.20</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
DOMDET4250925	25.09.2020	100 000	PLN	25.09.2025
<b>Total</b>		<b>360 000</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 three-month period ended 30 September 2020

On 25 September 2020, the Company issued 100 000 000 unsecured bonds with the nominal value of PLN 1 000 each and the aggregate nominal value of PLN 100 000 thousand. The maturity date for these bonds is 25 September 2025. The issue value equals 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.

### 7.12. Accrued interest on loans and bonds

<b>ACCRUED INTEREST ON LOANS AND BONDS</b>	<b>30.09.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
Accrued interest on bonds	2 903	1 311
Accrued interest on loans	-	-
<b>Total accrued interest on loans and bonds</b>	<b>2 903</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>30.09.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
<b>Lease liabilities, short-term portion, including:</b>	<b>90 361</b>	<b>98 525</b>
liabilities on account of perpetual usufruct right of land	84 268	92 426
liabilities on account of the right of use of office space	5 903	5 855
Other	190	244
<b>Lease liabilities, long-term portion, including:</b>	<b>25 866</b>	<b>26 970</b>
liabilities on account of the right of use of office space	25 761	26 735
Other	105	235
<b>Total</b>	<b>116 227</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 September 2020, out of PLN 84 268 thousand of the land-related lease liabilities recognised as short-term:

- PLN 2 177 thousand is payable by the Group within 12 months following the balance sheet date,
- PLN 2 459 thousand is payable by the Group later than 12 months following the balance sheet date,
- PLN 79 632 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>30.09.2020</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	1 236 582	834 347
Other	-	-
<b>Total</b>	<b>1 236 582</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.

Figures for the nine-month period ended 30.09.2020	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	746 184	101 125	288 043	1 135 352
Gross profit on sales, before the allocation of purchase price *)	229 196	27 238	103 678	360 112
Allocation of the Euro Styl S.A. Capital Group purchase price **)	-	-	(4 482)	(4 482)
<b>Gross profit on sales after the allocation of purchase price</b>	<b>229 196</b>	<b>27 238</b>	<b>99 196</b>	<b>355 630</b>
Selling costs, and general administrative expenses				(123 609)
Other operating income and expenses, net				(4 228)
<b>Operating profit</b>				<b>227 793</b>
Financial income and costs, net				(9 303)
<b>Profit before tax</b>				<b>218 490</b>
Income tax				(43 262)
<b>Net profit</b>				<b>175 228</b>

Figures for the three-month period ended 30.09.2020	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	143 832	72 734	146 625	363 191
Gross profit on sales, before the allocation of purchase price *)	44 494	21 606	52 213	118 313
Allocation of the Euro Styl S.A. Capital Group purchase price **)	-	-	(2 076)	(2 076)
<b>Gross profit on sales after the allocation of purchase price</b>	<b>44 494</b>	<b>21 606</b>	<b>50 137</b>	<b>116 237</b>
Selling costs, and general administrative expenses				(41 733)
Other operating income and expenses, net				(617)
<b>Operating profit</b>				<b>73 887</b>
Financial income and costs, net				(1 867)
<b>Profit before tax</b>				<b>72 020</b>
Income tax				(14 460)
<b>Net profit</b>				<b>57 560</b>



## Dom Development S.A.

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

Figures for the nine-month period ended 30.09.2019	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	987 810	52 781	113 895	1 154 486
Gross profit on sales, before the allocation of purchase price *)	284 759	10 110	49 114	343 983
Allocation of the Euro Styl S.A. Capital Group purchase price **)	-	-	(9 877)	(9 877)
<b>Gross profit on sales after the allocation of purchase price</b>	<b>284 759</b>	<b>10 110</b>	<b>39 237</b>	<b>334 106</b>
Selling costs, and general administrative expenses				(118 159)
Other operating income and expenses, net				(3 751)
<b>Operating profit</b>				<b>212 196</b>
Financial income and costs, net				(469)
<b>Profit before tax</b>				<b>211 727</b>
Income tax				(41 395)
<b>Net profit</b>				<b>170 332</b>

Figures for the three-month period ended 30.09.2019	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	309 903	49 282	28 460	387 645
Gross profit on sales, before the allocation of purchase price *)	89 410	9 505	13 113	112 028
Allocation of the Euro Styl S.A. Capital Group purchase price **)	-	-	(2 266)	(2 266)
<b>Gross profit on sales after the allocation of purchase price</b>	<b>89 410</b>	<b>9 505</b>	<b>10 847</b>	<b>109 762</b>
Selling costs, and general administrative expenses				(39 955)
Other operating income and expenses, net				(1 064)
<b>Operating profit</b>				<b>68 743</b>
Financial income and costs, net				(194)
<b>Profit before tax</b>				<b>68 549</b>
Income tax				(13 533)
<b>Net profit</b>				<b>55 016</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.



## Dom Development S.A.

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

### 7.16. Sales revenue and cost of sales

REVENUE BREAKDOWN	01.01 - 30.09.2020 <i>(unaudited)</i>	01.01- 30.09.2019 <i>(unaudited)</i>	01.07 - 30.09.2020 <i>(unaudited)</i>	01.07 - 30.09.2019 <i>(unaudited)</i>
<b>Sales revenue</b>				
Sales of finished goods	1 083 140	1 122 470	354 756	369 232
Sales of services	13 566	17 755	4 329	7 574
Sales of land	38 646	14 261	4 106	10 839
<b>Total sales revenue</b>	<b>1 135 352</b>	<b>1 154 486</b>	<b>363 191</b>	<b>387 645</b>
<b>Cost of sales</b>				
Cost of finished goods sold	(734 148)	(793 757)	(237 924)	(260 230)
Cost of services sold	(12 433)	(15 781)	(4 023)	(6 441)
Cost of land sold	(33 374)	(11 488)	(5 007)	(11 212)
Inventory write down to the net realisable value	233	646	-	-
<b>Total cost of sales</b>	<b>(779 722)</b>	<b>(820 380)</b>	<b>(246 954)</b>	<b>(277 883)</b>
<b>Gross profit on sales</b>	<b>355 630</b>	<b>334 106</b>	<b>116 237</b>	<b>109 762</b>

### 7.17. Income tax in the income statement

INCOME TAX	01.01 - 30.09.2020 <i>(unaudited)</i>	01.01- 30.09.2019 <i>(unaudited)</i>	01.07 - 30.09.2020 <i>(unaudited)</i>	01.07 - 30.09.2019 <i>(unaudited)</i>
Current income tax	(38 706)	(68 654)	(11 265)	(23 717)
Deferred tax in the income statement	(4 556)	27 259	(3 195)	10 184
<b>Total</b>	<b>(43 262)</b>	<b>(41 395)</b>	<b>(14 460)</b>	<b>(13 533)</b>

### 7.18. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01 - 30.09.2020 <i>(unaudited)</i>	01.01- 30.09.2019 <i>(unaudited)</i>	01.07 - 30.09.2020 <i>(unaudited)</i>	01.07 - 30.09.2019 <i>(unaudited)</i>
<b>Basic earnings per share</b>				
Profit for calculation of the basic earnings per share	175 231	170 336	57 561	55 017
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	25 168 604	25 046 810	25 218 422	25 068 422
<b>Basic earnings per share (PLN)</b>	<b>6.96</b>	<b>6.80</b>	<b>2.28</b>	<b>2.19</b>
<b>Diluted earnings per share</b>				
Profit for calculation of the diluted earnings per share	175 231	170 336	57 561	55 017
Potential diluting shares related to the Management Share Option Programmes	174 582	132 038	195 966	134 209
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	25 343 186	25 178 848	25 414 388	25 202 631
<b>Diluted earnings per share (PLN)</b>	<b>6.91</b>	<b>6.77</b>	<b>2.26</b>	<b>2.18</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.



## Dom Development S.A.

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

### 7.19. Transactions with related entities

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

Counterparty	Transaction description	01.07- 30.09.2020	01.07- 30.09.2019
		(unaudited)	(unaudited)
<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	267	478
Hansom Property Company Limited	Consulting services as per the agreement dated 2 January 2001 as annexed	124	128
M & M Usługi Doradcze M. Kolarski	Consulting services	17	28
<b>DOM DEVELOPMENT S.A. AS A DIVIDEND PAYAER:</b>			
Groupe Belleforêt S.à r.l. (previously in SCOP Poland S.à.r.l., and before then Dom Development B.V.)	Dividend paid	134 481	-

<b>BALANCES WITH RELATED ENTITIES – balances as in the books of the Company</b>				
Entity	Receivables from related entities		Liabilities to related entities	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
	(unaudited)		(unaudited)	
<b>Total balance</b>	-	-	<b>238</b>	<b>369</b>
<b>Subsidiaries</b>	-	-	-	-
<b>Other entities</b>	-	-	<b>238</b>	<b>369</b>
M&M Usługi Doradcze M. Kolarski	-	-	-	1
Woodsford Consulting Limited	-	-	238	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 September 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)			
				30.09.2020		
Programme IV	500 000	500 000	300 000			
Programme V	250 000	250 000	50 000			

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

**Exercise of the share options**

In the three-month period ended 30 September 2020 no share options were exercised at the Company.

**Grant of new share options**

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

Information on the resolution of the Ordinary General Meeting of Shareholders of the Company dated 31 August 2020 to adopt Management Option Programme VI for Mr Marcin Drobek is presented in note 7.9.

**Expiry of share options**

In the three-month period ended 30 September 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 30 September 2020 and 2019 the amounts of PLN 1 075 thousand and PLN 681 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>01.07 - 30.09.2020</b>	<b>01.07 - 30.09.2019</b>
		<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Unexercised options at the beginning 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>
Options granted in the period	Number of options	-	-
	Total option exercise value	-	-
Options expired in the period	Number of options	-	-
	Total option exercise value	-	-
Options exercised in the period	Number of options	-	-
	Total option exercise value	-	-
	Weighted average exercise price per share (PLN per share)	-	-
<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	-	-
	Total exercise price	-	-
Exercisable options at the end of the period	Number of options	-	-
	Total exercise price	-	-



## 7.21. Contingent liabilities

<b>CONTINGENT LIABILITIES</b>	<b>30.09.2020</b> <i>(unaudited)</i>	<b>31.12.2019</b>
Guarantees	963	963
Sureties	28 119	42 034
<b>Total</b>	<b>29 082</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>30.09.2020</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	12	50
<b>Total</b>	<b>2 012</b>	<b>4 050</b>

In the three-month period ended 30 September 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 September 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 three-month period ended 30 September 2020, the most important factor affecting the ongoing activities of the Group was the continued COVID-19 epidemic that had been announced 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 as initially introduced, the COVID-19 epidemic had no effect on the financial results presented in the interim condensed consolidated financial statements for the three-month period ended 30 September 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 as budgeted, and completed apartments were handed over to customers on time. The efficient organization allowed to quickly respond to the recovered demand, thus strengthening Group's market position, in particular in the Warsaw and the Tricity markets. In the first months of the epidemic, which were accompanied by considerable volatility and uncertainty in the market environment, the Management Boards of the Companies operating within the Group halted the commencement of some development projects. In view of the recovery of demand which remained high, the Group started 17 new projects with 1 780 units in Q3 which represents a significant increase in activity compared to 1 082 units with the construction started in Q1 2020.

On account of the outbreak of COVID-19, the Company's Management Board exercised the one-off opportunity to hold the Ordinary General Meeting of Shareholders at a later date, and convened the same to be held on 31 August 2020. Shareholders of the Company decided to pay a record-high dividend of PLN 9.50 per share, which means a total dividend payment of PLN 239 575 thousand, which took place on 14 September 2020.

Despite the record-high dividend payments to the shareholders in Dom Development S.A., the Group is in very comfortable financial position. As at 30 September 2020, it recognised cash at hand and in escrow accounts in the amount of PLN 466 406 thousand with PLN 383 000 thousand of the debt arising from loans and bonds.





## Dom Development S.A.

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

The Group's debt structure is consistently very good, although it has changed significantly during Q3 2020. In period concerned, the Dom Development S.A. Capital Group repaid bank loans of PLN 200 000 thousand, which were disbursed in the early stage of the COVID-19 epidemic in order to secure the Group's liquidity. In the opinion of the Management Board of the Company, credit lines that have been made available to the Group up to PLN 362 000 thousand are sufficient in the present situation to secure financing. In addition, the relative stabilisation in financial markets in Q3 2020 allowed the Company to issue 5-year unsecured bonds on favourable terms, with a total nominal value of PLN 100 000 thousand, series DOMDET4250925. In the Company's financing structure these bonds replaced the bonds of the same value redeemed in June 2020.

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

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

Project	Company	Standard	Number of apartments	Number of commercial units	Started in
Osiedle 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 Mieszkańowa 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
Stanisław August Residence	Dom Development S.A.	Apartments	114	11	Q3 2020
Osiedle Wilno V, phase 2	Dom Development S.A.	Popular	213	-	Q3 2020
Osiedle Głębocka, phase 2	Dom Development S.A.	Popular	204	7	Q3 2020
Dzielnica Mieszkańowa Metro Zachód, stage 2 phase 2	Dom Development S.A.	Popular	124	-	Q3 2020
Żoliborz Artystyczny, phase 14	Dom Development S.A.	Popular	269	11	Q3 2020
Stacja Grochów, phase 2	Dom Development S.A.	Popular	106	-	Q3 2020
Stacja Grochów, phase 3	Dom Development S.A.	Popular	125	-	Q3 2020
Beauforta, buildings 8, 9, 11	Euro Styl S.A.	Popular	97	-	Q3 2020
Beauforta, buildings 21-22	Euro Styl S.A.	Popular	70	-	Q3 2020
Beauforta, buildings 23-24	Euro Styl S.A.	Popular	51	-	Q3 2020
Nasze Mieszkanie, building A	Euro Styl S.A.	Popular	44	-	Q3 2020
Nasze Mieszkanie, building B	Euro Styl S.A.	Popular	34	-	Q3 2020
Nasze Mieszkanie, building C	Euro Styl S.A.	Popular	46	-	Q3 2020
Osiedle Przy Błoniach, building B1	Euro Styl S.A.	Popular	65	-	Q3 2020
Zielony Południk, buildings 18-19	Euro Styl S.A.	Popular	44	-	Q3 2020
Zielony Południk, buildings 20-21	Euro Styl S.A.	Popular	44	-	Q3 2020
Osiedle Komedy, phase 2	Dom Development Wrocław Sp. z o.o.	Popular	101	-	Q3 2020
<b>Total</b>			<b>2 811</b>	<b>51</b>	

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



## Dom Development S.A.

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

Projects where the construction was completed in the period from 1 January 2020 until 30 September 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
Apartamenty Marina Mokotów, phase 2 stage 1	Dom Development S.A.	Popular	215	7	Q3 2020
Apartamenty Marina Mokotów, phase 2 stage 2	Dom Development S.A.	Popular	205	20	Q3 2020
Żoliborz Artystyczny, phase 11	Dom Development S.A.	Popular	372	9	Q3 2020
Żoliborz Artystyczny, phase 12	Dom Development S.A.	Popular	95	11	Q3 2020
Port Żerań, phase 3	Dom Development S.A.	Popular	152	-	Q3 2020
Beauforta, building 2	Euro Styl S.A.	Popular	15	4	Q3 2020
Beauforta, building 3	Euro Styl S.A.	Popular	15	4	Q3 2020
Beauforta, building 12	Euro Styl S.A.	Popular	27	-	Q3 2020
Beauforta, building 13	Euro Styl S.A.	Popular	21	-	Q3 2020
<b>Total</b>			<b>2 371</b>	<b>92</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 September 2020:

Apartments and retail units delivered	Market/Segment	01.01 -	01.01 -	01.07 -	01.07 -
		30.09.2020	30.09.2019	30.09.2020	30.09.2019
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Dom Development S.A.	Warsaw	1 125	2 114	195	633
Euro Styl S.A.	Tricity	542	208	315	42
Dom Development Wrocław Sp. z o.o.	Wrocław	266	172	182	164
<b>Total</b>		<b>1 933</b>	<b>2 494</b>	<b>692</b>	<b>839</b>

### 7.24. Dividends

On 31 August 2020, the Ordinary General Meeting of Shareholders of the Company resolved to distribute the 2019 net profit of the Company and to set the dividend date and the dividend payment date. In accordance with that resolution, the Ordinary General Meeting of Shareholders of the Company decided to allocate the total amount of PLN 239 575 009.00 to the payment of dividends to shareholders in Dom Development S.A., i.e. PLN 9.50 per share, and a portion of the Company's 2019 net profit in the amount of PLN 65 089 927.64 to the increase of the Company's supplementary capital. All the 25 218 422 of the Company's shares are eligible for dividend payment. The dividend date was set to be 7 September 2020, and the dividend payment date was set to be 14 September 2020.



### 7.25. Material post-balance sheet events

No material post-balance sheet events took place at the Group.

### 7.26. Forecasts

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

### 7.27. Selected financial data translated into euro

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

SELECTED DATA FROM THE BALANCE SHEET	30.09.2020	31.12.2019
	(unaudited)	
	thousand euro	thousand euro
Total current assets	686 950	679 133
Total assets	702 335	695 300
Total shareholders' equity	226 859	254 604
Long-term liabilities	115 091	110 136
Short-term liabilities	360 385	330 560
Total liabilities	475 476	440 696
<b>PLN/EURO exchange rate as at the balance sheet date</b>	<b>4.5268</b>	<b>4.2585</b>

SELECTED DATA FROM THE INCOME STATEMENT	01.01 - 30.09.2020	01.01 - 30.09.2019	01.07 - 30.09.2020	01.07 - 30.09.2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	thousand euro	thousand euro	thousand euro	thousand euro
Sales revenue	255 595	267 949	81 733	89 120
Gross profit on sales	80 061	77 544	26 158	25 234
Operating profit	51 282	49 249	16 628	15 804
Profit before tax	49 187	49 141	16 207	15 759
Net profit	39 448	39 533	12 953	12 648
<b>Average PLN/EURO exchange rate for the reporting period</b>	<b>4.4420</b>	<b>4.3086</b>	<b>4.4436</b>	<b>4.3497</b>