



DOM DEVELOPMENT S.A.

Interim condensed consolidated financial statements for the three-month period ended 31 March 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 three-month period ended on 31 March 2020, comprising:

- interim condensed consolidated balance sheet as at 31 March 2020,
- interim condensed consolidated income statement for the three-month period ended 31 March 2020,
- interim condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2020,
- interim condensed statement of changes in consolidated shareholders' equity for the three-month period ended 31 March 2020,
- interim condensed consolidated cash flow statement for the three-month period ended 31 March 2020,
- additional notes to the interim condensed consolidated financial statements,

were prepared and approved by the Management Board of the Company on 5 May 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	31.03.2020 (unaudited)	31.12.2019
Fixed assets			
Intangible assets		14 564	14 228
Tangible fixed assets	7.5	42 455	44 019
Deferred tax assets		10 906	5 927
Long-term receivables		1 761	1 876
Other long-term assets		3 252	2 797
Total fixed assets		72 938	68 847
Current assets			
Inventory	7.6	2 620 622	2 509 632
Trade and other receivables		69 955	62 166
Other current assets		23	4 968
Income tax receivables		7 906	418
Short-term financial assets	7.7	82 423	61 587
Cash and cash equivalents	7.8	582 232	253 318
Total current assets		3 363 161	2 892 089
Total assets		3 436 099	2 960 936
EQUITY AND LIABILITIES	Note	31.03.2020 (unaudited)	31.12.2019
Shareholders' equity			
Share capital	7.9	25 218	25 068
Share premium		251 038	245 188
Other capital (supplementary capital)		544 790	543 715
Reserve capital from valuation of cash flow hedges		(4 042)	(2 161)
Reserve capital from reduction of share capital		510	510
Unappropriated profit		310 414	271 877
Equity attributable to the shareholders of parent company		1 127 928	1 084 197
Non-controlling interests		33	34
Total shareholders' equity		1 127 961	1 084 231
Liabilities			
Long-term liabilities			
Loans, long-term portion	7.10	333 440	85 000
Bonds, long-term portion	7.11	260 000	260 000
Deferred tax provision		6 220	10 714
Long-term provisions		20 137	18 687
Lease liabilities, long-term portion	7.13	25 938	26 970
Other long-term liabilities		68 614	67 644
Total long-term liabilities		714 349	469 015
Short-term liabilities			
Trade payables, tax and other liabilities		355 845	321 643
Loans, short-term portion	7.10	-	14
Bonds, short-term portion	7.11	100 000	100 000
Accrued interest on loans and bonds	7.12	4 634	1 311
Lease liabilities, short-term portion	7.13	98 191	98 525
Corporate income tax payables		38 832	34 829
Short-term provisions		17 532	17 021
Deferred income	7.14	978 755	834 347
Total short-term liabilities		1 593 789	1 407 690
Total liabilities		2 308 138	1 876 705
Total equity and liabilities		3 436 099	2 960 936



3. INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Three-month period ended	
		31.03.2020 <i>(unaudited)</i>	31.03.2019 <i>(unaudited)</i>
Sales revenue	7.16	314 141	528 187
Cost of sales	7.16	(221 432)	(383 212)
Gross profit on sales		92 709	144 975
Selling costs		(15 528)	(17 929)
General administrative expenses		(26 323)	(23 260)
Other operating income		1 201	4 861
Other operating expenses		(2 340)	(3 351)
Operating profit		49 719	105 296
Financial income		917	687
Financial costs		(2 494)	(1 243)
Profit before tax		48 142	104 740
Income tax	7.17	(9 606)	(20 478)
Net profit		38 536	84 262
Net profit attributable to:			
Shareholders of the parent company		38 537	84 263
Non-controlling interests		(1)	(1)
Earnings per share:			
Basic, from the profit for the period, attributable to parent company's shareholders (PLN)	7.18	1.54	3.37
Diluted, from the profit for the period, attributable to parent company's shareholders (PLN)	7.18	1.53	3.36



Dom Development S.A.

Interim condensed consolidated statement of comprehensive income
for the three-month period ended 31 March 2020
(all amounts in thousands PLN unless stated otherwise)

4. INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three-month period ended	
	31.03.2020 <i>(unaudited)</i>	31.03.2019 <i>(unaudited)</i>
Net profit	38 536	84 262
Other comprehensive income/(losses)		
Net change to cash flow hedges	(2 322)	(572)
Income tax	441	109
Other net comprehensive income/(losses)	(1 881)	(463)
Total net comprehensive income	36 655	83 799
Net comprehensive income attributable to:		
Shareholders of the parent company	36 656	83 800
Non-controlling interests	(1)	(1)



5. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Three-month period ended	
		31.03.2020 <i>(unaudited)</i>	31.03.2019 <i>(unaudited)</i>
Cash flow from operating activities			
Profit before tax		48 142	104 740
Adjustments:			
Depreciation		3 934	3 685
Profit/(loss) on foreign exchange differences		65	(13)
Profit/(loss) on investments		-	247
Interest cost/income		1 991	3 242
Cost of the valuation of management option programmes		1 075	681
Changes in the operating capital:			
Changes in provisions		1 923	1 466
Changes in inventory		(109 593)	(62 611)
Changes in receivables		(7 715)	(19 142)
Changes in short-term liabilities, excluding loans and bonds		28 772	94 276
Changes in prepayments and deferred income		123 844	(93 938)
Other adjustments		18	92
Cash flow generated from operating activities		92 456	32 725
Interest received		580	542
Interest paid		(948)	(1 363)
Income tax paid		(14 239)	(39 181)
Net cash flow from operating activities		77 849	(7 277)
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		213	17
Proceeds from borrowings granted		96	-
Other proceeds from financial assets		-	-
Borrowings granted		-	-
Acquisition of intangible and tangible fixed assets		-	(2 248)
Expenses on account of advances for acquisition of financial assets		(3 108)	-
Acquisition of financial assets and additional contributions to the capital		(500)	(500)
Net cash flow from investing activities		(3 299)	(2 731)
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)	7.9	6 000	3 500
Proceeds from contracted loans	7.10	248 440	100 000
Proceeds from commercial papers issued	7.11	-	-
Repayment of loans and borrowings	7.10	(14)	(50 000)
Redemption of commercial papers	7.11	-	-
Dividends paid		-	-
Payment of financial lease liabilities		(62)	(71)
Net cash flow from financing activities		254 364	53 429
Increase / (decrease) in net cash and cash equivalents		328 914	43 421
Cash and cash equivalents – opening balance	7.8	253 318	282 492
Cash and cash equivalents – closing balance	7.8	582 232	325 913



Dom Development S.A.

Interim condensed statement of changes in consolidated shareholders' equity
for the three-month period ended 31 March 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				
Balance as at 1 January 2020	25 068	245 188	543 715	510	(2 161)	271 877	1 084 197	34	1 084 231
Share capital increase by exercising share options (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)	-	-	1 075	-	-	-	1 075	-	1 075
Net profit for the reporting period	-	-	-	-	-	38 537	38 537	(1)	38 536
Other net comprehensive income for the reporting period	-	-	-	-	(1 881)	-	(1 881)	-	(1 881)
Balance as at 31 March 2020 (unaudited)	25 218	251 038	544 790	510	(4 042)	310 414	1 127 928	33	1 127 961

	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				
Balance as at 1 January 2019	24 968	241 788	551 395	510	(2 148)	229 960	1 046 473	69	1 046 542
Share capital increase by exercising share options (note 7.9)	100	3 400	-	-	-	-	3 500	-	3 500
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)	-	-	681	-	-	-	681	-	681
Net profit for the reporting period	-	-	-	-	-	84 263	84 263	(1)	84 262
Other net comprehensive income for the reporting period	-	-	-	-	(463)	-	(463)	-	(463)
Balance as at 31 March 2019 (unaudited)	25 068	245 188	552 076	510	(2 611)	314 223	1 134 454	68	1 134 522



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 31 March 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 31 March 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
Subsidiaries				
Dom Development Grunty sp. z o.o.	Poland	46%	100%	full consolidation
Dom Development Kredyty sp. z o.o.	Poland	100%	100%	full consolidation
M2 Hotel 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 three-month period ended 31 March 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, win the three-month period ended 31 March 2020.

Within the three-month period ended 31 March 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 months period ended 31 March 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 has also prepared interim condensed financial statements for Dom Development S.A. for the three-month period ended 31 March 2020. These statements were approved by the Management Board of the Company on 5 May 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,
- Amendments to IFRS 3 *Business Combinations*. As a result of the amendments to IFRS 3 the definition of a "business" has been modified. The amendment narrowed the definition of a business. This is likely to cause more acquisition transactions to be classified as the asset acquisition. Amendments to IFRS 3 are effective for annual periods beginning on or after 1 January 2020; not endorsed by the European Union until the date of approval of these interim condensed financial statements.
- 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. The amendments are effective for annual periods beginning on or after 1 January 2020; 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

TANGIBLE FIXED ASSETS	31.03.2020	31.12.2019
	<i>(unaudited)</i>	
Tangible fixed assets, including:		
- Plants and other tangible fixed assets	5 896	6 101
- Vehicles	5 097	5 143
- Land and buildings	801	823
- Right-of-use of office space*)	30 661	31 952
Total tangible fixed assets	42 455	44 019

*) 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

INVENTORY	31.03.2020	31.12.2019
	<i>(unaudited)</i>	
Advances on deliveries	232 188	220 162
including: at purchase prices/production costs	232 188	220 162
write down to the net realisable value	-	-
Semi-finished goods and work in progress	2 194 053	2 100 705
including: at purchase prices/production costs	2 141 287	2 045 220
rights of perpetual usufruct of land (lease)	84 727	87 446
write down to the net realisable value	(31 961)	(31 961)
Finished goods	194 381	188 765
including: at purchase prices/production costs	201 935	196 464
write down to the net realisable value	(7 554)	(7 699)
Total	2 620 622	2 509 632

INVENTORY REVALUATION WRITE DOWNS	01.01 - 31.03.2020	01.01 - 31.03.2019
	<i>(unaudited)</i>	<i>(unaudited)</i>
Opening balance	39 660	41 338
Increments	-	-
Decrease	(145)	(566)
Closing balance	39 515	40 772

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



Dom Development S.A.

Additional notes to the interim condensed consolidated financial statements
for the three-month period ended 31 March 2020
(all amounts in thousands PLN unless stated otherwise)

CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED	31.03.2020 <i>(unaudited)</i>	31.12.2019
Value of mortgages established to secure real estate purchase agreements	13 669	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

SHORT-TERM FINANCIAL ASSETS	31.03.2020 <i>(unaudited)</i>	31.12.2019
Bank deposits with a maturity over three months	50	50
Cash in open-end residential escrow accounts	57 550	37 050
Other short-term financial assets	24 823	24 487
Total	82 423	61 587

Bank deposits with a maturity over three months as of the date when they are made are presented in "Bank deposits with a maturity over three months".

Cash received from the Group's customers as advances for the sale of products which is deposited in open-end residential escrow accounts until the relevant requirements specified in the "Act on the Protection of Rights of a Dwelling Unit or House Buyer" are met, is presented in "Cash in open-end residential escrow accounts".

7.8. Cash and cash equivalents

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

CASH AND CASH EQUIVALENTS	31.03.2020 <i>(unaudited)</i>	31.12.2019	31.03.2019 <i>(unaudited)</i>
Cash in hand and at bank	101 938	13 702	33 529
Bank deposits with a maturity of three months or less	480 253	239 575	292 365
Other	41	41	19
Total	582 232	253 318	325 913

7.9. Share capital

Description of changes to the share capital in the Company in the period from 1 January until 31 March 2020

	Share capital		Share premium
	Number of shares	Value at the nominal value	
Balance as at 01.01.2020	25 068 422	25 068	245 188
Change	150 000	150	5 850
Balance as at 31.03.2020	25 218 422	25 218	251 038

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.



Dom Development S.A.

Additional notes to the interim condensed consolidated financial statements
for the three-month period ended 31 March 2020
(all amounts in thousands PLN unless stated otherwise)

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.

Until the date that these interim condensed financial statements were prepared, these shares have not been registered by Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities) in the securities depository.

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 relation to the information disclosed in the financial statements for 2019
	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.



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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 relation to the information disclosed in the financial statements for 2019	
	Shares	Share options	Total	Shares	Share options
The Management Board					
Jarosław Szanajca	1 454 050	-	1 454 050	-	-
Janusz Zalewski	350 000	-	350 000	-	-
Małgorzata Kolarska	220 235	200 000	420 235	38 735	(100 000)
Mikołaj Konopka	51 292	200 000	251 292	50 000	(50 000)
Terry Roydon	58 500	-	58 500	-	-
The Supervisory Board					
Grzegorz Kiełpsz	1 280 750	-	1 280 750	-	-
Mark Spiteri	900	-	900	-	-

7.10. Loans

Description of material changes in the three-month period ended 31 March 2020

There were no loan agreements or any other agreements within the Group that expired or been signed in the three-month period ended 31 March 2020.

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

LOANS DUE WITHIN	31.03.2020 (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	333 440	85 000
Over 5 years	-	-
Total loans	333 440	85 014
including: long-term	333 440	85 000
short-term	-	14

BANK LOANS AS AT 31.03.2020						
Bank	Registered office	Loan amount as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
PKO BP	Warsaw	150 000*)	PLN	148 440	PLN	26.02.2023
mBank	Warsaw	185 000**)	PLN	185 000	PLN	31.01.2023
Millennium	Warsaw	50 000	PLN	-	PLN	18.12.2022
Total bank loans				333 440	PLN	

*) Revolving loan in the credit facility account up to PLN 150 000 thousand. Pursuant to the agreement with the bank, Euro Styl S.A. may use up to PLN 50 000 thousand of this credit limit. As at 31 March 2020 Euro Styl S.A. drawn PLN 48 440 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 31 March 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.



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As at 31 March 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

BONDS	31.03.2020 <i>(unaudited)</i>	31.12.2019
Nominal value of the bonds issued, long-term portion	260 000	260 000
Nominal value of the bonds issued, short-term portion	100 000	100 000
Total nominal value of the bonds issued	360 000	360 000

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".

BONDS ISSUED AS AT 31.03.2020				
Series	Issue date	Amount	Currency	Contractual maturity date
DOMDE5120620	12.06.2016	100 000	PLN	12.06.2020
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
Total		360 000	PLN	

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 5 November 2021.
- Agreement with Trigon Dom Maklerski S.A. and Trigon Investment Banking Spółka z ograniczoną odpowiedzialnością & Wspólnicy S.K.
Pursuant to the agreement, Dom Development S.A. may issue bonds with a total value of up to PLN 400 million, understood as the nominal value of all outstanding bonds. The limit of the Programme is renewable. In accordance with the agreement, bonds may be issued by the Company as various series by 17 November 2027.

**Description of material changes in the three-month period ended 31 March 2020**

The total bond issue liabilities in the three-month period ended 31 March 2020 and their maturity dates have not changed.

7.12. Accrued interest on loans and bonds

ACCRUED INTEREST ON LOANS AND BONDS	31.03.2020	31.12.2019
	<i>(unaudited)</i>	
Accrued interest on bonds	4 634	1 311
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	4 634	1 311

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.

Lease liabilities	31.03.2020	31.12.2019
	<i>(unaudited)</i>	
Lease liabilities, short-term portion, including:	98 191	98 525
liabilities on account of perpetual usufruct right of land	92 269	92 426
liabilities on account of the right of use of office space	5 691	5 855
Other	231	244
Lease liabilities, long-term portion, including:	25 938	26 970
liabilities on account of the right of use of office space	25 751	26 735
Other	187	235
Total	124 129	125 495

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 31 March 2020, out of PLN 92 269 thousand of the land-related lease liabilities recognised as short-term:

- PLN 4 866 thousand is payable by the Group within 12 months following the balance sheet date,
- PLN 1 393 thousand is payable by the Group later than 12 months following the balance sheet date,
- PLN 86 010 thousand is to be transferred to the respective buyers of units.



7.14. Deferred income

Payments from customers on account of the purchase of apartments and parking spaces are recorded as deferred income until the time that they are delivered to the buyer and are recognised in the income statement as "sales revenue". This balance sheet item is closely dependent over time on the relationship between the sales rate (which as it increases, increases this item) and the deliveries rate (which as it decreases, decreases this item).

DEFERRED INCOME	31.03.2020 <i>(unaudited)</i>	31.12.2019
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement	978 755	834 347
Other	-	-
Total	978 755	834 347

7.15. Segment reporting

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

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

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

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

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

Figures for the three-month period ended 31.03.2020	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	273 338	26 699	14 104	314 141
Gross profit on sales, before the allocation of purchase price *)	84 200	4 223	4 474	92 897
Allocation of the Euro Styl S.A. Capital Group purchase price **)	-	-	(188)	(188)
Gross profit on sales after the allocation of purchase price	84 200	4 223	4 286	92 709
Selling costs, and general administrative expenses				(41 851)
Other operating income and expenses, net				(1 139)
Operating profit				49 719
Financial income and costs, net				(1 577)
Profit before tax				48 142
Income tax				(9 606)
Net profit				38 536



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Figures for the three-month period ended 31.03.2019	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	473 077	2 206	52 904	528 187
Gross profit on sales, before the allocation of purchase price *)	126 365	362	23 622	150 349
Allocation of the Euro Styl S.A. Capital Group purchase price (**)	-	-	(5 374)	(5 374)
Gross profit on sales after the allocation of purchase price	126 365	362	18 248	144 975
Selling costs, and general administrative expenses				(41 189)
Other operating income and expenses, net				1 510
Operating profit				105 296
Financial income and costs, net				(556)
Profit before tax				104 740
Income tax				(20 478)
Net profit				84 262

*) 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 - 31.03.2020 <i>(unaudited)</i>	01.01 - 31.03.2019 <i>(unaudited)</i>
Sales of finished goods	308 968	520 399
Sales of services	5 025	7 610
Sales of land	148	178
Total sales revenue	314 141	528 187
Cost of sales		
Cost of finished goods sold	(216 728)	(377 731)
Cost of services sold	(4 702)	(5 874)
Cost of land sold	(147)	(173)
Inventory write down to the net realisable value	145	566
Total cost of sales	(221 432)	(383 212)
Gross profit on sales	92 709	144 975

7.17. Income tax in the income statement

INCOME TAX	01.01 - 31.03.2020 <i>(unaudited)</i>	01.01 - 31.03.2019 <i>(unaudited)</i>
Current income tax	(18 638)	(18 749)
Deferred tax in the income statement	9 032	(1 729)
Total	(9 606)	(20 478)



7.18. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01 - 31.03.2020 <i>(unaudited)</i>	01.01 - 31.03.2019 <i>(unaudited)</i>
Basic earnings per share		
Profit for calculation of the basic earnings per share	38 537	84 263
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	25 068 422	25 002 866
Basic earnings per share (PLN)	1.54	3.37
Diluted earnings per share		
Profit for calculation of the diluted earnings per share	38 537	84 263
Potential diluting shares related to the Management Share Option Programmes	153 310	103 535
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	25 221 732	25 106 401
Diluted earnings per share (PLN)	1.53	3.36

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 three-month periods ended 31 March 2020 and 2019, the Company was a party to transactions with related entities, as listed below.

Counterparty	Transaction description	01.01- 31.03.2020 <i>(unaudited)</i>	01.01- 31.03.2019 <i>(unaudited)</i>
DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES:			
Woodsford Consulting Limited	Consulting services as per the agreement dated 27 June 2007 as annexed	867	892
Hansom Property Company Limited	Consulting services as per the agreement dated 2 January 2001 as annexed	1 000	826
M & M Usługi Doradcze M. Kolarski	Consulting services	18	75

BALANCES WITH RELATED ENTITIES – balances as in the books of the Company				
Entity	Receivables from related entities		Liabilities to related entities	
	31.03.2020 <i>(unaudited)</i>	31.12.2019	31.03.2020 <i>(unaudited)</i>	31.12.2019
Total balance	46	-	-	369
Other entities	46	-	-	369
M&M Usługi Doradcze M. Kolarski	-	-	-	1
Woodsford Consulting Limited	46	-	-	368

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

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

As at 31 March 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)	Options in the programme (number of shares)	Options granted (number of shares)	Options exercised (number of shares)
	31.03.2020			31.12.2019		
Programme IV	500 000	500 000	300 000	500 000	500 000	200 000
Programme V	250 000	250 000	50 000	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 three-month period ended 31 March 2020 the Company did not grant any new share options.

Expiry of share options

In the three-month period ended 31 March 2020 no share options expired.

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

In the three-month periods ended 31 March 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.



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

SHARE OPTIONS		01.01 - 31.03.2020	01.01 - 31.03.2019
		<i>(unaudited)</i>	<i>(unaudited)</i>
Unexercised options at the beginning of the period	Number of options	550 000	400 000
	Total exercise price	23 000	14 000
Options granted in the period	Number of options	-	-
	Total option exercise value	-	-
Options expired in the period	Number of options	-	-
	Total option exercise value	-	-
Options exercised in the period	Number of options	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
Unexercised options at the end of the period	Number of options	400 000	300 000
	Total exercise price	17 000	10 500
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

CONTINGENT LIABILITIES	31.03.2020	31.12.2019
	<i>(unaudited)</i>	
Guarantees	963	963
Sureties	37 928	42 034
Total	38 891	42 997

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

COLLATERALS FOR LIABILITIES	31.03.2020	31.12.2019
	<i>(unaudited)</i>	
Promissory notes, including:		
– promissory notes as an additional guarantee for PKO BP bank in respect of claims arising from the granted loan	-	-
– promissory notes as other security	2 000	4 000
– promissory notes as a security for lease agreements	37	50
Total	2 037	4 050

In the three-month period ended 31 March 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 31 March 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 31 March 2020, the most important factor affecting the ongoing activities of the Group was the announcement of the COVID-19 epidemic in March 2020 and the associated restrictions on social and economic life.

Dom Development S.A. immediately adapted to the new restrictions, sending approximately 80% of its office employees to work from home and introducing online meetings with customer service advisor and online sales. All areas of the operating activity of the companies operating within the Group continued without interference. The construction and handover of completed units continued as planned, with appropriate precautionary measures implemented as recommended by the WHO and the Polish Sanitary Inspection Authority.

The Management Board of the Company decided to secure the Group companies' liquidity through credit lines of PLN 248 440 thousand, owing to which the consolidated balance of cash in hand and funds in the Group's escrow accounts as at 31 March 2020 were PLN 639 832 thousand, while debt arising from bonds and credit facilities was PLN 693 440 thousand. In the opinion of the Management Board of the Company, the liquidity situation of Dom Development S.A. Capital Group is very good, as confirmed by a number of analyses of the possible impact of the epidemic and the resultant economic crisis on the activities of companies operating within the Group.

Thanks to the prompt response by the Group companies, notwithstanding the changes to the manner of operation, the COVID-19 epidemic had no effect on the consolidated financial results presented in the interim condensed consolidated financial statements for the period ended 31 March 2020.

Material changes to the portfolio of ongoing property development projects carried out by the Group in the period from 1 January to 31 March 2020

Projects where the construction commenced in the period from 1 January 2020 until 31 March 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
Total			503	3	

*) 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 31 March 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
Total			330	10	

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



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Information on deliveries of residential and commercial units in the period from 1 January 2020 until 31 March 2020:

Apartments and retail units delivered	Market/Segment	01.01 -	01.01 -
		31.03.2020	31.03.2019
		(unaudited)	(unaudited)
Dom Development S.A.	Warsaw	430	1 112
Euro Styl S.A.	Tricity	38	98
Dom Development Wrocław Sp. z o.o.	Wrocław	81	5
Total		549	1 215

7.24. Dividends

On 6 April 2020, the Management Board of the Company decided to hold an Annual General Meeting of Shareholders of Dom Development S.A. in the last week of August 2020. The Management Board announced that the exact date of the meeting will be communicated at a later date in the notice of the Annual General Meeting of the Company.

As a consequence of the above decision, the earlier recommendation of the Management Board of the Company concerning the payment of the dividend out of the 2019 profit, published in the current report on 6 March 2020, which specified dates relating to the Annual General Meeting of Shareholders of the Company that was originally planned for 28 May 2020, was suspended by the Management Board. The new recommendation of the Management Board of the Company concerning the distribution of Company's net profit for 2019 is to be published at a later date.

The purpose of the suspension of the said recommendation of the Company's Management Board regarding the payment of dividend is to enable the Management Board and the General Meeting of Shareholders to make decisions concerning the payment and date of the dividend for 2019 with a better understanding of the impact of the COVID-19 pandemic on the Polish economy and housing market and on the balance sheet and liquidity of the Company.

7.25. Material post-balance sheet events

The impact of the COVID-19 epidemic on the ongoing Group's operations has been described in note 7.23.

No other 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	31.03.2020	31.12.2019	
	(unaudited)		
		thousand Euro	thousand Euro
Total current assets	738 783	679 133	
Total assets	754 805	695 300	
Total shareholders' equity	247 778	254 604	
Long-term liabilities	156 921	110 136	
Short-term liabilities	350 106	330 560	
Total liabilities	507 027	440 696	
PLN/EURO exchange rate as at the balance sheet date	4.5523	4.2585	



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SELECTED DATA FROM THE INCOME STATEMENT	01.01 - 31.03.2020	01.01 - 31.03.2019
	<i>(unaudited)</i> thousand Euro	<i>(unaudited)</i> thousand Euro
Sales revenue	71 456	122 897
Gross profit on sales	21 088	33 732
Operating profit	11 309	24 500
Profit before tax	10 951	24 371
Net profit	8 766	19 606
<i>Average PLN/EURO exchange rate for the reporting period</i>	<i>4.3963</i>	<i>4.2978</i>