DOM DEVELOPMENT S.A. CAPITAL GROUP

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

CONTENTS

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

These consolidated financial statements for the year ended on 31 December 2021, comprising:

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

were prepared and approved by the Management Board of Dom Development S.A. on 17 March 2022.

The Management Board of Dom Development S.A. declares that to the best of its knowledge, these annual consolidated financial statements for 2021 with comparative data have been prepared in accordance with the applicable accounting policies, and reflect a true and fair economic and financial position of the Dom Development S.A. Capital Group and its financial result.

Jarosław Szanajca
President of the Management Board

Leszek Stankiewicz
Vice President of the Management Board

Małgorzata Kolarska
Vice President of the Management Board

Mikołaj Konopka
Member of the Management Board

Terry R. Roydon
Member of the Management Board

2 CONSOLIDATED BALANCE SHEET

ASSETS	Note	31.12.2021	31.12.2020
Fixed assets			
Intangible assets	**7.6**	20 193	17 830
Tangible fixed assets	**7.7**	35 266	38 132
Deferred tax assets	**7.21**	31 583	9 759
Long-term receivables	**7.8**	11 499	1 761
Other long-term assets		11 652	3 276
TOTAL FIXED ASSETS		**110 193**	**70 758**
Current assets			
Inventory	**7.9**	3 025 168	2 423 514
Trade and other receivables	**7.10**	66 685	89 694
Other current assets	**7.11**	5 174	5 208
Income tax receivables	**7.32**	822	27 909
Short-term financial assets	**7.12**	62 560	50 463
Cash and cash equivalents	**7.13**	607 041	585 664
TOTAL CURRENT ASSETS		**3 767 450**	**3 182 452**
TOTAL ASSETS		**3 877 643**	**3 253 210**

EQUITY AND LIABILITIES	Note	31.12.2021	31.12.2020
Shareholders' equity			
Share capital	**7.14**	25 398	25 218
Share premium	**7.15**	258 358	251 038
Other capital (supplementary capital)		626 738	614 804
Reserve capital from valuation of cash flow hedges		7 647	(3 591)
Reserve capital on account of the obligation to redeem non-controlling interests		(10 568)	0
Reserve capital from reduction of share capital		510	510
Unappropriated profit		332 367	269 454
Equity attributable to the shareholders of parent company		**1 240 450**	**1 157 433**
Non-controlling interests		8 728	38
TOTAL SHAREHOLDERS' EQUITY		**1 249 178**	**1 157 471**
Long-term liabilities			
Loans, long-term portion	**7.18**	31 414	10 000
Bonds, long-term portion	**7.19**	310 470	250 000
Deferred tax provision	**7.21**	26 952	48 734
Long-term provisions	**7.22**	26 573	22 419
Lease liabilities, long-term portion	**7.24**	21 014	24 642
Other long-term liabilities	**7.23**	106 260	75 208
TOTAL LONG-TERM LIABILITIES		**522 683**	**431 003**
Short-term liabilities			
Trade payables, tax and other liabilities	**7.25**	345 021	319 571
Loans, short-term portion	**7.18**	-	-
Bonds, short-term portion	**7.19**	51 263	110 000
Accrued interest on loans and bonds	**7.20**	1 598	1 399
Lease liabilities, short-term portion	**7.24**	69 474	89 992
Corporate income tax payables	**7.32**	46 915	6 019
Short-term provisions	**7.26**	35 996	26 626
Deferred income	**7.27**	1 555 515	1 111 129
TOTAL SHORT-TERM LIABILITIES		**2 105 782**	**1 664 736**
TOTAL LIABILITIES		**2 628 465**	**2 095 739**
TOTAL EQUITY AND LIABILITIES		**3 877 643**	**3 253 210**

All amounts in PLN '000.

3 CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31.12.2021	Year ended 31.12.2020
Sales revenue	**7.34**	1 897 491	1 815 012
Cost of sales	**7.34**	(1 272 307)	(1 236 233)
Gross profit on sales	**7.34**	**625 184**	**578 779**
Selling costs	**7.35**	(67 062)	(61 426)
General administrative expenses	**7.35**	(126 842)	(110 837)
Other operating income	**7.37**	5 648	4 341
Other operating expenses	**7.38**	(23 875)	(24 590)
Operating profit		**413 053**	**386 267**
Financial income	**7.39**	6 175	3 293
Financial costs	**7.40**	(13 743)	(10 933)
Profit before tax		**405 485**	**378 627**
Income tax	**7.32**	(80 233)	(76 381)
Net profit from continued operations		**325 252**	**302 246**
Net profit from discontinued operations *)		**-**	**-**
Net profit		**325 252**	**302 246**
Net profit attributable to:			
Shareholders of the parent company		327 130	302 242
Non-controlling interests		(1 878)	4
Earnings per share attributable to shareholders of the parent company			
Basic (in PLN)	**7.31**	**12.89**	**12.00**
Diluted (in PLN)	**7.31**	**12.81**	**11.91**

*) in 2021 and 2020, the Group did not discontinue any of its operations.

All amounts in PLN '000 unless stated otherwise.

4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31.12.2021	Year ended 31.12.2020
Net profit	**325 252**	**302 246**
Other comprehensive income:		
Net change to cash flow hedges	13 874	(1 765)
Items to be accounted for in the income statement	**13 874**	**(1 765)**
Items not to be accounted for in the income statement	**-**	**-**
Other net comprehensive income / (loss), before tax	**13 874**	**(1 765)**
Income tax on other net comprehensive income to be accounted for in the income statement	(2 636)	335
Other net comprehensive income	**11 238**	**(1 430)**
Total net comprehensive income	**336 490**	**300 816**
Net comprehensive income attributable to:		
Shareholders of the parent company	338 368	300 812
Non-controlling interests	(1 878)	4

All amounts in PLN '000.

5 CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31.12.2021	Year ended 31.12.2020
Cash flow from operating activities			
Profit before tax		**405 485**	**378 627**
Adjustments:			
Depreciation		15 264	14 736
(Profit)/loss on foreign exchange differences		(1)	139
(Profit)/loss on investments		3 863	4 474
Interest cost/(income)		14 050	12 731
Cost of the valuation of management option programmes		1 701	5 999
Changes in the operating capital:			
Changes in provisions		13 780	13 615
Changes in inventory		(367 781)	125 740
Changes in receivables		(11 681)	(13 256)
Changes in short-term liabilities, excluding loans and bonds		(31 120)	(9 511)
Changes in prepayments and deferred income		430 979	262 946
Other adjustments		345	202
Cash flow generated from operating activities		**474 884**	**796 442**
Interest received		87	1 006
Interest paid		(12 340)	(15 325)
Income tax paid		(68 907)	(102 803)
Net cash flow from operating activities		**393 724**	**679 320**
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		754	930
Proceeds from borrowings granted		41 024	3 171
Other proceeds / (expenses) from financial assets		-	157
Borrowings granted		(51 017)	(27 400)
Acquisition of intangible and tangible fixed assets		(14 146)	(11 254)
Acquisition of financial assets and additional contributions to the capital		(43 066)	(3 746)
Net cash flow from investing activities		**(66 451)**	**(38 142)**
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)	**7.14**	7 500	6 000
Proceeds from contracted loans	**7.18**	60 869	257 946
Proceeds from commercial papers issued	**7.19**	110 014	100 000
Repayment of loans and borrowings	**7.18**	(90 445)	(332 960)
Redemption of commercial papers	**7.19**	(139 682)	(100 000)
Dividends paid	**7.17**	(253 984)	(239 575)
Payment of lease liabilities		(168)	(243)
Net cash flow from financing activities		**(305 896)**	**(308 832)**
Increase / (decrease) in net cash and cash equivalents		**21 377**	**332 346**
Cash and cash equivalents – opening balance	**7.13**	**585 664**	**253 318**
Cash and cash equivalents – closing balance	**7.13**	**607 041**	**585 664**

All amounts in PLN '000.

6 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

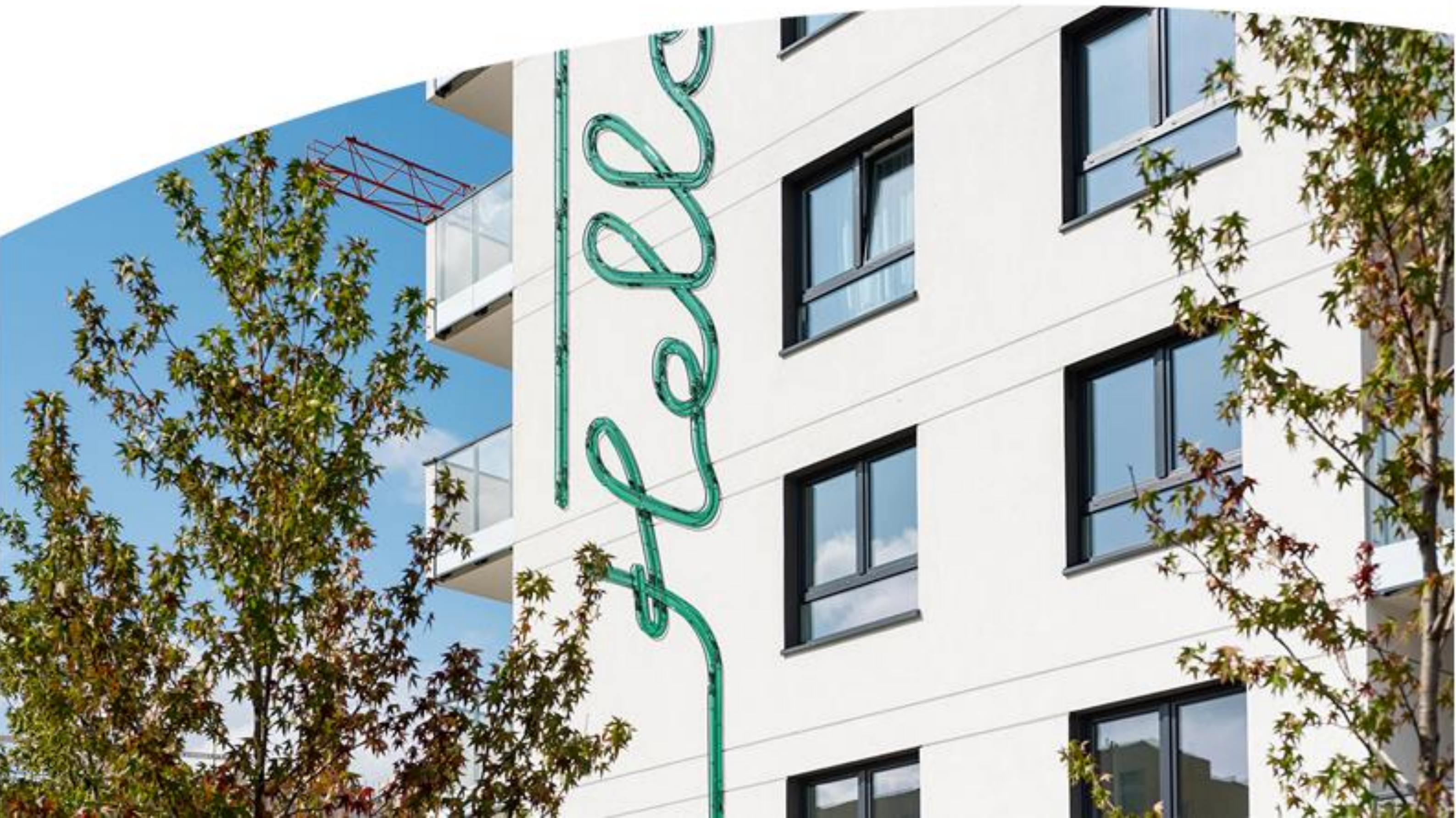
	Share capital	Share premium	Other capital (supplementary capital)	Reserve capital from reduction of share capital	Capital reserves on account of the obligation to redeem non-controlling interests	Reserve capital from valuation of cash flow hedges	Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholders' equity
Balance as at 1 January 2021	**25 218**	**251 038**	**614 804**	**510**	**-**	**(3 591)**	**269 454**	**1 157 433**	**38**	**1 157 471**
Share capital increase by exercising share options (note 7.14 and 7.15)	180	7 320	-	-	-	-	-	7 500	-	7 500
Profit transfer to supplementary capital (note 7.17)	-	-	10 233	-	-	-	(10 233)	-	-	-
Dividends to shareholders (note 7.17)	-	-	-	-	-	-	(253 984)	(253 984)	-	(253 984)
Creation of reserve capital from the valuation of the share options (note 7.43)	-	-	1 701	-	-	-	-	1 701	-	1 701
Non-controlling and reserve capital from the acquisition of a subsidiary (note 7.1)	-	-	-	-	(10 568)	-	-	(10 568)	10 568	-
Net profit for the reporting period	-	-	-	-	-	-	327 130	327 130	(1 878)	325 252
Other net comprehensive income	-	-	-	-	-	11 238	-	11 238	-	11 238
Total net comprehensive income	**-**	**-**	**-**	**-**	**-**	**11 238**	**327 130**	**338 368**	**(1 878)**	**336 490**
Increase / (decrease) in equity capital	**180**	**7 320**	**11 934**	**-**	**(10 568)**	**11 238**	**62 913**	**83 017**	**8 690**	**91 707**
Balance as at 31 December 2021	**25 398**	**258 358**	**626 738**	**510**	**(10 568)**	**7 647**	**332 367**	**1 240 450**	**8 728**	**1 249 178**

All amounts in PLN '000.

	Share capital	Share premium	Other capital (supplementary capital)	Reserve capital from reduction of share capital	Capital reserves on account of the obligation to redeem non-controlling interests	Reserve capital from valuation of cash flow hedges	Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholders' equity
Balance as at 1 January 2020	**25 068**	**245 188**	**543 715**	**510**	**-**	**(2 161)**	**271 877**	**1 084 197**	**34**	**1 084 231**
Share capital increase by exercising share options	150	5 850	-	-	-	-	-	6 000	-	6 000
Profit transfer to supplementary capital (note 7.17)	-	-	65 090	-	-	-	(65 090)	-	-	-
Dividends to shareholders (note 7.17)	-	-	-	-	-	-	(239 575)	(239 575)	-	(239 575)
Creation of reserve capital from the valuation of the share options (note 7.43)	-	-	5 999	-	-	-	-	5 999	-	5 999
Non-controlling interests and reserve capital from the acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-
Net profit for the reporting period	-	-	-	-	-	-	302 242	302 242	4	302 246
Other net comprehensive income	-	-	-	-	-	(1 430)	-	(1 430)	-	(1 430)
Total net comprehensive income	**-**	**-**	**-**	**-**	**-**	**(1 430)**	**302 242**	**300 812**	**4**	**300 816**
Increase / (decrease) in equity capital	**150**	**5 850**	**71 089**	**-**	**-**	**(1 430)**	**(2 423)**	**73 236**	**4**	**73 240**
Balance as at 31 December 2020	**25 218**	**251 038**	**614 804**	**510**	**-**	**(3 591)**	**269 454**	**1 157 433**	**38**	**1 157 471**

All amounts in PLN '000.

7 ADDITIONAL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



7.1 GENERAL INFORMATION ABOUT THE PARENT COMPANY OF THE DOM DEVELOPMENT S.A. CAPITAL GROUP AND THE GROUP

GENERAL INFORMATION ABOUT THE PARENT COMPANY OF THE DOM DEVELOPMENT S.A. CAPITAL GROUP

Name:	Dom Development S.A.
Registered office:	Plac Piłsudskiego 3, 00-078 Warszawa
Legal form:	Spółka Akcyjna (public limited company)
Country of registration:	Poland
Registered address of the office:	Plac Piłsudskiego 3, 00-078 Warszawa
Principal place of business:	Poland

There have been no changes to the name of the reporting entity or other identification data since the end of the previous reporting period.

The parent company of Dom Development S.A. Capital Group ("the Group") is the public limited company Dom Development S.A. ("the Company" / "the parent company") entered into the National Court Register under number 0000031483, maintained by the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register.

According to the Polish Classification of Business Activity the Company's scope of activity is the development of building projects – PKD 4110Z (NACE F41.1). The Company conducts its activities mainly in Warsaw.

The Company is a majority-owned subsidiary of Groupe Belleforêt S.à r.l. with its registered office in Luxembourg (see note 7.14). As at 31 December 2021 the parent company Dom Development S.A. was controlled by Groupe Belleforêt S.à r.l. which held 55.74% of the Company's shares.

GENERAL INFORMATION ABOUT THE GROUP

The Group's structure and the parent company interest in the share capital of the entities comprising the Group as at 31 December 2021 is presented in the table below:

COMPANY	Country of registration	% of the share capital held by the parent company	% of the votes held by the parent company	Consolidation method
Subsidiaries				
Dom Development Grunty sp. z o.o.	Poland	46%	100%	full consolidation
Dom Development Kredyty sp. z o.o.	Poland	100%	100%	full consolidation
Dom Development Wrocław sp. z o.o.	Poland	100%	100%	full consolidation
Dom Land sp. z o.o.	Poland	-	-	full consolidation
Euro Styl S.A.*	Poland	100%	100%	full consolidation
Euro Styl Development sp. z o.o.*	Poland	100%	100%	full consolidation
Mirabelle Investments sp. z o.o.	Poland	100%	100%	full consolidation
Dom Construction sp. z o.o.	Poland	100%	100%	full consolidation
Sento S.A.	Poland	77%	77%	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 subsidiaries of Euro Style S.A. and Sento S.A.are also included in the consolidation.

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

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

The Company not have a stake in 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 twelve-month period ended 31 December 2021 the Group did not discontinue any of its activities.

MATERIAL CHANGES TO THE GROUP STRUCTURE, INCLUDING AS A RESULT OF A MERGER, ACQUISITION OR SALE OF THE COMPANIES OPERATING WITHIN THE CAPITAL GROUP, LONG-TERM INVESTMENTS, DEMERGER, RESTRUCTURING OR DISCONTINUATION OF ACTIVITIES.

- M2 Biuro sp. z o.o.

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

On 23 April 2021, the Company entered into an sale agreement for all shares in the share capital of that subsidiary.

- Acquisition of shares in Sento S.A.

On 1 July 2021 the Company acquired 77% of the shares in Sento S.A., a company with its registered office in Kraków, from Reno Sp. z o.o., another company with its registered office in Kraków (the "Transaction"). As a result of the Transaction, Dom Development S.A. controls Sento Group which operates in the residential real estate development market in Kraków.

Through this acquisition, Dom Development S.A. Capital Group initiated its real estate development operations in the Kraków market, where Sento Group operates, with a desire to ensure the long-term growth of the consolidated income and profits of the Company.

GROUP'S INTEREST IN THE SHARE CAPITAL OF SENTO S.A.	
Group's interest in the share capital of Sento S.A. before the Transaction	-
Group's interest in the share capital of Sento S.A. after the Transaction	77%

The Company paid the initial sale price of PLN 35 379 thousand for the said shares, as calculated according to the formula defined in the share sale agreement. In the agreement, the parties also agreed the manner of calculating the adjusted sale price to account for the revaluation of its net assets at the time of the Transaction. The procedure of setting the adjusted sale price has not yet been completed until the date of the preparation of these consolidated financial statements. The company preliminarily identified assets and liabilities of the acquired company and recognised them as at the date of acquisition in these consolidated financial statements in the predetermined amounts.

Details of the roughly estimated fair value of the acquired net assets, the value of the non-controlling interests and the initial purchase price as at the date of taking over control have been presented below, however these figures were estimated prior to the completion of sale price adjustment procedure and therefore they are still subject to change.

VALUES OF IDENTIFIABLE ASSETS AND LIABILITIES AT THE ACQUISITION DATE, AT THEIR FAIR VALUE (AT THE PREDEFINED VALUES)	
Assets:	
Fixed assets	25 516
Inventory	216 568
Loans granted	2 976
Short-term financial assets (funds in open-end escrow accounts)	1 093
Cash and cash equivalents	6 229
Other current assets	2 597
Total	**254 979**
Liabilities:	
Deferred tax provision	12 348
Loans, bonds and notes , long-term portion	76 846
Other long-term liabilities and provisions	2 859
Loans, bonds and notes, short-term portion	61 825
Other short-term liabilities and provisions	34 634
Deferred income	20 520
Total	**209 032**
Net assets at fair value	**45 947**
Non-controlling interests	(10 568)
Purchase price for the shares in Sento Group	**35 379**

CASH INFLOW ON THE PURCHASE	
Cash acquired by the Group	6 229
Cash paid (of the initial sale price)	(35 379)
Net cash outflow	**(29 150)**

Put and call share options of minority shareholders of Sento S.A.

As a result of the transaction, the Company acquired 77% of the shares in Sento S.A. The remaining 23% of the shares (hereinafter the "Remaining Shares") are controlled by the persons, who manage that company (the "Shareholders").

The Remaining Shares are subject to put and call options, including in particular:

- The Company has call options exercisable at any time in the event that any of its Shareholders terminates cooperation with Sento S.A. for reasons attributable to them (so-called "Bad Leaver").Â the Company has options to call executables at any time in the event that any of its shareholders will terminate cooperation with Sento S.A. for reasons attributable to it ("Bad Leaver"). The option exercise price is based on the price paid for the 77% controlling interest in Sento S.A. (i.e. PLN 10 568 thousand for all the Remaining Shares) and is increased by 2.5% per annum until the date of leaving. The price is then paid in cash.The price is then payable in cash.

- "Ordinary" call option:- "Normal" call option: The Company has a call option to non-controlling shares exercisable by issuing the Company's treasury shares, whereas the number of the shares to be issued is variable (calculated according to the formula).The company has the call option for non-controlling shares by issuing the Company's own shares, the number of shares to be issued is variable (calculated on the basis of the formula). The call option may be exercised between 1 July 2030 and 1 July 2032;

- "Ordinary" put option: Non-controlling shareholders have a call option to their shares in Sento S.A. exercisable by buying the Company's treasury shares, whereas the number of the shares to be issued is variable (calculated according to the formula). The put option may be exercised between 1 July 2030 and 1 July 2032. It means that the exercise period for "ordinary" put and call option is between 1 July 2030 and 1 July 2032, and in addition to this the put option may be also exercised between 1 July 2028 and 1 July 2030.

The exercise of an ordinary option may be settled through an issue of new shares in the Company, wherein the amount of shares will be limited to 3% of the issued share capital of the Company.

Since the Company has a call option to Bad Leaver shares exercisable at any time if the Shareholder terminates their cooperation with Sento S.A., it means that it is possible for the Shareholder to receive the Company's shares as a result of exercised "ordinary" call/put option only if the Shareholder continues to cooperate with Sento S.A. until the "ordinary" put/call option becomes exercisable. Therefore, the "ordinary" put/call option contains two components:

- *Shareholder's employee benefit* - it is a share-based payment settled in equity instruments (i.e. shares in the Company), and subject to IFRS 2. This component represents the surplus benefit that the Shareholder will receive in the case of a uninterrupted work, enabling the Company to acquire the shares by exercising the "ordinary" call/put option, over the benefit that the Shareholder will receive if the Company exercises the Bad Leaver call option. The value of the employee benefit was set at PLN 9 933 thousand, as described in detail in note 7.43; and

- *Non-controlling interest purchase price*.

Due to the above the "ordinary" put option incorporates Company's obligation to redeem non-controlling interests. The obligation to redeem non-controlling interests requires to be recognised as liability as at 1 July 2021 in accordance with IAS 32. This liability is recognised in the balance sheet as the acquisition of non-controlling interests will be paid for either in cash (if the Company exercises the Bad Leaver call option) or by issuing own equity instruments by the Company (if the Bad Leaver call option is not exercised) with the "fixed for fixed" condition not satisfied. This liability is measured as at the initial recognition date and after initial recognition at the discounted redemption amount. It means that a liability of PLN 10 568 thousand was recognised on date of acquiring control over Sento.

RESERVE CAPITAL AND OBLIGATION TO REDEEM NON-CONTROLLING INTERESTS IN SENTO S.A.	
Reserve capital on account of the obligation to redeem non-controlling interests	(10 568)
Other long-term liabilities (Liability on account of the obligation to redeem non-controlling interests)	10 568

Impact of the Transaction on the Group's revenue

Between 1 July and 31 December 2021, the Sento Group's sales revenue disclosed in the Group's consolidated income statement was PLN 43 514 thousand (see note 7.33).

Save for the aforementioned transactions, within the twelve-month period ended 31 December 2021, the Group did not make any material changes in the structure of investing in subsidiaries, associates and joint ventures.

7.2 BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared on a historical cost basis.

The financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future.

The Russian invasion of Ukraine launched on 24 February 2022 is a factor significantly destabilising the economic environment throughout the region. The Company and its subsidiaries operate exclusively in Poland. The Company's Management Board believes that the war in Ukraine may mostly affect the demand for dwellings, construction costs, and the availability of subcontractors. As at the date of the preparation of this consolidated financial statements all of the Group’s development projects were progressing as planned or more quickly than planned. The Company's Management Board continuously monitors the situation and analyses its potential impact from the perspective of individual projects, the Group as a whole, and its long-term objectives. In the opinion of the Management Board of the Company, as at the date of approval of these consolidated financial statements all the prerequisites have been fulfilled for the going concern assumption in the foreseeable future.

The functional currency of the parent company and other companies incorporated in these consolidated financial statements id Polish zloty PLN. These consolidated financial statements are stated in Polish zloty (PLN). Financial data included in the consolidated financial statements are expressed in thousands of PLN unless stated otherwise.

The principles of measurement of assets, liabilities and financial result presented in the additional information to the consolidated financial statements are consistent with the accounting principles adopted by the parent company.

7.3 COMPLIANCE STATEMENT

Polish law requires the Group to prepare its consolidated financial statements in accordance with the International Financial Accounting Standards (IFRS) adopted by the European Union (EU). Having considered the process of IFRS introduction that takes place in the EU and the activities of the Group, in the context of accounting policies applied by the Group there are no differences in IFRS that have been put into force and IFRS that have been endorsed by the EU for the financial year ended 31 December 2021.

These consolidated financial statements were prepared in accordance with all applicable IFRSs that have been adopted by the European Union.

IFRSs comprise standards and interpretations approved by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

Certain companies operating within the Group keep their books of accounts in accordance with accounting policies (principles) specified in the Accounting Act dated 29 September 1994 (“the Accounting Act”) as amended and the regulations issued based on that Act (“Polish Accounting Standards”). The consolidated financial statements incorporate certain adjustments, not included in the books of account of such companies operating within the Group, which were made in order to align the financial statements to IFRS.

These consolidated financial statements are prepared based on the same accounting principles (policies) as for the consolidated financial statements of the Group for the year ended 31 December 2020, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2021:

- Amendments to IFRS 16 *Leases*. Due to the coronavvirus (COVID-19) pandemic an amendment to IFRS 16 was introduced in 2020. It permits a simplified assessment of whether changes to leases made during the pandemic is a lease modification. As a result, the Lessees were able to elect simplify accounting by electing not to apply the IFRS 16 guidelines for lease modification. As this amendment concerned concessions on rents owed on or before 30 June 2021, in March 2021 the IASB extended the availability of a practical expedient related to rent concessions until June 2022. The amendment is effective from 1 April 2021, and can be applied earlier.

  This amendment had no impact on Group’s financial position, operating results or the scope of information presented in the consolidated financial statements.

The Group has not decided for earlier adoption of the following standards, interpretations or improvements/amendments, which were published and has not yet come into force:

- Amendments to IAS 1 *Presentation of Financial Statements* and the IFRS Advisory Council's guidance on disclosure of accounting policies in practice. The amendment to IAS 1 requires disclosure of material information on accounting policies as defined in the standard. The amendment clarifies that information on accounting policies is material if, in the absence of such information, users of financial statements would not be able to understand other material information in the financial statements. Moreover, the Advisory Council's guidance on the application of the materiality concept have also been amended to provide guidance on the application of the concept of materiality to disclosures of accounting policies. These amendments have not been endorsed by the EU as at the date of these consolidated financial statements,
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.* In February 2021, the Council published an amendment to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors in the Definition of Estimates. This amendment to IAS 8 explains how entities should distinguish changes in accounting policies from changes in accounting estimates. These amendments have not been endorsed by the EU as at the date of these consolidated financial statements,
- Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or joint venture. They remove the existing inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether non-cash assets sold or contributed to an associate or a joint venture constitute a business. If the non-cash assets constitute a business the investor discloses a full gain or loss on the transaction. If the assets cannot be classified as a business the investor recognises the gain or loss only in the scope of the shares of other investors therein. The amendments were published on 11 September 2014. The approval of this amendment has been postponed by the EU as at the date of these consolidated financial statements.
- IAS 1 *Presentation of Financial Statements*, Amendments to IAS 1 Presentation of Financial Statements. The IASB published amendments to IAS 1 which clarify the presentation issue of long-term and short-term liabilities. The published amendments are effective for financial statements for the periods beginning on or after 1 January 2023 . These amendments have not been endorsed by the EU as at the date of these consolidated financial statements,
- Amendments to IAS 16 *Property, Plant and Equipment*. The amendment prohibits the adjustment of production cost of property, plant and equipment by any proceeds from selling items produced while preparing the asset to being capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, directly in an income statement. The amendments are effective for financial statements for the periods beginning on or after 1 January 2022.
- 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.
- Annual improvements to IFRS 2018 - 2020 introduce improvements to the following standards: IFRS 1 first-time Adoption of International Financial Reporting Standards, IFRS 9 Financial instruments, IAS 41 Agriculture, and examples illustrating IFRS 16 Leases. The amendments include clarifications and fine tune guidelines for standards in respect of recognition and measurement. These amendments have not been endorsed by the EU as at the date of these consolidated financial statements,

The Management Board is verifying effect of the above standards on the Group's financial position, operating results or the scope of information presented in the consolidated financial statements. It is not expected by the Management Board of the Company that new standards and amendments to the existing standards could have a significant impact on the consolidated financial statements of the Group for the period, when they are adopted for the first time.

7.4 MATERIAL ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

These consolidated financial statements comprise the financial statements of Dom Development S.A. and its subsidiaries prepared for the year ended 31 December 2021. The financial statements of the subsidiaries, after giving consideration to the adjustments made to achieve conformity with IFRS, are prepared for the same reporting period as those of the parent company, using consistent accounting policies, and based on the same accounting policies applied to similar business transactions and events. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All significant intercompany balances and transactions, including unrealised gains arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless they indicate an impairment.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is exercised by the parent company when the parent company holds, directly or indirectly, through its subsidiaries, more than half of the votes at the shareholders' meeting of that subsidiary, unless it is possible to prove that such holding does not represent control. Control is also exercised if the Company has the power to govern the financial or operating policy of a subsidiary.

Changes in the ownership interest of the parent company which do not result in the loss of control over a subsidiary are accounted for as equity transactions. In such cases, the Group adjusts the carrying value of the controlling interests and non-controlling interests in order to reflect the relative changes in the interests in the subsidiary. All differences between the value of the adjustment to the non-controlling interests and the fair value of the amount paid or received, are accounted for as the shareholders' equity and attributed to the owners of the parent company.

INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Investment in associates and jointly controlled entities are accounted for using the equity method. Associates and jointly controlled entities are entities in which the parent company has, either directly or through its subsidiaries, significant influence and which are not its subsidiaries. The financial statements of the associates and jointly controlled entities are the basis for valuation of shares held by the parent company using the equity method. The reporting periods applied by the associates and the parent company are the same. These entities apply accounting policies as defined in the Accounting Act. Relevant adjustments are made to align financial data of the associates and jointly controlled entities with IFRS applied by the Group, before the share in their net assets is calculated. Investments in the associates and jointly controlled entities are disclosed in the balance sheet at cost plus post-purchase changes in the parent's share in the associates' and the entities' net assets, less any impairment losses. The consolidated income statement reflects the parent's share in the results of the associated and jointly controlled entities. A carrying value adjustment may also be required due to a change in proportion of the share in the associated or the jointly controlled entity, resulting from changes in other comprehensive income of this entity. The Group's share in these changes is disclosed in other comprehensive income of the Group.

Impairment assessment of the investment in associates and jointly controlled entities takes place when there are reasons indicating that such impairment occurred or when impairment write down made in the past years is no longer required.

TANGIBLE FIXED ASSETS

All tangible fixed assets are stated at purchase price less accumulated depreciation (except for land), less accumulated impairment write downs. Replacement cost of existing parts of a tangible fixed asset can be capitalised, if material. Depreciation is calculated on straight-line basis over the useful life of the asset. Depreciation rates for buildings and structures range from 2.5% to 4.5%, for vehicles the rate applied is 20% and for other fixed assets from 10% to 30%.

The right-of-use of office space is recognised in accordance with the rules set out in IFRS 16 *Leases*, and is amortised over the term of the lease.

INVENTORY

Finished goods

Finished goods represent mainly housing units and parking places. They are measured at the lower of either the cost of production or net realisable value.

The net realisable value is the estimated sales price evaluated by the Management Board based on market prices.

Work in progress

Work in progress is measured at the lower of either the purchase price/cost of production or net realisable value. In case of discrepancies an impairment write down is made. For the Company's real estate development projects, assessment of the need for impairment write down is determined using the "inventory impairment test" described below based on the analysis of production costs and net realisable value.

Inventory impairment test

If a development project is expected to generate a loss, this entails a revaluation write down of work in progress, which is immediately recognised in the income statement. The write down may also relate to the property, for which an inherent risk of postponement is associated with the development process.

For each real estate development project there are budgets prepared, which cover both, past and future cash flows for each undertaken project. These budgets are subject to revaluation at least once every three months. For the purposes of impairment review, budgets of projects cover all past and projected net revenues less direct costs of land acquisition, design, construction and other costs related to the preparation of a project, show-flats and sales offices on-site. These budgets are also encumbered with related past and projected costs of external financing and projected claims from customers (if applicable).

The budgets of projects are prepared in compliance with the prudence principle.

If a project contribution, calculated taking into account all revenues and the above-mentioned costs, is positive, there is no need to make an inventory impairment revaluation write down. A negative contribution implies that there is a potential problem of impairment, which, following a thorough analysis of cash flows for a given project, results in the recording of an impairment revaluation write down in the amount of the estimated negative value of this contribution.

The revaluation write down is recognised as the cost of sales in "Inventory write down to the net realisable value". The reversal, if any, of such an impairment write down for a given project is possible if the projected contribution for this project assumes a positive value.

If the project consists of several stages, the inventory impairment review is conducted in the following manner:

a) all future phases of the project are treated as a single project for the purposes of impairment review,

b) each phase of the project, in which sales and construction have already begun, is separated from the rest of the (construction) project and is considered separately for the purposes of impairment review.

COSTS OF EXTERNAL FINANCING

Costs of external financing are disclosed as costs in the income statement in the period, in which they were incurred, except for capitalised costs, i.e. costs that may be assigned to costs of production of qualifying assets (in the case of the Group: to work-in-progress) as a part of their production costs.

The financial costs are capitalised into work-in-progress exclusively in the period, during which the real estate development project is active. The project is considered active if designing or construction work is underway for the acquired land and during the process of obtaining key administrative decisions necessary to run the project.

The financial costs cease to be capitalised upon completion of substantially all activities, which have to be undertaken in order to prepare flats for hand-over to customers.

The capitalisation of financial costs is suspended in the case of suspension of activities connected with the project-related investment activity, including works related to design, the construction process and obtaining required permits and administrative decisions concerning the project.

TRADE AND OTHER RECEIVABLES

Trade receivables and other receivables are measured in accordance with IFRS 9, which introduced the concept of estimating impairment losses on financial assets with the use of a model based on expected losses.

BANK DEPOSITS WITH A MATURITY OVER THREE MONTHS

Bank deposits with a maturity over three months (as of the date when they are made) are presented in "Short-term financial assets".

CASH AND CASH EQUIVALENTS

Cash and short-term deposits with the maturity of up to three months (when created) are disclosed in the balance sheet at a nominal value and comprise cash at banks, in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, the balance of cash and cash equivalents consist of cash and cash equivalents as defined above less outstanding bank overdrafts.

INTEREST-BEARING LOANS, BORROWINGS AND COMMERCIAL PAPERS

All loans, borrowings and commercial papers are initially recognised at the fair value less transaction costs associated with the loans or borrowings.

After initial recognition, interest-bearing loans, borrowings and commercial papers are subsequently valued at amortised cost, using the effective interest rate method.

Amortised cost is calculated by taking into account any transaction costs for loan or borrowing, and any discount or premium related to raising the funds.

TRADE PAYABLES, TAX AND OTHER LIABILITIES

Short-term trade payables, and tax and other liabilities are disclosed at the amount due and payable.

If the effect of the time value of money is material (in particular it relates to the guarantee retentions), the value of payables is determined by discounting the estimated future cash flows to present value. Where discounting is used, any decrease in the balance due to the passage of time is recognised as financial cost.

PROVISIONS

Provisions are created when the companies operating within the Group have a present obligation (legal or constructive) as a result of a past event, and if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is disclosed in the income statement net of any reimbursement.

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the Group will achieve economic benefits from a given transaction and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

Sale of products

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

If a real estate development project related to the sale of a property (a residential unit, commercial space, etc.) is pursued on real property (land) owned by a third party, but the project development (marketing, sale, customer service, and design and construction) is carried out by the Company and the risks associated with the project development are borne by the Company, any revenue from the sale of such real estate is recognised in the same way as described above in respect of development projects carried out on properties owned by the Company or herd under perpetual usufruct.

Sale of services

The revenue from the sale of services, including income from housing real estate administration fees, is recognised within the period, in which a service is provided.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in PLN, which is the Group's functional (for measurement) and presentation currency. Transactions in foreign currencies are initially recorded at the exchange rate of the functional currency at the date of the transaction. Pecuniary assets and liabilities in foreign currencies are translated at the exchange rate of the functional currency applicable on the balance sheet date. The exchange rate differences are recognised in the income statement as financial income/cost.

TAXES

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those applicable as at the balance sheet date.

Deferred tax
For financial reporting purposes, the deferred tax is calculated by the method of the balance sheet liabilities in relation to the timing differences as at the balance sheet date between the tax value of assets and liabilities and their carrying value recognised in the financial statements.

Deferred tax assets are recognised with regards to all negative timing differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that the taxable profit will be available against which the deductible timing differences and the carry-forward of unused tax credits and unused tax losses, can be utilised.

The carrying value of a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be realised. An unrecognised deferred tax asset is reassessed at each balance sheet date and is recognised to the extent that it reflects the probability that future taxable profit will allow the deferred tax asset to be recovered.

The provision for deferred tax is created in the amount of the income tax that will be payable in future due to positive timing differences, i.e. the differences that will increase the taxable base in the future.

The assets and provisions for deferred tax are valued at the tax rates that are expected to be applicable to the year when the asset component is realised or the provision is released, assuming as the basis the tax rates (and tax regulations) that are legally or actually applicable as at the balance sheet date.

The income tax for the items recognised outside of the income statement is recognised outside of the income statement, that is in other comprehensive income for items recognised as other comprehensive income or directly in the shareholders' equity for items recognised as the shareholders' equity.

The assets and provisions for deferred tax are offset by the Group only if a legally enforceable right exists to offset the current tax assets against current tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority.

DIVIDENDS
Dividends are recognised when the shareholders' rights to receive the payment are established.

EARNINGS PER SHARE
Earnings per share for each reporting period is calculated as the quotient of the net profit for the given accounting period and the weighted average of shares in that period.

LEASE
The Group recognises assets and liabilities for all lease transactions concluded for a period of over 12 months, except for when an asset is of low value; and recognises depreciation of the leased asset separately from the interest on the lease liability in the income statement.

Right-of-use assets are recognised in the balance sheet within the same item in which the relevant underlying assets would be presented if they were owned by the Company (as lessee).

right-of-use of office space
Costs - right-of-use of office space is depreciated and financial costs due to leasing are recognised.

Asset – the related asset is recognised in the balance sheet under *Tangible fixed assets.*

Liability - the liability is recognised under long- or short-term liabilities, respectively.

rights of perpetual usufruct of land
Costs – costs related to lease of perpetual usufruct of land are expensed as *Inventories* (*Semi-finished goods and work in progress*) for the duration of the property project development.

Asset – the related asset is recognised in the balance sheet under *Inventory* or *Short-term receivables.*

Liability – the liability has been recognised in its entirety under short-term liabilities.

The choice of this method of allocating the fees for perpetual usufruct right of land is due to the fact that these rights concern the properties on which the Group carries out its development projects. Consequently, lease costs of perpetual usufruct are expensed as inventories (Work in progress), and subsequently expensed, together with the cost of sales of finished goods, to the income statement in the period in which the finished goods are delivered to clients (i.e. at the point in time when sales are recognised).

On 20 July 2018, the Act on the transformation of perpetual usufruct of land developed for residential purposes into ownership of that land came into force. The Group treats land subject to the above-described conversion in a similar way as the land of which it has been the existing perpetual usufructuary, accounting for conversion fees just as for perpetual usufruct fees.

justification for the classification of assets and liabilities arising from lease of perpetual usufruct of land in the balance sheet

Generally, the rights of perpetual usufruct of land with property development projects in progress are classified as inventory. The liability to pay for these rights will be settled by way of their transfer to the respective buyers of apartments to which these rights are appurtenant. Liabilities related to these rights are classified as short-term liabilities. This is consistent with the classification of inventories to which these liabilities pertain (which are recognised as current assets). The classification of liabilities and inventories as short-term liabilities results from the fact that they are settled (i.e. the sale of apartments and the transfer of the related liabilities) within the period that is the Company's "operating cycle". The operating cycle is the period from the start of the property development project until the realisation of inventories as cash.

The Group is legally released from the debt arising from the obligation to pay perpetual usufruct fees or transformation fees only upon the legal (notarised) transfer to the buyer of the interest in the land appurtenant to the unit sold. Accordingly, until the time of transfer of the above mentioned ownership, land-related lease liability remains on the balance sheet of the Group. Therefore, at the time of handover of the unit (which is also the time of recognition of the revenue from the sale of the unit), the portion of the asset related to the lease that is appurtenant to that unit is transferred from Inventory to Receivables from the buyer, in the amount corresponding to the recognised land-related lease liability.

Until the time of transfer of the ownership to the buyer, both the receivable and the liability are recognised as a short-term receivable or liability, as they will be settled through the transfer to the buyer within the "operating cycle". At the date of ownership transfer to the buyer, land-related lease liability and the related receivables from the buyer of the unit are reversed from the accounting records.

All future payments arising from its being the holder of perpetual usufruct right, to be made during the period for which such right is granted in respect of individual properties (and which may be up to 99 years) are discounted. This period does not depend on the period of time during which the Group expects to remain the holder of such perpetual usufruct right, that is on the planned use of these properties for development projects.

7.5 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 DEVELOPEMNT PROJECTS

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

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

RECOGNITION OF REVENUE FROM THE SALE OF PRODUCTS

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

SEASONALITY

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

7.6 INTANGIBLE ASSETS

INTANGIBLE ASSETS	Other intangible assets	Computer software	Trademark	Intangible assets under implementation process	Total
GROSS VALUE					
Balance as at 1 January 2020	**16 728**	**12 251**	**6 990**	**2 179**	**38 148**
Additions	5 323	128	-	8 377	13 828
Transfers	542	9 961	-	(10 503)	0
(Disposals)	(13 832)	(546)	-	-	(14 378)
Balance as at 31 December 2020	**8 761**	**21 794**	**6 990**	**54**	**37 599**
Additions, acquisition of Sento Group	30	4	-	0	34
Additions, other	1 068	6 964	-	7 299	15 331
Transfers	(1 261)	1 339	-	(7 028)	(6 950)
(Disposals)	(2)	-	-	-	(2)
Balance as at 31 December 2021	**8 596**	**30 100**	**6 990**	**326**	**46 012**
ACCUMULATED DEPRECIATION					
Balance as at 1 January 2020	**13 952**	**6 473**	**3 495**	**-**	**23 920**
Additions	1 857	2 327	1 398	-	5 582
(Disposals)	(9 187)	(546)	-	-	(9 733)
Balance as at 31 December 2020	**6 622**	**8 254**	**4 893**	**-**	**19 769**
Additions, acquisition of Sento Group	7	4	-	-	11
Additions, other	1 304	3 339	1 398	-	6 041
(Disposals)	(1 337)	1 335	-	-	(2)
Balance as at 31 December 2021	**6 596**	**12 932**	**6 291**	**-**	**25 819**
NET VALUE					
as at 31 December 2020	**2 139**	**13 540**	**2 097**	**54**	**17 830**
as at 31 December 2021	**2 000**	**17 168**	**699**	**326**	**20 193**

Intangible assets are depreciated throughout their estimated economic useful lives, which is 2-5 years on average. The value of the Euro Styl trademark, which was acquired and measured at the time of purchase of the Euro Styl S.A. Capital Group in 2017, is amortised over a period of 5 years and has been recognised as item trademark.

There are no intangible assets with an undefined useful life.

As at 31 December 2021 there were no circumstances that would require the Group to create revaluation write downs for its intangible assets. No collaterals have been established on intangible assets.

The costs of amortising intangible assets were disclosed in selling costs and general administrative expenses.

7.7 TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS	Right-of-use of office space	Land and buildings	Vehicles	Equipment and other tangible fixed assets	Total
GROSS VALUE					
Balance as at 1 January 2020	**37 036**	**940**	**13 516**	**15 576**	**67 068**
Additions	1 420	135	705	2 044	4 304
(Disposals)	-	(42)	(2 701)	(1 767)	(4 510)
Balance as at 31 December 2020	**38 456**	**1 033**	**11 520**	**15 853**	**66 862**
Additions, acquisition of Sento Group	-	346	681	375	1 402
Additions, other	1 619	92	2 612	2 603	6 926
(Disposals)	(252)	(83)	(2 064)	(375)	(2 774)
Balance as at 31 December 2021	**39 823**	**1 388**	**12 749**	**18 456**	**72 416**
ACCUMULATED DEPRECIATION					
Balance as at 1 January 2020	**5 084**	**117**	**8 373**	**9 475**	**23 049**
Additions	5 164	95	1 929	2 457	9 645
(Disposals)	-	-	(2 312)	(1 652)	(3 964)
Balance as at 31 December 2020	**10 248**	**212**	**7 990**	**10 280**	**28 730**
Additions, acquisition of Sento Group	-	152	360	210	722
Additions, other	5 313	116	1 755	2 857	10 041
(Disposals)	(252)	(18)	(1 811)	(262)	(2 343)
Balance as at 31 December 2021	**15 309**	**462**	**8 294**	**13 085**	**37 150**
NET VALUE					
as at 31 December 2020	**28 208**	**821**	**3 530**	**5 573**	**38 132**
as at 31 December 2021	**24 514**	**926**	**4 455**	**5 371**	**35 266**

The additions to tangible fixed assets are the result of tangible fixed assets purchased.

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

No collaterals have been established on fixed assets.

7.8 LONG-TERM RECEIVABLES

As at 31 December 2021 and 31 December 2020, the Group disclosed long-term receivables in the amount of PLN 11 499 thousand and PLN 1 761 thousand respectively. As at 31 December 2021 the long-term receivables included receivables from granted borrowings in the amount of PLN 1 997 thousand, long-term receivables from the sale of financial assets in the amount of PLN 5 630 thousand , refundable deposits in the amount of PLN 1 830 thousand and other receivables amounting to PLN 2 042 thousand. As at 31 December 2020 the long-term receivables included refundable deposits in the amount of PLN 1 750 thousand and other long-term receivables amounting to PLN 11 thousand. All these receivables are denominated in PLN.

There is no need to create a write down revaluating the value of long-term receivables.

7.9 INVENTORY

INVENTORY		31.12.2021	31.12.2020
Advances on deliveries		**216 621**	**223 612**
including:	at purchase prices/production costs	216 621	223 612
	write down to the net realisable value	-	-
Semi-finished goods and work in progress		**2 549 641**	**1 821 819**
including:	at purchase prices/production costs	2 519 135	1 793 406
	rights of perpetual usufruct of land (lease)	58 828	57 604
	write down to the net realisable value	(28 322)	(29 191)
Finished goods		**258 906**	**378 083**
including:	at purchase prices/production costs	265 335	385 633
	write down to the net realisable value	(6 429)	(7 550)
Total		**3 025 168**	**2 423 514**

INVENTORY REVALUATION WRITE DOWNS	01.01.-31.12. 2021	01.01.-31.12. 2020
Opening balance	**36 741**	**39 660**
Increments	-	284
(Decrease)	(1 990)	(3 203)
Closing balance	**34 751**	**36 741**

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

The methodology of inventory impairment reviews has been described in note 7.4 “Material accounting policies”.

CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED	31.12.2021	31.12.2020
MORTGAGES - value of mortgages to secure liabilities under:		
Real estate purchase agreements	-	-
Loan agreements of the Company	-	-
Loan agreements of the Company and Group companies	577 500	502 500

PREPARATORY WORKS

If there is no certainty as to the possibility of purchasing land for a potential project, the costs of preparatory works associated with the project are disclosed as costs in the Company’s income statement during the period in which they occur. Remaining preparatory works are capitalised under work in progress.

The below table presents the cost of preparatory works recognised in the income statement.

	01.01.-31.12. 2021	01.01.-31.12. 2020
Preparatory works	1 446	1 421

7.10 TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES	31.12.2021	31.12.2020
Trade receivables	36 862	44 810
Receivables from related entities	-	-
Tax receivables	18 501	17 383
Other receivables	11 322	27 501
Total	**66 685**	**89 694**

The tax receivables incorporate VAT receivables in the amount of PLN 18 501 thousand and PLN 17 383 thousand as at 31 December 2021 and 31 December 2020 respectively.

The Group made receivables revaluation write downs, which have been disclosed under “Other operating costs”.

The revaluation write downs have been made based on the Group's best knowledge and experience as well as analysis of particular balances.

AGING STRUCTURE OF TRADE RECEIVABLES	31.12.2021	31.12.2020
Up to 3 months	32 575	42 924
From 3 to 6 months	2 018	1 129
From 6 months to 1 year	1 280	1 358
Over 1 year	6 963	4 297
Gross trade receivables	**42 836**	**49 708**
Receivables revaluation write downs	(5 974)	(4 898)
Net trade receivables	**36 862**	**44 810**

The write downs fully relate to overdue trade receivables.

CHANGE IN THE WRITE DOWNS FOR TRADE AND OTHER RECEIVABLES	01.01.-31.12. 2021	01.01.-31.12. 2020
Opening balance	**4 898**	**3 985**
Increments, including:	1 118	1 042
Revaluation write down in the Sento Group at the time of acquisition	50	-
Other increments	1 068	1 042
(Decrease)	(42)	(129)
Closing balance	**5 974**	**4 898**

As of the balance sheet dates there were no trade or other receivables in foreign currencies.

The costs and revenues associated with the creation and reversal of receivables revaluation write downs are recognised under other operating expenses or other operating income respectively.

7.11 OTHER CURRENT ASSETS

OTHER CURRENT ASSETS	31.12.2021	31.12.2020
Accrued costs	5 174	5 208
Accrued financial income on deposits	-	-
Total	**5 174**	**5 208**

7.12 SHORT-TERM FINANCIAL ASSETS

SHORT-TERM FINANCIAL ASSETS	31.12.2021	31.12.2020
Bank deposits with a maturity over three months	-	-
Cash in open-end residential escrow accounts	40 991	50 463
Other short-term financial assets	21 569	-
Total	**62 560**	**50 463**

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*.

Other short-term financial assets are the funds accumulated in the escrow account in connection with the construction of outdoor infrastructure related to the property development projects carried out by the Company in the Metro Zachód project.

7.13 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	31.12.2021	31.12.2020
Cash in hand and at bank	600 214	578 667
Short-term deposits	6 797	6 956
Other	30	41
Total	**607 041**	**585 664**

7.14 SHARE CAPITAL

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

CHANGE IN THE REPORTING PERIOD	Share capital		Share premium
	Number of shares	Value at the nominal value	
Balance as at 01.01.2021	**25 218 422**	**25 218**	**251 038**
Change	180 000	180	7 320
Balance as at 31.12.2021	**25 398 422**	**25 398**	**258 358**

PROCEEDS FROM ISSUE OF SHARES	01.01.-31.12. 2021	01.01.-31.12. 2020
Proceeds from issue of shares, at nominal value	180	150
Share premium	7 320	5 850
Total	**7 500**	**6 000**

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

- Management Option Programme IV for Małgorzata Kolarska, Vice President of the Management Board - Chief Executive Director, concerning 500 000 shares in Dom Development S.A.,

- Management Option Programme V for Mikołaj Konopka, Member of the Management Board, concerning 250 000 shares in Dom Development S.A., and
- Management Option Programme VI for Marcin Drobek, Adviser to the Management Board and the Chief Construction Officer, concerning 150 000 shares in Dom Development S.A. (see note 7.43).

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

On 22 January 2021:

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

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

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

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

SAHRE CAPITAL STRUCTURE FOR THE COMPANY AS AT 31 December 2021

Series/ issue	Type of share	Number of shares	Nominal value of series/issue (in PLN)	Capital covered with	Registration date	Right to dividends (from)
A	Bearer	21 344 490	21 344 490	cash	12.09.2006	12.09.2006
F	Bearer	2 705 882	2 705 882	cash	31.10.2006	31.10.2006
H	Bearer	172 200	172 200	cash	14.02.2007	14.02.2007
I	Bearer	92 700	92 700	cash	14.02.2007	14.02.2007
J	Bearer	96 750	96 750	cash	14.02.2007	14.02.2007
L	Bearer	148 200	148 200	cash	14.02.2007	14.02.2007
Ł	Bearer	110 175	110 175	cash	12.03.2012	07.05.2012
M	Bearer	24 875	24 875	cash	03.10.2012	09.11.2012
N	Bearer	20 000	20 000	cash	03.10.2012	09.11.2012
O	Bearer	26 000	26 000	cash	05.03.2013	17.05.2013
P	Bearer	925	925	cash	31.10.2013	23.12.2013
R	Bearer	11 000	11 000	cash	31.10.2013	23.12.2013
S	Bearer	17 075	17 075	cash	20.03.2014	02.05.2014
T	Bearer	1 000	1 000	cash	14.01.2015	27.03.2015
U	Bearer	10 320	10 320	cash	17.05.2016	01.06.2016
V	Bearer	1 000	1 000	cash	17.05.2016	01.06.2016
W	Bearer	85 830	85 830	cash	10.01.2017	10.03.2017
Y	Bearer	100 000	100 000	cash	29.03.2018	21.05.2018
Z	Bearer	100 000	100 000	cash	28.02.2019	24.04.2019
AA	Bearer	100 000	100 000	cash	31.03.2020	28.05.2020
AB	Bearer	50 000	50 000	cash	31.03.2020	28.05.2020
AC	Bearer	100 000	100 000	cash	18.02.2021	23.04.2021
AD	Bearer	80 000	80 000	cash	18.02.2021	23.04.2021
Total number of shares		**25 398 422**				
Total share capital			**25 398 422**			

Each share in Dom Development S.A. has a nominal value of PLN 1.

None of the Company's shares are preference and restricted shares.

LIST OF SHAREHOLDERS WHO HOLD, DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5% OF THE OVERALL NUMBER OF VOTES AT THE GENERAL SHAREHOLDERS MEETING (“GSM”) AS AT 31 December 2021

	Shares	% shares	Number of votes at the GSM	% votes at the GSM
Groupe Belleforêt S.à r.l.	**14 155 491**	**55.74**	**14 155 491**	**55.74**
Aviva OFE*	1 686 676	6.64	1 686 676	6.64
Jarosław Szanajca	1 454 050	5.72	1 454 050	5.72
Grzegorz Kiełpsz	1 280 750	5.04	1 280 750	5.04

*) Shareholding by Aviva Otwarty Fundusz Emerytalny Aviva Santander (open-end pension fund) has been presented as per the latest notice dated 31 December 2021. The shareholding by AVIVA OFE is 1 313 383 shares in the Company as per the latest notice prepared as at 11 July 2011.

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 31 December 2021

	AS AT 31.12.2021				CHANGE FROM 31.12.2020	
	Shares	Nominal value of shares (in PLN ‘000)	Share options shares	Shares and options, total	Shares	Share options
MANAGEMENT BOARD						
Jarosław Szanajca	1 454 050	1 454	-	1 454 050	-	-
Małgorzata Kolarska*)	303 544	304	100 000	403 544	83 309	(100 000)
Leszek Stankiewicz	-	-	-	-	-	-
Mikołaj Konopka*)	88 981	89	150 000	238 981	50 000	(50 000)
Terry Roydon	58 500	59	-	58 500	-	-
SUPERVISORY BOARD						
Grzegorz Kiełpsz	1 280 750	1 281	-	1 280 750	-	-
Janusz Zalewski	300 000	300	-	300 000	-	-
Marek Moczulski	-	-	-	-	-	-
Mark Spiteri	900	1	-	900	-	-
Markham Dumas	-	-	-	-	-	-
Krzysztof Grzyliński	-	-	-	-	-	-
Dorota Podedworna-Tarnowska	-	-	-	-	-	-

*) On 1 February 2022 Małgorzata Kolarska and Mikołaj Konopka subscribed respectively, for 100 000 and 50 000 shares in Dom Development S.A. in the exercise of the Company’s share options. Detailed information about the said transaction has been presented in note 7.49 of the Consolidated Financial Statements of Dom Development S.A. Capital Group: Material post-balance sheet events.

The Members of the Management Board and the Supervisory Board of the Company did not hold any shares in other companies operating within the Group, except for in Dom Land Sp. z o.o., in which Jarosław Szanajca, Grzegorz Kiełpsz and Mark Spiteri held 20% of the shares each at 31 December 2021.

7.15 SHARE PREMIUM

In the twelve-month period ended 31 December 2021, the value of the item *Share premium* changed by PLN 7 320 thousand as a result of the increase of the share capital, described in note 7.14.

The value of the share premium was PLN 258 358 thousand and PLN 251 038 thousand as at 31 December 2021 and 31 December 2020 respectively.

7.16 ADDITIONAL INFORMATION ON SHAREHOLDERS' EQUITY

As at 31 December 2021 and 31 December 2020 the Company's shares were not owned by any of its subsidiaries.

In the twelve-month period ended 31 December 2021 and 2020 the Company did not hold any treasury shares.

7.17 DIVIDEND AND PROFIT DISTRIBUTION

The Annual General Meeting of the Company resolved on 27 May 2021 to allocate the 2020 net profit of the Company to:

- payment of dividend to the shareholders of the Company in the amount of PLN 253 984 220, which corresponds to PLN 10.00 per share,

– increase of the Company's supplementary capital by PLN 10 232 417.73.

The 2020 dividend in the amount of PLN 253 984 220 (i.e. PLN 10 per share) was paid on 28 June 2021.

In the preceding year, the dividend allocation was PLN 239 575 009.00, and the dividend payment amounted to PLN 9.50 per share.

7.18 LOANS

DESCRIPTION OF MATERIAL CHANGES IN THE TWELVE-MONTH PERIOD ENDED 31 December 2021

On 7 October 2021, Sento 32 Sp. z o.o. Sp.k. discontinued its available credit limit of up to PLN 9 000 thousand to be used as partial finance and refinance of the net cost of the Sensity project, stage 3 and the VAT loan of up to PLN 500 thousand to be used to finance output value added tax (VAT) accrued in connection with supplies of goods and services, which were costs of the Sensity project, stage 3 financed from the investment loan, granted by Getin Noble Bank S.A. under the agreement dated 15 January 2020.

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

LOANS DUE WITHIN	31.12.2021	31.12.2020
Less than 1 year	-	-
More than 1 year and less than 2 years	10 250	10 000
More than 2 years and less than 5 years	21 164	-
Over 5 years	-	-
Total loans	**31 414**	**10 000**
including: long-term	31 414	10 000
short-term	-	-

As at 31 December 2021 and 31 December 2020 all the loans held by the Company were expressed in Polish zloty.

BANK LOANS AS AT 31.12.2021						
Bank	Registered office	Loan amount as per agreement	Currency	loan amount Outstanding (less accrued interest)	Currency	Due date
PKO BP	Warsaw	150 000	PLN	-	PLN	26.02.2023
mBank	Warsaw	185 000	PLN	-	PLN	31.01.2023
Millennium	Warsaw	50 000	PLN	-	PLN	18.12.2022
Getin Noble Bank	Warsaw	34 500	PLN	10 250	PLN	20.03.2023
Getin Noble Bank	Warsaw	45 000	PLN	21 164	PLN	20.12.2023
Total bank loans				**31 414**	**PLN**	

CORE DETAILS CONCERNING CREDIT LINES HELD BY THE COMPANY

- Loan at PKO BP

Revolving loan in the credit facility account up to PLN 150 000 thousand. Pursuant to the agreement with the bank, Euro Styl S.A. may use up to PLN 50 000 thousand of this credit limit. As at 31 December 2021, no funds were drawn from this credit line either by Dom Development S.A. or Euro Styl S.A.

- Credit at mBank

Revolving loan in the credit facility account up to PLN 185 000 thousand. Under the said agreement, Dom Development Wrocław Sp. z o.o. may use up to PLN 60 000 thousand of this credit limit, and Euro Styl S.A. may use up to PLN 100 000 thousand of this credit limit. As at 31 December 2021 , no funds were drawn from this credit line either by Dom Development S.A. or other Group companies.

- Loan at Millennium Bank

Revolving loan up to PLN 50 000 thousand. As at 31 December 2021 Dom Development S.A. has not drawn any funds from the said credit limit.

- Getin Noble Bank loans

1) The bank agreed, on the terms set out in the agreement dated 25 March 2020, to extend to Sento 21 Sp. z o.o. Sp.k. an investment loan of up to PLN 32 500 thousand to partially finance and refinance the net costs of the SenToTu, stage 1, project and a VAT loan of up to PLN 2 000 thousand to finance output VAT liabilities accrued in connection with supplies of goods and services, which were costs of the SenToTu project financed by the said investment loan;

2) The bank agreed, on the terms set out in the agreement dated 9 April 2021, to extend to Sento 21 Sp. z o.o. Sp.k. an investment loan of up to PLN 43 500 thousand to partially finance and refinance the net costs of the SenToTu, stage 2 (phases 1 and 2) project and a VAT loan of up to PLN 1 500 thousand to finance output VAT liabilities accrued in connection with supplies of goods and services, which were costs of the SenToTu, stage 2 (phases 1 and 2) project financed by the said investment loan.

The Company recognises the nominal value of the liability under *Loans*, and the interest charged as at the balance sheet date are presented separately under *Accrued interest on loans and bonds*.

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

7.19 BONDS

BONDS	31.12.2021	31.12.2020
Nominal value of the bonds issued, long-term portion	310 470	250 000
Nominal value of the bonds issued, short-term portion	51 263	110 000
Nominal value of the bonds issued	**361 733**	**360 000**

The Company recognises the nominal value of the bond liabilities under *Bonds*, and the interest charged as at the balance sheet date are presented separately under *Accrued interest on loans and bonds*.

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

CORE DETAILS CONCERNING THE BONDS ISSUED

- Agreement with Trigon Dom Maklerski S.A. and Trigon Investment Banking Spółka z ograczniczoną 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.

- Bonds issued by Sento S.A.

The bonds were issued Sento S.A. under agreements concluded by that company with respective private investors, without a third-party acting as an agent.

DESCRIPTION OF MATERIAL CHANGES IN THE TWELVE-MONTH PERIOD ENDED 31 December 2021

- Bonds issued by Dom Development S.A.

On 11 May 2021., Dom Development S.A. prematurely redeemed for cancellation 32 076 unsecured bearer bonds, series DOMDE6151121, with a nominal value of PLN 1 000 each and maturing on 15 November 2021. The aggregate nominal value of the redeemed bonds is PLN 32 076 thousand. The redemption price per one bond was PLN 1 005.50. The total redemption price of the bonds was PLN 32 252 thousand.

On 12 May 2021, the Company issued 110 000 000 unsecured bonds, series DOMDET5120526, with the nominal value of PLN 1 000 each and the aggregate nominal value of PLN 110 000 thousand. The maturity date for these bonds is 12 May 2026. The issue value equals the nominal value of the bonds. The interest rate is set at WIBOR 6M plus margin, and will be paid semi-annually. No purpose for the bond issue was specified. The funds from the issue have been designated for current operations of Dom Development S.A.

On 5 November 2021, the bond issue programme agreement for up to PLN 400 000 thousand in total, concluded by Dom Development S.A with Bank Polska Kasa Opieki S.A. on 5 November 2007, as annexed, expired.

On 15 November 2021, Dom Development S.A. redeemed 10 000 bearer bonds, series DOMDE6151121, with the nominal value of PLN 1 000 each and the aggregate nominal value of PLN 77 924 thousand as maturing on this date.

- Bonds issued by Sento S.A.

In the twelve-month period ended 31 December 2021, the total bond issue liabilities changed as regards bonds issued by Sento S.A. before the date that Dom Development S.A. acquired 77% of the shares in in Sento S.A., i.e. before 1 July 2021.

BONDS ISSUED AS AT 31.12.2021

Series	Issuer	Issue date	Amount	Currency	Maturity date
DOMDET1151222	Dom Development S.A.	15.12.2017	50 000	PLN	15.12.2022
DOMDET2091023	Dom Development S.A.	09.10.2018	50 000	PLN	09.10.2023
DOMDET3121224	Dom Development S.A.	12.12.2019	50 000	PLN	12.12.2024
DOMDET4250925	Dom Development S.A.	25.09.2020	100 000	PLN	25.09.2025
DOMDET5120521	Dom Development S.A.	12.05.2021	110 000	PLN	12.05.2026
GF12	Sento S.A.	12.05.2017	600	PLN	01.06.2022
GF14	Sento S.A.	08.06.2017	663	PLN	11.07.2022
GF20	Sento S.A.	09.02.2018	470	PLN	09.03.2023
Total			**361 733**	**PLN**	

7.20 ACCRUED INTEREST ON LOANS AND BONDS

ACCRUED INTEREST ON LOANS AND BONDS	31.12.2021	31.12.2020
Accrued interest on bonds	1 598	1 399
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	**1 598**	**1 399**

7.21 DEFERRED TAX ASSETS AND PROVISIONS

DEFERRED TAX ASSETS AND PROVISIONS	Balance sheet 31.12.2021	Balance sheet 31.12.2020	Income statement / Statement of comprehensive income 01.01-31.12. 2021	Income statement / Statement of comprehensive income 01.01-31.12. 2020
Deferred tax provision				
Foreign exchange differences	-	-	-	(27)
Accrued interest	386	17	369	(7)
Discounted liabilities	2 098	1 257	841	(314)
Difference between the tax and accounting result on products sold, including provisions for costs	34 142	72 389	(38 247)	41 441
Capitalised financial costs	3 187	4 011	(824)	79
Valuation of financial assets	1 745	-	1 745	-
Lease	3	(20)	23	(25)
Trademark	133	398	(265)	(266)
Other	125	125	-	(384)
Total deferred tax provision	**41 819**	**78 177**	**(36 358)**	**40 497**
Deferred tax assets				
Foreign exchange differences	-	-	-	-
Difference between the tax and accounting result on products sold, including provisions for costs	692	-	692	-
Inventory revaluation	7 050	7 266	(216)	(774)
Receivables revaluation write downs and other provisions	768	634	134	182
Provision for employee benefits	5 146	7 339	(2 193)	664
Provision for other costs	14 589	10 493	4 096	2 003
Elimination of margin on intragroup transactions	14 303	9 623	4 680	5 615
Euro Styl Group acquisition cost	1 088	1 088	-	-
Financial costs	17	-	17	-
Discounted receivables	772	-	772	-
Valuation of financial assets	-	875	(875)	282
Tax loss possible to be settled	546	1 587	(1 041)	(1 652)
Other	1 479	297	1 182	(12)
Total deferred tax assets	**46 450**	**39 202**	**7 248**	**6 308**
Change in provision for deferred tax resulting from the acquisition of subsidiaries, determined as of the date of the acquisition.	**-**	**-**	**11 337**	**-**
Deferred tax expense concerning income statement	**-**	**-**	**(57 579)**	**34 524**
Deferred tax expense concerning other net comprehensive income	**-**	**-**	**2 636**	**(335)**
Deferred tax asset shown in the balance sheet	**31 583**	**9 759**	**-**	**-**
Deferred tax provision shown in the balance sheet, net	**26 952**	**48 734**	**-**	**-**

7.22 LONG-TERM PROVISIONS

LONG-TERM PROVISIONS	31.12.2021	31.12.2020
Provision for repair costs, long-term portion	26 180	21 997
Provision for retirement benefits	393	422
Total	**26 573**	**22 419**

LONG-TERM PROVISIONS – CHANGES	01.01.-31.12. 2021	01.01.-31.12. 2020
Opening balance	**22 419**	**18 687**
Provisions created in the financial year	5 648	5 277
Provisions used/reversed in the financial year	(1 494)	(1 545)
Closing balance	**26 573**	**22 419**

7.23 OTHER LONG-TERM LIABILITIES

OTHER LONG-TERM LIABILITIES	31.12.2021	31.12.2020
Guarantee retentions, long-term portion	64 251	66 829
Liability on account of the obligation to redeem non-controlling interests	10 568	-
Other	31 441	8 379
Closing balance	**106 260**	**75 208**

7.24 LEASE LIABILITIES

In accordance with the IFRS 16 adoption, the following lease liabilities were recognised in the Group's balance sheet:

- right-of-use of office space,

- rights of perpetual usufruct of land.

Note 7.4 *Material accounting policies* describes in detail lease-related accounting policies, specifically, it explains the classification of such liabilities as long- or short-term.

LEASE LIABILITIES	31.12.2021	31.12.2020
Lease liabilities, short-term portion, including:	**69 474**	**89 992**
liabilities on account of perpetual usufruct right of land	63 126	83 950
liabilities on account of the right of use of office space	6 220	5 874
Other	128	168
Lease liabilities, long-term portion, including:	**21 014**	**24 642**
liabilities on account of the right of use of office space	20 783	24 573
Other	231	69
Total	**90 488**	**114 634**

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 December 2021, out of PLN 63 126 thousand of the land-related lease liabilities recognised as short-term:

- PLN 3 862 thousand is payable by the Group within 12 months following the balance sheet date,
- PLN 6 962 thousand is payable by the Group later than 12 months following the balance sheet date,
- PLN 52 302 thousand is to be transferred to the respective buyers of units.

7.25 TRADE PAYABLES, TAX AND OTHER LIABILITIES

TRADE PAYABLES, TAX AND OTHER LIABILITIES	31.12.2021	31.12.2020
Trade payables, including guarantee retentions (short-term portion)	198 557	165 037
Tax liabilities	12 092	3 857
Accrued costs	119 046	147 278
Company Social Benefits Fund	420	243
Other liabilities	14 906	3 156
Total liabilities	**345 021**	**319 571**
Accrued costs structure	**119 046**	**147 278**
- estate construction costs	90 120	107 184
- employee costs	13 235	29 874
- rent for office space	1 642	1 977
- other	14 049	8 243

Trade payables are not interest-bearing liabilities. In addition to the guarantee retentions (as described below), the maturity for the trade payables is from 14 to 30 days.

The table below presents the carrying value of liabilities due to guarantee retentions connected to the execution of real estate development projects. The short-term and long-term portion of these liabilities are disclosed in relevant items of short-term and long-term liabilities.

GUARANTEE RETENTIONS	31.12.2021	31.12.2020
Guarantee retentions, short-term portion	32 411	53 105
Guarantee retentions, long-term portion	64 251	66 829
Total guarantee retentions	**96 662**	**119 934**

7.26 SHORT-TERM PROVISIONS

SHORT-TERM PROVISIONS	31.12.2021	31.12.2020
Provision for repair costs, short-term portion	9 331	8 820
Retirement provision	146	362
Provision for disputes	26 519	17 444
Total	**35 996**	**26 626**

SHORT-TERM PROVISIONS – CHANGES	01.01.-31.12. 2021	01.01.-31.12. 2020
Opening balance	**26 626**	**17 021**
Provisions created in the financial year	17 615	16 155
Provisions used/reversed in the financial year	(8 245)	(6 550)
Closing balance	**35 996**	**26 626**

7.27 DEFERRED INCOME

DEFERRED INCOME	31.12.2021	31.12.2020
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement	1 554 711	1 111 129
Other	804	-
Total	**1 555 515**	**1 111 129**

7.28 BENEFITS AFTER EMPLOYMENT

The Group does not operate a special employee benefits programme after termination of employment.

7.29 FINANCIAL ASSETS AND LIABILITIES

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES, AND MAXIMUM CREDIT RISK EXPOSURE

FINANCIAL ASSETS AND LIABILITIES	31.12.2021	31.12.2020
FINANCIAL ASSETS		
Long-term receivables	11 499	1 761
Trade and other receivables	48 184	72 311
Receivables from related entities	-	-
Total borrowings and receivables	**59 683**	**74 072**
Other	30	41
Financial assets valued at their fair value through the income statement (designated for trading)		
Cash in hand and at bank	600 214	578 667
Short-term deposits	6 797	6 956
Short-term financial assets	62 560	50 463
Maximum credit risk exposure	**729 284**	**710 199**
FINANCIAL LIABILITIES		
Loans	31 414	10 000
Own bonds issued	363 331	361 399
Trade payables, accrued and other liabilities	438 769	390 679
Lease liabilities	90 488	114 634
Financial liabilities valued at amortised cost	**924 002**	**876 712**

Fair value of financial assets and liabilities of the Group is not materially different from their carrying value.

7.30 FINANCIAL RISK MANAGEMENT

The Group is exposed to the following types of financial risk:

- market risk (interest rate risk)
- credit risk
- liquidity risk

MARKET RISK

The market risk is a type of risk which reflects the impact of changes in market prices, such as currency exchange rates, interest rates or prices of capital instruments, on the Group's financial results or the value of financial instruments held.

The market risk generally incorporates risks such as:

- currency risk
- interest rate risk

Currency risk

If there are significant foreign currency items, the Group uses foreign currency derivatives (forward and swap) to hedge its significant F/X transactions.

As at 31 December 2021 and 31 December 2020 the Group did not have any significant assets, liabilities and future payments in foreign currencies, therefore there was no need to have hedging currency derivatives.

Interest rate risk

The fixed interest rate bank loans expose the Group to the risk of changes in the loan fair value. The variable interest rate loans and borrowings result in the cash flow risk.

The current financing structure implies that the Group does not have fixed rate loans or bonds. Currently, the Group has short-term, medium-term and long-term variable interest rate loans and bonds which results in the cash flow risk exposure.

As at the balance sheet date the Group did not have fixed interest rate long-term financial instruments.

A great deal of interest rate risk is limited naturally by holding both financial liabilities and financial assets bearing variable interest rate. Interest rate risk exposure for bond debt is reduced through hedging instruments such as:

- CAP options where a bank warrants to reimburse to the Company any difference resulting from an increase in market interest rates above the level agreed under the option. The Company hedges in that manner against increases in interest rates while maintaining the possibility to take advantage of any possible decrease of the interest rates,

- IRS (Interest Rate Swap) - the transaction that involves a swap with the bank of interest payments calculated according to one interest rate for interest payments calculated according to a different interest rate. The Company swaps a variable interest rate for a fixed interest rate. Both interest payments are calculated on the basis of the nominal amount agreed in the transaction and their settlement takes place on the agreed dates through comparing the relevant reference rate with the contracted interest rate.

The structure of variable interest rate financial instruments as at the balance sheet date is as follows:

VARIABLE INTEREST RATE INSTRUMENTS	31.12.2021	31.12.2020
Financial assets	669 571	636 086
Financial liabilities	394 745	371 399
Net total	**274 826**	**264 687**

Interest bearing financial assets, i.e. bank deposits, are disclosed as financial assets. Interest bearing financial liabilities, i.e. loans and own bond, are disclosed as financial liabilities.

Analysis of financial result sensitivity to interest rate change

A 100-basis point (bp) change in the interest rate of instruments as at the balance sheet date would increase (decrease) the net assets and income statement (after tax) by the amounts listed in the table below. The analysis prepared for twelve-month periods ended 31 December 2021 and 31 December 2020 assumes that all other variables remain unchanged.

INTEREST RATE SENSITIVITY INTEREST RATE SENSITIVITY	Income statement Increase by 100 bp	Income statement Decrease by 100 bp	Net assets Increase by 100 bp	Net assets Decrease by 100 bp
31 December 2021				
Variable interest rate assets	1 808	(1 808)	1 808	(1 808)
Variable interest rate liabilities *)	(1 066)	1 066	(1 066)	1 066
Net sensitivity	**742**	**(742)**	**742**	**(742)**
31 December 2020				
Variable interest rate assets	1 717	(1 717)	1 717	(1 717)
Variable interest rate liabilities *)	(1 003)	1 003	(1 003)	1 003
Net sensitivity	**714**	**(714)**	**714**	**(714)**

*) The financial costs which are related to loans and bonds, and financial income related to deposits are capitalised by the Group to work-in-progress. These costs (and income) are gradually moved to the income statement together with the manufacturing costs of the inventories sold. It has been assumed in the above analysis that one third of the financial costs and income accrued in a given period are disclosed in the income statement, while the remaining portion is capitalised in the inventory and will be disclosed in the income statement in the following accounting periods.

CREDIT RISK

Cash at bank, cash in hand, trade receivables and other receivables constitute the Group's main financial assets, and represent its highest exposure to credit risk in relation to financial assets.

The Group's credit risk is mostly related to trade receivables. The amounts presented in the balance sheet are net amounts and include write-downs revaluating bad debts, estimated by the Company's Management Board on the basis of previous experience, specific nature of the operations and analysis of the current economic environment.

Credit risk relating to the liquid funds and derivative financial instruments is limited since the transactions were concluded with reputable banks, enjoying high credit ratings awarded by international rating agencies.

In order to maintain the financial liquidity and the expected level of funds availability the Group has a specialised unit that monitors this aspect. The unit monitors the liquid funds and the forecasted cash flow on a current basis and decides on their allocation in order to maximise the attainable financial income while hedging the Group against the credit risk.

Credit risk is not highly concentrated in the Group. The risk is spread over a large number of partners and customers. Furthermore, it has to be pointed out that the receivables from the main activity of the Group, i.e. the sale of apartments, retail units and garages, are fully secured because release of the sold product takes place after a buyer has paid the full price as set out in the preliminary sales agreement.

The ageing structure of trade receivables has been presented in note 7.10 *Trade and other receivables*.

LIQUIDITY RISK

The liquidity risk is the risk that the Group will not be able to pay its financial liabilities when they become due. The Group's objective is to ensure, to the highest possible extent, that its liquidity will always be maintained at a level, which enables paying the liabilities when they become due, without incurring unacceptable losses or facing the risk of compromising the Group's reputation.

The table below presents the total value of future non-discounted cash flows for Group's financial liabilities, broken up by the maturity dates as set out in the contracts:

MATURITY STRUCTURE FOR LIABILITIES	Total	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years
31 December 2021					
Loans	35 825	1 257	1 257	33 311	-
Own bonds issued	413 102	8 749	58 703	63 862	281 788
Trade and other payables	438 769	315 088	17 421	51 535	54 725
Lease liabilities *)	90 488	3 131	3 131	11 395	72 831
Total	**978 184**	**328 225**	**80 512**	**160 103**	**409 344**
31 December 2020					
Loans	10 320	80	80	10 160	-
Own bonds issued	380 092	3 600	113 325	54 958	208 209
Trade and other payables	390 679	305 614	23 881	15 102	46 082
Lease liabilities	114 634	7 000	3 057	8 970	95 607
Total	**895 725**	**316 294**	**140 343**	**89 190**	**349 898**

*) Lease liabilities are for more than 5 years.

The Group manages its liquidity mostly by:

- short-, medium- and long-term planning of cash flow; detailed short-term plans are updated at least once a month,
- selection of appropriate financing sources on the basis of analysis of the Group needs and the market,
- day-to-day monitoring of ratios resulting from agreements with banks,
- diversification of financing sources for the conducted development activity,
- co-operation with stable and reputable financial institutions.

Capital management

It is fundamental for the policy of the Management Board to maintain a strong capital base in order to secure the trust of investors, creditors and the market as well as to ensure further growth of the Group.

For the years ended 31 December 2021 and 2020 the return on equity (calculated as net profit to the annual average value of shareholders' equity) amounted to 26.9% and 27.0%, respectively. In that period, the average weighted cost of interest on the Group's debt amounted to 2.56% in 2021 and 2.9% in 2020.

As at 31 December 2021 and 2020 the net financial leverage ratio (calculated as the loans and bonds payable less cash and cash equivalents and short-term financial assets divided by equity) amounted to (21.9)% and (23.0)% respectively.

The companies operating within the Group are not a subject to any external capital requirements, except for the legal regulations of the Code of Commercial Companies and Partnerships.

7.31 EARNINGS PER SHARE

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01.-31.12. 2021	01.01.-31.12. 2020
BASIC EARNINGS PER SHARE		
Profit for calculation of the basic earnings per share	327 130	302 242
The weighted average number of ordinary shares for the calculation of basic earnings per share	25 374 258	25 181 127
Basic earnings per share (in PLN)	**12.89**	**12.00**
DILUTED EARNINGS PER SHARE		
Profit for calculation of the diluted earnings per share	327 130	302 242
Potential diluting shares related to the Management Share Option Programmes	160 519	193 045
The weighted average number of ordinary shares for the calculation of diluted earnings per share	25 534 776	25 374 172
Diluted earnings per share (in PLN)	**12.81**	**11.91**

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

7.32 INCOME TAX

INCOME TAX	01.01.-31.12. 2021	01.01.-31.12. 2020
Current income tax	(137 812)	(41 857)
Deferred tax	57 579	(34 524)
Total	**(80 233)**	**(76 381)**

The corporate income tax payables of the companies operating within the Group were PLN 46 915 thousand and PLN 6 019 thousand as at 31 December 2021 and 2020, respectively. The corporate income tax receivables of the companies operating within the Group were PLN 822 thousand and PLN 27 909 thousand as at 31 December 2021 and 2020, respectively.

The difference between the income tax calculated as the product of the gross profit before tax and the statutory tax rate and the actual income tax expense accounted for in the income statement of the Group is presented in the table below.

RECONCILIATION	01.01.-31.12. 2021	01.01.-31.12. 2020
Gross profit before tax	**405 485**	**378 627**
As per 19% tax rate	77 042	71 939
Permanent differences not subject to the current and deferred tax in the financial statements (except for cost of the management options)	2 868	3 302
Tax effect of management options permanently not being a tax deductible cost	323	1 140
Other	-	-
Actual income tax expense	**80 233**	**76 381**
Effective tax rate	**19.79%**	**20.17%**

Regulations concerning value added tax, corporate income tax and social security contributions are subject to frequent change. These frequent changes result in a lack of reference points, incoherent interpretations and the scarcity of applicable case law. The regulations in force are also riddled with ambiguities, which gives rise to contradictory opinions regarding the interpretation of tax regulations, both among government authorities and business entities.

Tax settlements and other activities (such as customs or foreign currency matters) may be audited by competent authorities, which have the right to impose substantial penalties and fines; any additional tax imposed as a result of an audit carries a hefty interest rate. Accordingly, the tax risk is higher in Poland than in other countries with a more mature tax system.

Consequently, notwithstanding the fact that the tax policies of companies operating within the Group have been very cautious and conservative, it is unlikely but not impossible that the figures presented and disclosed in the financial statements may be subject to change in the future as a result of a final decision of a tax audit authority.

Starting from 15 July 2016, General Anti-Avoidance Rules (GAAR) have been introduced to the Polish Tax Code. The purpose of the GAAR is to prevent the establishment and exploitation of artificial legal schemes aimed at the avoidance of paying taxes in Poland. The GAAR defines tax avoidance as an arrangement whose main purpose is to obtain a tax advantage that defeats, in the given circumstances, the object or purpose of a tax regulation. According to the GAAR, such an arrangement may not result in a tax advantage if it was artificial. Any occurrence of: (i) the division of a transaction into several steps without a valid reason, (ii) the employment of an intermediary despite the absence of an economic or commercial reason to do so, (iii) elements that offset or cancel out one another and/or (iv) any other arrangements similar to those mentioned above may be deemed a premise of an artificial arrangement that is subject to the GAAR provisions. These new regulations will require the courts to exercise a significantly higher degree of consideration when assessing the tax effects of a transaction.

The GAAR provision shall apply to transactions made following its entry into force and to those transactions that were made prior to the entry into force of the GAAR provision but in respect of which tax advantages have been obtained following the entry into force of the GAAR provision. The introduction of the above mentioned regulations will allow Polish tax audit authorities to question the taxpayers' legal arrangements and understandings such as the restructuring and reorganisation of a group.

7.33 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, Wrocław and Kraków markets. The operations on the Wrocław, Tricity and Kraków 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
- the Kraków 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 TWELVE-MONTH PERIOD ENDED 31.12.2019	Warsaw segment	Wrocław segment	Tricity segment	Kraków segment	Total
Sales revenue	1 238 317	208 882	406 778	43 514	1 897 491
Gross profit on sales, before the allocation of purchase price *)	435 392	52 771	143 139	11 399	642 701
Allocation of Euro Styl Group and Sento Group purchase price **)	-	-	(4 937)	(12 580)	(17 517)
Gross profit on sales after the allocation of purchase price	**435 392**	**52 771**	**138 202**	**(1 181)**	**625 184**
Selling costs, and general administrative expenses					(193 904)
Other operating income and expenses, net					(18 227)
Operating profit					**413 053**
Financial income and costs, net					(7 568)
Profit before tax					**405 485**
Income tax					(80 233)
Net profit					**325 252**

FIGURES FOR THE TWELVE-MONTH PERIOD ENDED 31.12.2020	Warsaw segment	Wrocław segment	Tricity segment	Kraków segment	Total
Sales revenue	1 259 099	161 709	394 204	-	1 815 012
Gross profit on sales, before the allocation of purchase price *)	399 929	43 303	142 200	-	585 432
Allocation of Euro Styl Group and Sento Group purchase price **)	-	-	(6 653)	-	(6 653)
Gross profit on sales after the allocation of purchase price	**399 929**	**43 303**	**135 547**	**-**	**578 779**
Selling costs, and general administrative expenses					(172 263)
Other operating income and expenses, net					(20 249)
Operating profit					**386 267**
Financial income and costs, net					(7 640)
Profit before tax					**378 627**
Income tax					(76 381)
Net profit					**302 246**

*) for the Tricity and Kraków markets, the gross profit on sales results from financial data of Euro Styl S.A. Capital Group and Sento S.A. Capital Group respectively. The gross profit for these markets does not include additional cost, allocated in the consolidation, of the acquisition of these capital groups resulting from the measurement of their inventories at fair value as at the acquisition date (see also the comment below).

**) the additional cost resulting from the allocation of the Euro Styl S.A. Capital Group and Sento S.A. Capital Group acquisition prices. This cost is the difference between the carrying value of these capital groups' inventory and the fair value assessed as at the date when the they were 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.

7.34 SALES REVENUE AND COST OF SALES

ANALYSIS OF SALES REVENUE AND COST OF SALES	01.01.-31.12. 2021	01.01.-31.12. 2020
Sales of finished goods	1 861 335	1 751 944
Sales of services	27 918	19 741
Sales of goods (land)	8 238	43 327
Sales revenue, total	**1 897 491**	**1 815 012**
Cost of finished goods sold	(1 244 302)	(1 175 677)
Cost of services sold	(21 312)	(22 554)
Cost of goods sold	(8 683)	(40 921)
Inventory write down to the net realisable value	1 990	2 919
Cost of sales, total	**(1 272 307)**	**(1 236 233)**
Gross profit on sales	**625 184**	**578 779**

7.35 COSTS BY TYPE

OPERATING COSTS	01.01.-31.12. 2021	01.01.-31.12. 2020
Cost of sales	(1 272 307)	(1 236 233)
Selling costs	(67 062)	(61 426)
General administrative expenses	(126 842)	(110 837)
Total	**(1 466 211)**	**(1 408 496)**
Costs by type		
Depreciation	(16 080)	(15 225)
Cost of materials and energy	(882 014)	(344 375)
External services	(1 306 250)	(1 124 549)
Taxes and charges	(14 247)	(7 162)
Payroll costs	(129 169)	(111 643)
Other expenses	(4 973)	(11 974)
Goods and materials sold	(8 721)	(40 921)
Change in inventory of products and work in progress	888 302	239 142
Cost of services and products for own use	6 943	8 211
Total	**(1 466 211)**	**(1 408 496)**

7.36 PAYROLL COSTS AND EMPLOYMENT

PAYROLL COSTS AND AVERAGE EMPLOYMENT (including the executives)	01.01.-31.12. 2021	01.01.-31.12. 2020
Individual personnel categories (number of staff)	**679**	**408**
White-collar workers	677	408
Blue-collar workers	2	-
Payroll costs		
Payroll costs, including:	112 188	96 147
- cost of share-based payments (note 7.44)	*1 701*	*5 999*
Social security and other benefits	16 981	15 496
Payroll costs, total	**129 169**	**111 643**

7.37 OTHER OPERATING INCOME

OTHER OPERATING INCOME	01.01.-31.12. 2021	01.01.-31.12. 2020
Revenues from contractual penalties, arrangements and compensations	1 824	2 317
Reversal of provision for costs	2 528	690
Revenues from compensations	-	48
Revenues from the liquidation of a subsidiary	-	-
Revenues from betterment levy refund	-	-
Other	1 296	1 286
Total	**5 648**	**4 341**

7.38 OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES	01.01.-31.12. 2021	01.01.-31.12. 2020
Provision for and costs of penalties and arrangements	602	652
Donations	866	702
Provision for other costs	10 675	8 788
Bad debt written down	1 094	1 266
Cost of repairs and defects (including change in provision)	6 611	7 129
Costs of discontinued projects	763	247
Cost of subsidiary acquisition	2 291	-
Cost of betterment levies	-	-
Loss on sale and liquidation of assets	-	4 620
Other	973	1 186
Total	**23 875**	**24 590**

7.39 FINANCIAL INCOME

FINANCIAL INCOME	01.01.-31.12. 2021	01.01.-31.12. 2020
Interest on bank deposits (non-capitalised part of interest)	1 342	1 435
Revenue from discounting receivables and payables	4 551	1 743
Other interest	282	89
Foreign exchange differences	-	26
Total	**6 175**	**3 293**

7.40 FINANCIAL COSTS

FINANCIAL COSTS	01.01.-31.12. 2021	01.01.-31.12. 2020
Interest on loans and bonds (non-capitalised part of interest)	2 994	2 886
Other interest	2 183	910
Commissions and fees	1 094	687
Cost from discounting receivables and payables	3 950	3 395
Lease financial costs	1 147	1 228
Foreign exchange differences	77	1 167
Valuation of financial instruments (CAP options)	636	274
Other	1 662	386
Total	**13 743**	**10 933**

7.41 INTEREST COST

INTEREST COST	01.01.-31.12. 2021	01.01.-31.12. 2020
Financial costs (interest) capitalised under work in progress *)	12 414	10 319
Financial costs (interest) disclosed in the income statement	5 177	3 796
Total interest costs	**17 591**	**14 115**

*) The financial costs incurred as a result of the financing of real estate development projects are generally capitalised as work in progress and relate to the costs of interest, commissions and fees on bonds and loans taken for the execution of the projects. This amount consists of the difference between financial costs on the above mentioned sources of financing and financial income obtained as a result of investing free cash into short-term deposits and similar financial instruments.

7.42 TRANSACTIONS WITH RELATED ENTITIES

In the twelve-month periods ended 31 December 2021 and 2020, the Group was a party to transactions with related entities, as listed below. Descriptions of the transactions have been presented in the tables. In exceptional cases, descriptions of particular agreements or explanations have also been provided.

DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES:			
Counterparty	**Transaction description**	**01.01.-31.12. 2021**	**01.01.-31.12. 2020**
Woodsford Consulting Limited	Consulting services as per the agreement dated 27.06.2007 as annexed	2 138	1 901
Hansom Property Company Limited	Consulting services as per the agreement dated 02.01.2001 as annexed	1 567	1 371
M & M Usługi Doradcze M. Kolarski	Consulting services	149	66
Doradztwo w zakresie infrastruktury technicznej Rafał Kierski (technical infrastructure consulting)	Cooperation Agreements	2 165	-

DOM DEVELOPMENT S.A. AS A SELLER OF GOODS NAD SERVICES:			
Counterparty	**Transaction description**	**01.01.-31.12. 2021**	**01.01.-31.12. 2020**
Groupe Belleforêt S.à r.l	Other	11	-

DOM DEVELOPMENT S.A. AS A PAYER OF PREPAYMENTS:			
Counterparty	**Transaction description**	**01.01.-31.12. 2021**	**01.01.-31.12. 2020**
Woodsford Consulting Limited	(Net) prepayments for consulting services	580	-
Hansom Property Company Limited	(Net) prepayments for consulting services	1 120	-

DOM DEVELOPMENT S.A. AS A DIVIDEND PAYER:			
Counterparty	**Transaction description**	**01.01.-31.12. 2021**	**01.01.-31.12. 2020**
Groupe Belleforêt S.à r.l	Dividend paid	141 559	134 481

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

	Receivables from related entities		Liabilities to related entities	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
Hansom Property Company Limited	1 120	-	143	125
Woodsford Consulting Limited	580	-	-	163
Doradztwo w zakresie infrastruktury technicznej Rafał Kierski (technical infrastructure consulting)	492	-	1 740	-

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

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

7.43 COMPANY'S SHARE OPTIONS

COMPANY'S SHARE OPTIONS ON ACCOUNT OF THE OPTION TO ACQUIRE NON-CONTROLLING INTERESTS IN SENTO S.A.

On 1 July 2021, the Company acquired a controlling interest (77%) in Sento S.A. The remaining 23% of the shares are subject to put and call options, as described in detail in note 7.1.

Since the Company has a call option to Bad Leaver shares exercisable at any time if a minority shareholder terminates their cooperation with Sento S.A., it means that it is possible for the Shareholder to receive the Company's shares as a result of exercised "ordinary" call/put option only when the Shareholder continues to cooperate with Sento S.A. until the "ordinary" put/call option becomes exercisable. This means that the "ordinary" put/call option contains two components:

- employee benefit for the minority shareholder constituting a share-based payment settled in equity instruments (i.e. shares in the Company), and subject to IFRS 2; and
- purchase price of shares in Sento S.A. (23%).

The value of share-based payment transactions in accordance with IFRS 2 (less the amount of liability resulting from Bad Leaver option in the amount of PLN 10 568 thousand as at 1 July 2021, assuming that the discount rate used to calculate interest on that price is 2.5%) is PLN 9 933 thousand. The said amount is the difference between the measurement of the Company's put option for 23% of the shares in Sento S.A. to be sold by non-controlling shareholders at PLN 20 501 thousand (with standard error of PLN 379 thousand) and the liability (fair value of the exercise price) on account of call option for 23% of the shares in Sento S.A. to be purchased by Dom Development S.A. from the non-controlling shareholders, exercisable only in the event of resignation from the provision of services to Sento S.A. by the non-controlling shareholders being individuals before the 7th anniversary of the date of the agreement or in the event of breach of the provisions of the said agreement by non-controlling shareholders (Bad Leaver condition). The exercise price of the call option when the Bad Leaver condition is met is equal to the number of shares subject to such option multiplied by the price per share equal to the price paid by Dom Development S.A. to acquire the 77% controlling interest in Sento S.A., plus interest of 2.5% per annum, accruing from 1 July 2021.

The value of the put option for 23% shares in Sento S.A. to be sold by non-controlling shareholders in exchange for an unknown number of shares in Dom Development S.A. (according to the formula based on net profit and carrying value of Sento and Dom Development) was estimated using the Monte Carlo based on the assumption that the prices of shares in Sento S.A. and Dom Development S.A. change according to the stochastic model of a geometric Brownian Motion. The volatility of the Company's share prices and the volatility of the Sento S.A. share prices were adopted at the same level determined on the basis of historical observations of daily logarithmic changes in the Company's share prices at the WSE, and amounted to 33.99%. It was assumed that Dom Development S.A. will pay dividend at the level projected by the Company's Management Board. In accordance with the provisions of the investment agreement Sento S.A. may not distribute dividend for 11 years. The option exercise time is determined as per the square regression equation determined on the basis of all simulations with a positive intrinsic value of the option at any given time.

INCENTIVE PLAN – MANAGEMENT OPTION PROGRAMMES

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

MANAGEMENT OPTION PROGRAMMES	31.12.2021			31.12.2020		
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)
Programme IV	500 000	500 000	400 000	500 000	500 000	300 000
Programme V	250 000	250 000	100 000	250 000	250 000	50 000
Programme VI*)	-	-	-	150 000	150 000	-

*) Share options under Programme VI expired as described below. By the expiry date of these options, 30 thousand options were exercised under Programme VI.

Active management option programmes at 31 December 2021

- Management Option Programme IV

On 1 December 2017, the Supervisory Board of the Company acting pursuant to the power of attorney granted by the Ordinary General Shareholders Meeting of the Company, passed a resolution concerning the acceptance of the Rules for Management Option Programme IV regarding allotment of 500 000 shares in Dom Development S.A. ("Programme IV") to Ms Małgorzata Kolarska, Vice President of the Management Board and Chief Operating Officer. Under Programme IV, Ms Małgorzata Kolarska received a one-off award of options authorising her to subscribe for 500 000 shares in Dom Development S.A. for the price of PLN 35.00 per share. The exercise of these options will be limited to 100 000 shares in any 12 month consecutive period, starting from 1 January 2018, and the non-exercised options may be exercised at a later time, however not later than by 31 December 2027.

- Management Option Programme V

On 29 November 2019, the Supervisory Board of the Company acting pursuant to the authorisation granted to it by the Annual General Shareholders' Meeting of the Company, passed a resolution concerning the acceptance of the Rules for Management Option Programme V regarding allotment of 250 000 shares in Dom Development S.A. to Mr Mikołaj Konopka, Member of the Management Board ("Programme V"). Under Programme V, Mr Mikołaj Konopka received a one-off award of options authorising him to subscribe for 250 000 shares in Dom Development S.A. for the price of PLN 50.00 per share. The exercise of these options will be limited to 50 000 shares in any 12 month consecutive period, starting from 1 January 2021, and the non-exercised options may be exercised at a later time, however not later than by 31 December 2029.

Grant of new share options under the management option programme

In the twelve-month period ended 31 December 2021 the Company did not grant any new share options.

Exercise of share options under the management option programme

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

The AC series shares were issued in a private placement addressed to Ms Małgorzata Kolarska, Vice President of the Management Board as a participant in Management Options Programme IV and the AD series shares were issued in a private placement addressed to Mr Mikołaj Konopka, Member of the Management Board as a participant in Management Options Programme V and Marcin Drobek, at that time Adviser to the Management Board and the Chief Construction Officer as a participant in Management Options Programme VI (which was described in detail in note 7.15).

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

Expiry of share options under the management option programme

Due to the termination of the employment contract between Marcin Drobek and the Company by agreement of the parties, on 30 November 2021 the Company's Supervisory Board adopted a resolution according to which the options granted to Marcin Drobek, Adviser to the Management Board and the Chief Construction Officer under Management Options Programme VI, comprising 150 000 shares in Dom Development S.A. ("Programme VI"), authorising Mr Marcin Drobek to subscribe for a total of 120 000 shares in Dom Development S.A. for the price of PLN 50.00 per share, expired and may not be exercised. Therefore, Programme VI has been discontinued by the Company.

In the twelve-month period ended 31 December 2020 no share options expired.

COST OF COMPANY'S SAHARE OPTIONS ACCOUNTED FOR IN THE INCOME STATEMENT AND THE SHAREHOLDERS' EQUITY

In the twelve-month periods ended 31 December 2021 and 2020 the amounts of PLN 1 701 thousand and PLN 5 999 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:

		01.01.-31.12. 2021	01.01.-31.12. 2020
Unexercised options at the beginning of the period	**Number of options**	**550 000**	**550 000**
	Total exercise price	**24 500**	**23 000**
Options granted in the period	Number of options	-	150 000
	Total option exercise value	-	7 500
Options expired in the period	Number of options	120 000	-
	Total option exercise value	6 000	-
Options exercised in the period	Number of options	180 000	150 000
	Total option exercise value	7 500	6 000
	Weighted average exercise price per share (PLN per share)	41,67	40,00
Unexercised options at the end of the period	**Number of options**	**250 000**	**550 000**
	Total exercise price	**11 000**	**24 500**
Exercisable options at the beginning of the period	Number of options	180 000	150 000
	Total exercise price	7 500	6 000
Exercisable options at the end of the period	Number of options	-	-
	Total exercise price	-	-

*) The above list does not include Company's share options arising from the option to acquire non-controlling interests in Sento S.A. as both the number of Company shares and the option exercise value are variable over time.

7.44 REMUNERATION OF MEMBERS OF THE COMPANY'S MANAGEMENT AND SUPERVISORY BODIES

Remuneration for key executives	01.01.-31.12. 2021	01.01.-31.12. 2020
MANAGEMENT BOARD		
Remuneration	15 327	15 005
Non-pay benefits	385	267
Total remuneration	**15 712**	**15 272**
SUPERVISORY BOARD		
Remuneration	1 309	1 295

The above table takes into account the value of remunerations (including bonuses) for holding positions in the Company's corporate bodies and in the corporate bodies of the Group's subsidiaries.

The cost of management option programme that accounted for PLN 1 701 thousand and PLN 5 999 in the years ended 31 December 2021 and 2020, respectively, have not been disclosed in the table above.

The composition of the Management Board and the Supervisory Board as at 31 December 2021 has been presented in note 7.47.

AGREEMENTS CONCLUDED BETWEEN THE COMPANY AND THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES WHICH PROVIDE FOR COMPENSATION IN THE EVENT OF THEIR RESIGNATION OR REMOVAL FROM OFFICE

All members of the Company's Management Board have been remunerated on the basis of resolutions of the Supervisory Board.

None of the Company's Management Board members is entitled to compensation in the event of resignation from their function. In accordance with the resolutions of the Supervisory Board, the following Management Board members: Jarosław Szanajca, Małgorzata Kolarska, Leszek Stankiewicz and Mikołaj Konopka, in the case of dismissal for reasons other than violation of their fundamental obligations or non re-appointment for another term of office, are entitled to the payment of 6 months' remuneration.

7.45 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES	31.12.2021	31.12.2020
Guarantees	17 324	963
Sureties	15 605	25 055
Total	**32 929**	**26 018**

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

COLLATERALS FOR LIABILITIES	31.12.2021	31.12.2020
Promissory notes, including:		
- promissory notes as other security	3 400	2 000
- promissory notes as a security for lease agreements	-	1
Total	**3 400**	**2 001**

7.46 MATERIAL COURT CASES AS AT 31 DECEMBER 2021

As at 31 December 2021 the companies operating within the Group were not a party to any material court cases.

7.47 CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF THE GROUP PARENT COMPANY

In the period from 1 January until 12 March 2021 the Management Board of Dom Development S.A. was composed of the following five members:

Jarosław Szanajca, President of the Management Board
Małgorzata Kolarska, Vice President of the Management Board
Janusz Zalewski, Vice President of the Management Board
Terry Roydon, Member of the Management Board
Mikołaj Konopka, Member of the Management Board

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

Accordingly, in the period from 15 March 2021 until 31 December 2021 the Management Board of Dom Development S.A. was composed of the following five members:

Jarosław Szanajca, President of the Management Board
Małgorzata Kolarska, Vice President of the Management Board
Leszek Stankiewicz, Vice President of the Management Board
Terry Roydon, Member of the Management Board
Mikołaj Konopka, Member of the Management Board

In the period from 1 January 2021 until 12 March 2021 the Supervisory Board of Dom Development S.A. was composed of seven members as follows:

Grzegorz Kiełpsz, Chairman of the Supervisory Board
Markham Dumas, Vice Chairman of the Supervisory Board
Marek Moczulski, Vice Chairman of the Supervisory Board (Independent Member)
Mark Spiteri, Member of the Supervisory Board
Michael Cronk, Member of the Supervisory Board
Dorota Podedworna-Tarnowska, Member of the Supervisory Board (Independent Member)
Krzysztof Grzyliński, Member of the Supervisory Board (Independent Member).

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

Consequently, in the period from 15 March 2021 until 31 December 2021, the Supervisory Board of Dom Development S.A. was composed of seven members as follows:

Grzegorz Kiełpsz, Chairman of the Supervisory Board
Janusz Zalewski, Vice Chairman of the Supervisory Board,
Marek Moczulski, Vice Chairman of the Supervisory Board (Independent Member)
Mark Spiteri, Member of the Supervisory Board
Markham Dumas, Member of the Supervisory Board
Dorota Podedworna-Tarnowska, Member of the Supervisory Board (Independent Member)
Krzysztof Grzyliński, Member of the Supervisory Board (Independent Member).

7.48 ADDITIONAL INFORMATION ON THE OPERATING ACTIVITY OF THE GROUP

In the twelve-month period ended 31 December 2021 the following material changes in the portfolio of the Group's development investments under construction took place:

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

PROJECT	COMPANY	LOCATION	NUMBER OF APARTMENTS AND RETAIL UNITS
Apartamenty Służewiec	Dom Development S.A.	Warsaw	37
Dzielnica Mieszkaniowa Metro Zachód, stage 3 phase 1	Dom Development S.A.	Warsaw	145
Wilno IV, phase 3	Dom Development S.A.	Warsaw	154
Wilno IV, phase 5	Dom Development S.A.	Warsaw	158
Osiedle Przy Błoniach, building 2	Euro Styl S.A.	Tricity	45
Zielony Południk, building 15	Euro Styl S.A.	Tricity	48
Zielony Południk, buildings 16, 17, 22, 23	Euro Styl S.A.	Tricity	90
Apartamenty Ołtaszyn	Dom Development Wrocław Sp. z o.o.	Wrocław	158
Q1 2021	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**835**
Dzielnica Mieszkaniowa Metro Zachód, stage 3 phase 2	Dom Development S.A.	Warsaw	153
Osiedle Przy Błoniach, buildings 3 and 4	Euro Styl S.A.	Tricity	110
Dynamika, buildings A and B	Euro Styl S.A.	Tricity	90
Dynamika, buildings C and D	Euro Styl S.A.	Tricity	106
Wydma	Euro Styl S.A.	Tricity	59
Osiedle Komedy, phase 3	Dom Development Wrocław Sp. z o.o.	Wrocław	127
Q2 2021	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**645**
Osiedle Ceramiczna II, phase 1	Dom Development S.A.	Warsaw	188
Osiedle Ceramiczna II, phase 2	Dom Development S.A.	Warsaw	158
Osiedle Urbino	Dom Development S.A.	Warsaw	124
Osiedle Bokserska 71	Dom Development S.A.	Warsaw	234
Dzielnica Mieszkaniowa Metro Zachód, stage 11 phase 2	Dom Development S.A.	Warsaw	88
DOKI, building E and F	Euro Styl S.A.	Tricity	311
Zielony Południk, building 24 and 25	Euro Styl S.A.	Tricity	44
Q3 2021	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**1 147**
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 1	Dom Development S.A.	Warsaw	110
Apartamenty Ludwiki, stage 1	Dom Development S.A.	Warsaw	105
Apartamenty Ludwiki, stage 2	Dom Development S.A.	Warsaw	327
Osiedle Beauforta 2, buildings A1-A4	Euro Styl S.A.	Tricity	186
Zielony Południk, buildings 26, 27	Euro Styl S.A.	Tricity	93
Osiedle Komedy, phase 4	Dom Development Wrocław Sp. z o.o.	Wrocław	131
Q4 2021	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**952**
IN TOTAL: UNITS WITH CONSTRUCTION STARTED IN 2021	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**3 579**
	DOM DEVELOPMENT S.A.	Warsaw	1 981
	EURO STYL S.A.	Tricity	1 182
	DOM DEVELOPMENT WROCŁAW SP. Z O.O.	Wrocław	416
	SENTO S.A.	Kraków	-

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

PROJECT	COMPANY	MARKET	NUMBER OF APARTMENTS AND RETAIL UNITS
Wilno VI, stage 3 phase 2	Dom Development S.A.	Warsaw	228
Osiedle Przy Błoniach, building C	Euro Styl S.A.	Tricity	28
Osiedle Przy Błoniach, building D	Euro Styl S.A.	Tricity	36
Idylla, stage 2	Dom Development Wrocław Sp. z o.o.	Wrocław	144
Dom na Kurkowej	Dom Development Wrocław Sp. z o.o.	Wrocław	118
Q1 2021	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**554**
Dzielnica Mieszkaniowa Metro Zachód, phase 1	Dom Development S.A.	Warsaw	134
Zielony Południk, building 5	Euro Styl S.A.	Tricity	22
Zielony Południk, building 6	Euro Styl S.A.	Tricity	22
Zielony Południk, building 7	Euro Styl S.A.	Tricity	22
Zielony Południk, building 8	Euro Styl S.A.	Tricity	23
Locus building 3	Euro Styl S.A.	Tricity	71
Beauforta, building 17	Euro Styl S.A.	Tricity	24
Osiedle Komedy, phase 1	Dom Development Wrocław Sp. z o.o.	Wrocław	102
Q2 2021	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**420**
Osiedle Wilno V, phase 1	Dom Development S.A.	Warsaw	326
Beauforta, building 18	Euro Styl S.A.	Tricity	35
Beauforta, building 19	Euro Styl S.A.	Tricity	32
Beauforta, building 20	Euro Styl S.A.	Tricity	38
Osiedle CIS	Euro Styl S.A.	Tricity	148
Dawna Poczta	Euro Styl S.A.	Tricity	106
Q3 2021	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**685**
Osiedle Głębocka, phase 1	Dom Development S.A.	Warsaw	60
Osiedle Głębocka, phase 2	Dom Development S.A.	Warsaw	211
Żoliborz Artystyczny, stage 13 phase 1	Dom Development S.A.	Warsaw	158
Żoliborz Artystyczny, stage 13 phase 2	Dom Development S.A.	Warsaw	55
Żoliborz Artystyczny, phase 14	Dom Development S.A.	Warsaw	280
Dzielnica Mieszkaniowa Metro Zachód, stage 2 phase 1	Dom Development S.A.	Warsaw	129
Dzielnica Mieszkaniowa Metro Zachód, stage 2 phase 2	Dom Development S.A.	Warsaw	124
Stacja Grochów, phase 3	Dom Development S.A.	Warsaw	125
Locus building 4	Euro Styl S.A.	Tricity	91
Osiedle Beauforta, buildings 8, 9, 11	Euro Styl S.A.	Tricity	97
Osiedle Perspektywa, stage 1 phase 1	Euro Styl S.A.	Tricity	33
Osiedle Perspektywa, stage 1 phase 2	Euro Styl S.A.	Tricity	21
Nasze Mieszkanie, building B	Euro Styl S.A.	Tricity	44
Zielony Południk, building 13	Euro Styl S.A.	Tricity	50
SenTOTU, stage B1	Sento S.A.	Kraków	137
Q4 2021	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**1 615**
IN TOTAL: UNITS WITH CONSTRUCTION ENDED IN 2021	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**3 274**
	DOM DEVELOPMENT S.A.	Warsaw	1 830
	EURO STYL S.A.	Tricity	943
	DOM DEVELOPMENT WROCŁAW SP. Z O.O.	Wrocław	364
	SENTO S.A.	Kraków	137

INFORMATION ON DELIVERIES OF RESIDENTIAL AND RETAIL UNITS

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

NUMBER OF APARTMENTS AND RETAIL UNITS DELIVERED			
COMPANY	**LOCATION**	**2021**	**2020**
Dom Development S.A.	Warsaw	1 798	1 807
Euro Styl S.A.	Tricity	972	824
Dom Development Wrocław Sp. z o.o.	Wrocław	470	375
Sento S.A.*	Kraków	92	-
TOTAL		**3 332**	**3 006**

*) The deliveries apply to all Sento Group companies

7.49 MATERIAL POST-BALANCE SHEET EVENTS

ACQUISITION OF 100% OF THE SHARES IN THE BUMA GROUP COMPANIES BASED IN KRAKÓW

On 28 February 2022, Dom Development S.A. signed sale agreements with Giovanni Fundusz Inwestycyjny Zamknięty (hereinafter the "Seller"), whereby the Company acquired 100% of the shares in the following BUMA Group companies: Buma Development sp. z o.o., Buma Management sp. z o.o., Buma Development 22 sp. z o.o., Buma Development 21 sp. z o.o., Buma Development 20 sp. z o.o., Buma Development 12 sp. z o.o., Buma Development 8 sp. z o.o., while Dom Construction Sp. z o.o., a 100% subsidiary of the Company, acquired 100% of the shares in Buma Contractor 1 sp. z o.o. (hereinafter the "Transaction").

Transaction value was PLN 209.5 million, of which PLN 151.4 million as the total sale price of the shares in the aforementioned companies and PLN 58.1 million for taking over loans granted by the Seller to the companies acquired in the Transaction. The assets of the companies subject to the Transaction include investment land in Kraków with the potential to develop 1 370 units, projects under construction with 224 units, and PLN 51.5 million in cash, with the PLN 1.9 million debt under bank loans.

In addition to this, the Company and the Seller entered into a conditional preliminary agreement for the purchase of 100% of the shares in RSKK sp. z o.o. for PLN 9.6 million, according to which the final agreement for the transfer of title to RSKK sp. z o.o. will be signed by 30 June 2022, subject to conditions precedent.

EXERCISE OF COMPANY'S SHARE OPTIONS

On 27 January 2022, the Management Board increased Company's share capital from PLN 25 398 422.00 to PLN 25 548 422.00, i.e. by PLN 150 000.00, by issuing 100 000 series AE ordinary bearer shares with PLN 1.00 nominal each and 50 000 series AF ordinary bearer shares with PLN 1.00 nominal each. The issue price of AE and AF series shares was set at PLN 35.00 and PLN 50.00 per share, respectively. The issue of series AE and AF shares took place through a private placement. The purpose of issuing series AE and series AF shares as part of the authorised capital is to enable the Company to fulfil its obligations resulting from:

- Management Option Programme IV for Małgorzata Kolarska, Vice President of the Management Board - Chief Executive Director, concerning 500 000 shares in Dom Development S.A., and
- Management Option Programme V for Mikołaj Konopka, Member of the Management Board, concerning 250 000 shares in Dom Development S.A. (see note 4.44).

The Supervisory Board of the Company agreed to fully deprive the existing shareholders of their pre-emptive right to 100 000 series AE shares and 50 000 series AF shares. The exclusion of pre-emptive rights of the existing shareholders is justified by the fact that the issue of series AE shares is addressed only to Ms Małgorzata Kolarska, as the Participant in Programme IV, while the issue of series AF shares is addressed only to Mr Mikołaj Konopka, as the Participant in Programme V to enable them to exercise their rights under the subscription warrants.

On 1 February 2022:

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

On 3 February 2022, the Management Board of the Company adopted a resolution on the allocation of 100 000 series AE shares to Ms Małgorzata Kolarska and 50 000 series AF 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 2 March 2022.

RUSSIAN INVASION OF UKRAINE

The Russian invasion of Ukraine launched on 24 February 2022 is a factor significantly destabilising the economic environment throughout the region. The Company and its subsidiaries operate exclusively in Poland. The Company's Management Board believes that the war in Ukraine may mostly affect the demand for dwellings, construction costs, and the availability of subcontractors. Due to highly volatile situation as at the date of this report the Company's Management Board is unable to estimate the scale of the impact of the war in Ukraine on the Company's and the Group's operations.

The military mobilisation in Ukraine can result in a partial outflow of workers from the construction industry. In-house general contracting, direct relationships with subcontractors and the economies of scale that facilitate optimisation of resources cause the Group to have all means for achieving its objectives in the upcoming year quarters, while strengthening its competitive position. As at the date of this report all of the Group's development projects were progressing as planned or more quickly than planned.

The Company's Management Board continuously monitors the situation and analyses its potential impact from the perspective of individual projects, the Group as a whole, and its long-term objectives.

IN the opinion of the Management Board, Dom Development S.A. has a relatively strong competitive position. Thanks to consistently implemented policy of strong balance sheet and low net debt, the Group companies can run their business with confidence and build long-term growth potential. The Company's Management Board recognises the good growth prospects for the Group in Kraków, which is reflected in the acquisition of the BUMA Group companies in Kraków on 28 February 2022, resulting in a step growth of the potential in this market.

7.50 APPROVAL OF THE FINANCIAL STATEMENTS FOR 2020

On 27 May 2021, the Annual General Shareholders' Meeting of Dom Development S.A. approved the financial statements of Dom Development S.A. for the year ended on 31 December 2020, the Management's report of activities of Dom Development S.A. in 2020 and the consolidated financial statements of Dom Development S.A. Capital Group for the year ended on 31 December 2020 and the Management Board's report of activities of Dom Development S.A. Capital Group in 2020, as presented by the Management Board. The Annual General Shareholders' Meeting of Dom Development S.A. gave a vote of approval for the Management Board of the Company for the year 2020.

7.51 FORECASTS

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

7.52 INFORMATION ON REMUNERATION OF THE STATUTORY AUDITOR OR THE ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS

The following table presents a fee of the entity licensed to audit the Company's financial statements (including the consolidated financial statements).

The financial statements for 2021 and 2020 were audited by PricewaterhouseCoopers Polska spółka z o.o. Audyt sp.k. and other PricewaterhouseCoopers Polska spółka z o.o. Audyt sp.k. related companies.

The fee paid or payable for the year ended 31 December 2021 and 31 December 2020 broken up by services, has been presented below:

SERVICES	01.01.-31.12. 2021	01.01.-31.12. 2020
Parent company	**355**	**310**
- Financial statements audit	235	205
- Review of semi-annual financial statements	90	75
- Assessment of the report on remuneration for management board and supervisory board in 2020-2021	30	30
Subsidiaries of the Capital Group	**383**	**232**
- Financial statements audit	328	182
- Review of semi-annual financial statements	55	50
- Other services	-	-
Total	**738**	**542**

PricewaterhouseCoopers Polska spółka z o.o. Audyt sp.k. also provides audit service in relation to the consolidation package prepared for the purpose of consolidation by Groupe Belleforêt S.à r.l., the parent company. The fee agreed for this service is EUR 6 150 per year. This cost is borne by Groupe Belleforêt S.à r.l., and is not included in the above list.

7.53 SELECTED FINANCIAL DATA TRANSLATED INTO EURO

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

SELECTED DATA FROM THE CONSOLIDATED BALANCE SHEET	31.12.2021 in EUR '000	31.12.2020 in EUR '000
Total current assets	819 118	689 619
Total assets	843 076	704 951
Total shareholders' equity	271 596	250 817
Long-term liabilities	113 642	93 396
Short-term liabilities	457 838	360 738
Total liabilities	571 480	454 134
PLN/EURO exchange rate as at the balance sheet date	***4.5994***	***4.6148***

SELECTED DATA FROM THE CONSOLIDATED INCOME STATEMENT	01.01-31.12.2021 in EUR '000	01.01.-31.12.2020 in EUR '000
Sales revenue	414 526	405 662
Gross profit on sales	136 578	129 359
Operating profit	90 235	86 332
Profit before tax	88 582	84 625
Net profit	71 055	67 553
Average PLN/EURO exchange rate for the reporting period	***4.5775***	***4.4742***