

DOM DEVELOPMENT S.A.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

PREPARED IN ACCORDANCE
WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS



CONTENTS

1	APPROVAL OF THE FINANCIAL STATEMENTS BY THE MANAGEMENT BOARD OF THE COMPANY	4
2	BALANCE SHEET	5
3	INCOME STATEMENT	6
4	STATEMENT OF COMPREHENSIVE INCOME.....	7
5	CASH FLOW STATEMENT	8
6	STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	9
7	ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS.....	10
7.1	GENERAL INFORMATION ABOUT DOM DEVELOPMENT S.A.	11
7.2	BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS.....	11
7.3	COMPLIANCE STATEMENT.....	11
7.4	MATERIAL ACCOUNTING POLICIES	13
7.5	KEY FIGURES BASED ON PROFESSIONAL JUDGEMENT AND BASIS FOR ESTIMATES	17
7.6	INTANGIBLE ASSETS.....	18
7.7	TANGIBLE FIXED ASSETS	19
7.8	INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	20
7.9	LOANS GRANTED (LONG-TERM AND SHORT-TERM) AND OTHER LONG-TERM RECEIVABLES	22
7.10	INVENTORY.....	22
7.11	TRADE AND OTHER RECEIVABLES.....	23
7.12	OTHER CURRENT ASSETS	24
7.13	SHORT-TERM FINANCIAL ASSETS.....	24
7.14	CASH AND CASH EQUIVALENTS	24
7.15	SHARE CAPITAL.....	25
7.16	SHARE PREMIUM.....	27
7.17	ADDITIONAL INFORMATION ON SHAREHOLDERS' EQUITY.....	27
7.18	DIVIDEND AND PROFIT DISTRIBUTION	28
7.19	LOANS.....	28
7.20	BONDS	30
7.21	ACCRUED INTEREST ON LOANS AND BONDS.....	31
7.22	DEFERRED TAX ASSETS AND PROVISIONS.....	32
7.23	LONG-TERM PROVISIONS	34
7.24	OTHER LONG-TERM LIABILITIES.....	34
7.25	LEASE LIABILITIES.....	34
7.26	TRADE PAYABLES, TAX AND OTHER LIABILITIES	35
7.27	SHORT-TERM PROVISIONS.....	35
7.28	DEFERRED INCOME	35
7.29	BENEFITS AFTER EMPLOYMENT.....	36

7.30	FINANCIAL ASSETS AND LIABILITIES.....	36
7.31	FINANCIAL RISK MANAGEMENT.....	36
7.32	EARNINGS PER SHARE.....	40
7.33	INCOME TAX.....	40
7.34	SEGMENT REPORTING.....	41
7.35	SALES REVENUE AND COST OF SALES.....	41
7.36	COSTS BY TYPE.....	42
7.37	PAYROLL COSTS AND EMPLOYMENT.....	42
7.38	OTHER OPERATING INCOME.....	42
7.39	OTHER OPERATING EXPENSES.....	43
7.40	FINANCIAL INCOME.....	43
7.41	FINANCIAL COSTS.....	43
7.42	INTEREST COST.....	44
7.43	TRANSACTIONS WITH RELATED ENTITIES.....	44
7.44	COMPANY'S SHARE OPTIONS.....	47
7.45	REMUNERATION OF MEMBERS OF THE COMPANY'S MANAGEMENT AND SUPERVISORY BODIES.....	48
7.46	CONTINGENT LIABILITIES.....	49
7.47	MATERIAL COURT CASES AS AT 31 DECEMBER 2023.....	49
7.48	APPROVAL OF THE FINANCIAL STATEMENTS FOR 2022.....	49
7.49	CHANGES TO THE COMPOSITION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF THE COMPANY.....	49
7.50	ADDITIONAL INFORMATION ON THE OPERATING ACTIVITY OF THE COMPANY.....	50
7.51	MATERIAL POST-BALANCE SHEET EVENTS.....	51
7.52	FORECASTS.....	52
7.53	INFORMATION ON REMUNERATION OF THE STATUTORY AUDITOR OR THE ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS.....	52
7.54	SELECTED FINANCIAL DATA TRANSLATED INTO EURO.....	52

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

These financial statements for the year ended on 31 December 2023, comprising:

- balance sheet prepared as at 31 December 2023,
- income statement for the twelve-month period ended 31 December 2023,
- statement of comprehensive income for the twelve-month period ended 31 December 2023,
- cash flow statement for the twelve-month period ended 31 December 2023,
- statement of changes in shareholders' equity for the twelve-month period ended 31 December 2023,
- additional notes to the financial statements

were prepared and approved by the Management Board of Dom Development S.A. on 18 March 2024.

The Management Board of Dom Development S.A. declares that to the best of its knowledge, these annual financial statements for 2023 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 Company and its financial result.

Jarosław Szanajca
President of the Management Board

Leszek Stankiewicz
Vice President of the Management Board

Mikołaj Konopka
Member of the Management Board

Monika Perekitko
Member of the Management Board

Terry R. Roydon
Member of the Management Board

2 BALANCE SHEET

ASSETS	Note	31.12.2023	31.12.2022
Fixed assets			
Intangible assets	7.6	19 214	19 659
Tangible fixed assets	7.7	19 861	19 566
Investments in subsidiaries, associates and jointly controlled entities	7.8	472 613	486 050
Deferred tax assets	7.22	12 050	35 832
Long-term receivables	7.9	5 009	6 512
Long-term loans granted	7.9	462 337	303 045
Other long-term assets		11 126	22 563
TOTAL FIXED ASSETS		1 002 210	893 227
Current assets			
Inventory	7.10	2 050 861	1 930 509
Trade and other receivables	7.11	52 790	42 782
Other current assets	7.12	74 836	4 409
Income tax receivables	7.22	-	-
Short-term financial assets	7.13	82 358	57 025
Cash and cash equivalents	7.14	34 104	184 078
TOTAL CURRENT ASSETS		2 294 949	2 218 803
TOTAL ASSETS		3 297 159	3 112 030
EQUITY AND LIABILITIES	Note	31.12.2023	31.12.2022
Shareholders' equity			
Share capital	7.15	25 698	25 548
Share premium	7.16	271 558	264 208
Other capital (supplementary capital)		765 143	670 640
Reserve capital from valuation of cash flow hedges		5 484	16 444
Reserve capital from reduction of share capital		510	510
Unappropriated profit		299 772	373 684
TOTAL SHAREHOLDERS' EQUITY		1 368 165	1 351 034
Long-term liabilities			
Loans, long-term portion	7.19	-	-
Bonds, long-term portion	7.20	470 000	260 000
Deferred tax provision	7.22	-	-
Long-term provisions	7.23	11 910	10 649
Lease liabilities, long-term portion	7.25	10 175	14 126
Other long-term liabilities	7.24	58 787	57 478
TOTAL LONG-TERM LIABILITIES		550 872	342 253
Short-term liabilities			
Trade payables, tax and other liabilities	7.26	270 501	273 748
Loans, short-term portion	7.19	-	50 000
Bonds, short-term portion	7.20	50 000	50 000
Accrued interest on loans and bonds	7.21	7 191	2 550
Lease liabilities, short-term portion	7.25	48 049	50 172
Corporate income tax payables	7.33	10 462	63 990
Dividends payables		-	-
Short-term provisions	7.27	15 767	17 637
Deferred income	7.28	976 152	910 646
TOTAL SHORT-TERM LIABILITIES		1 378 122	1 418 743
TOTAL LIABILITIES		1 928 994	1 760 996
TOTAL EQUITY AND LIABILITIES		3 297 159	3 112 030

All amounts in PLN '000.

3 INCOME STATEMENT

	Note	01.01-31.12.2023	01.01-31.12.2022
Sales revenue	7.35	1 487 820	1 414 704
Cost of sales	7.35	(999 495)	(952 407)
Gross profit on sales		488 325	462 297
Selling costs	7.36	(50 283)	(45 437)
General administrative expenses	7.36	(96 177)	(96 378)
Other operating income	7.38	11 729	7 907
Other operating expenses	7.39	(19 679)	(19 041)
Operating profit		333 915	309 348
Financial income	7.40	208 547	144 971
Financial costs	7.41	(32 483)	(17 622)
Profit before tax		509 979	436 697
Income tax	7.33	(68 865)	(63 013)
Net profit		441 114	373 684
Earnings per share:			
Basic (in PLN)	7.32	17.19	14.64
Diluted (in PLN)	7.32	17.12	14.61

All amounts in PLN '000 unless stated otherwise.

4 STATEMENT OF COMPREHENSIVE INCOME

	01.01-31.12.2023	01.01-31.12.2022
Net profit	441 114	373 684
Other comprehensive income:		
Net change to cash flow hedges	(13 531)	10 861
Items to be accounted for in the income statement	(13 531)	10 861
Items not to be accounted for in the income statement	-	-
Other net comprehensive income / (loss), before tax	(13 531)	10 861
Income tax on other net comprehensive income to be accounted for in the income statement	2 571	(2 064)
Other net comprehensive income	(10 960)	8 797
Total net comprehensive income	430 154	382 481

All amounts in PLN '000.

5 CASH FLOW STATEMENT

	Note	01.01-31.12.2023	01.01-31.12.2022
Cash flow from operating activities			
Profit before tax		509 979	436 697
Adjustments:			
Depreciation		12 429	11 063
(Profit)/loss on foreign exchange differences		(907)	1 205
(Profit)/loss on investments		(161 601)	(117 673)
Interest cost/(income)		(18 928)	(4 485)
Cost of the valuation of management option programmes		3 501	5 393
Changes in the operating capital:			
Changes in provisions		(609)	(5 127)
Changes in inventory		(122 498)	(13 403)
Changes in receivables		(8 498)	(5 549)
Changes in short-term liabilities, excluding loans and bonds		(8 025)	52 999
Changes in prepayments and deferred income		(29 680)	(161 683)
Other adjustments		907	(1 205)
Cash flow generated from operating activities		176 070	198 232
Interest received		8 589	7 793
Interest paid		(20 809)	(16 098)
Income tax paid		(96 040)	(53 611)
Net cash flow from operating activities		67 810	136 316
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		512	394
Dividends received		160 605	117 276
Proceeds from borrowings granted		234 019	270 833
Other proceeds / (expenses) from financial assets		22 555	28 000
Borrowings granted		(355 950)	(335 785)
Acquisition of intangible and tangible fixed assets		(11 129)	(7 338)
Acquisition of financial assets and additional contributions to the share capital		(9 372)	(130 254)
Net cash flow from investing activities		41 240	(56 874)
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)	7.15	5 000	8 500
Proceeds from contracted loans		346 000	50 000
Proceeds from commercial papers issued	7.20	260 000	-
Repayment of loans and borrowings		(396 000)	-
Redemption of commercial papers	7.20	(50 000)	(50 000)
Dividends paid	7.18	(424 024)	(268 258)
Net cash flow from financing activities		(259 024)	(259 758)
Increase / (decrease) in net cash and cash equivalents		(149 974)	(180 316)
Cash and cash equivalents – opening balance	7.14	184 078	364 394
Cash and cash equivalents – closing balance	7.14	34 104	184 078

All amounts in PLN '000.

6 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Current year

	Note	Share capital	Share premium	Other capital (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital from valuation of cash flow hedges	Unappropriated profit	Total shareholders' equity
Equity – opening balance		25 548	264 208	670 640	510	16 444	373 684	1 351 034
Share capital increase by exercising share options	7.15 and 7.16	150	7 350	-	-	-	-	7 500
Transfer of profit to supplementary capital	7.18	-	-	91 002	-	-	(91 002)	-
Dividends to shareholders	7.18	-	-	-	-	-	(424 024)	(424 024)
Creation of reserve capital from the valuation of the share options	7.44	-	-	3 501	-	-	-	3 501
Net profit for the reporting period		-	-	-	-	-	441 114	441 114
Other net comprehensive income		-	-	-	-	(10 960)	-	(10 960)
Total net comprehensive income		-	-	-	-	(10 960)	441 114	430 154
Increase / (decrease) in equity		150	7 350	94 503	-	(10 960)	(73 912)	17 131
Equity – closing balance		25 698	271 558	765 143	510	5 484	299 772	1 368 165

All amounts in PLN '000.

Previous year

	Note	Share capital	Share premium	Other capital (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital from valuation of cash flow hedges	Unappropriated profit	Total shareholders' equity
Equity – opening balance		25 398	258 358	626 738	510	7 647	306 767	1 225 418
Share capital increase by exercising share options	7.15 and 7.16	150	5 850	-	-	-	-	6 000
Transfer of profit to supplementary capital	7.18	-	-	38 509	-	-	(38 509)	-
Dividends to shareholders	7.18	-	-	-	-	-	(268 258)	(268 258)
Creation of reserve capital from the valuation of the share options	7.44	-	-	5 393	-	-	-	5 393
Net profit for the reporting period		-	-	-	-	-	373 684	373 684
Other net comprehensive income		-	-	-	-	8 797	-	8 797
Total net comprehensive income		-	-	-	-	8 797	373 684	382 481
Increase / (decrease) in equity		150	5 850	43 902	-	8 797	66 917	125 616
Equity – closing balance		25 548	264 208	670 640	510	16 444	373 684	1 351 034

All amounts in PLN '000.

7 ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS





7.1 GENERAL INFORMATION ABOUT DOM DEVELOPMENT S.A.

The joint stock company Dom Development S.A. (the “Company”) is the parent company of Dom Development S.A. Capital Group (the “Group”). The registered office of the Company is in Warsaw (00-078 Warsaw, pl. Piłsudskiego 3). The Company has been entered into the National Court Register under number 0000031483 maintained by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register.

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

The Company is a majority-owned subsidiary of Groupe Belleforêt S.à r.l. with its registered office in Luxembourg (see note 7.15) which held 55.02% of the shares in the Company as at 31 December 2023. The ultimate parent company of Dom Development S.A. Capital Group is SCOP 2003 Trust, an entity organised under the laws of England and Wales. SCOP 2003 Trust is the sole shareholder of SCOP Luxembourg 2007 S.à r.l., which is the majority shareholder of Groupe Belleforêt S.à r.l.

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

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

In the twelve-month period ended 31 December 2023 the Company did not discontinue any of its activities.

7.2 BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

These 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 continues to be a factor 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 affect the demand for dwellings, construction costs, and the availability of subcontractors. As at the date of the preparation of these financial statements all of the Company’s development projects were progressing as planned or even 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 Company as a whole, and its long-term objectives. In the opinion of the Management Board of the Company no circumstances that would indicate that there is a threat to the continued activity of the Company in the foreseeable future are known as at the date of the approval of these financial statements.

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

The Company has also prepared consolidated financial statements for Dom Development S.A. Capital Group for the twelve-month period ended 31 December 2023. These statements were approved by the Management Board of the Company on 18 March 2024.

The ultimate consolidated financial statements are prepared by Groupe Belleforet S.a r.l.

7.3 COMPLIANCE STATEMENT

Polish law requires the Company to prepare its 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 Company, in the context of accounting policies applied by the Company 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 2023.

These financial statements are separate financial statements of the Company as defined in IAS 27 and 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”).

These financial statements are prepared based on the same accounting principles (policies) as for the financial statements of the Company for the year ended 31 December 2022, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2023:

- 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.
- 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.
- Amendments to IAS 12 "Income Taxes". The amendments to this standard published in 2021 clarify how to account for deferred tax on transactions such as leases and decommissioning obligations. Before the amendment, there was uncertainty as to whether the recognition of equal amounts of assets and liabilities for accounting purposes (e.g. initial recognition of leases) that had no impact on current tax settlements would require the recognition of deferred tax balances or whether the initial recognition exemption would apply. The initial recognition exemption means that deferred tax balances are not recognised if the recognition of an asset or liability component has no impact on the accounting or tax result at the time of recognition. The amended IAS 12 addresses this issue by requiring deferred tax to be recognised in the above situation by adding an additional provision that the initial recognition exemption does not apply if an entity recognises both an asset and a corresponding liability, and each of them leads to temporary differences.

Published standards and interpretations that have not yet come into force nor been applied by the Company

The Company 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 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 approval of this amendment has been postponed by the EU as at the date of these financial statements.
- Amendments to IAS 1 *Presentation of Financial Statements*. In 2020, the IASB published amendments to IAS 1 which clarify the presentation issue of long-term and short-term liabilities. In October 2022, the ISAB issued further amendments to IAS 1, which address the classification of liabilities as long- and short-term liabilities for which an entity is required to comply with certain covenants. Amended IAS 1 specifies that liabilities are classified as short- or long-term depending on the rights [to defer settlement of a liability] existing at the end of the reporting period. The classification is not affected by either the entity's expectations or an event after the reporting date (for example, waiver of a covenant or its violation). The published amendments are effective for financial statements for the periods beginning on or after 1 January 2024.
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* – disclosure of supplier finance arrangement. In May 2023, the ISAB published amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*. These amendments introduce disclosure requirements as regards supplier finance agreements (so-called reverse factoring). These amendments require the disclosure of specific information relating to such agreements to enable users of financial statements to assess how these arrangements affect an entity's liabilities and cash flows, and the entity's exposure to liquidity risk. These amendments are intended to increase the transparency of disclosures of financial liability agreements, but do not affect the recognition and measurement principles. The new disclosure obligations will be effective for annual reporting periods beginning on or after 1 January 2024. These amendments have not been endorsed by the EU as at the date of these financial statements.
- Amendment to IFRS 16 *Leases*. In September 2022, the Board amended IFRS 16 "Leases" to supplement the requirements for the subsequent measurement of a lease liability for a sale and leaseback transaction when the criteria of IFRS 15 are met and the transaction is to be accounted for as a sale. The amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in such a way that no profit or loss related to the retained right-of-use is recognised. The new requirement has a particular relevance when a leaseback transaction includes variable lease payments that do not depend on an index or a rate, as such payments are excluded from "lease payments" under IFRS 16. The amendment is effective from 1 January 2024.

The Management Board is verifying effect of the above standards on the Company's financial position, operating results or the scope of information presented in the Company's 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 financial statements of the Company for the period, when they are adopted for the first time.

7.4 MATERIAL ACCOUNTING POLICIES

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Shares in subsidiaries, associates and jointly controlled entities are stated at historical acquisition cost less impairment write downs.

TANGIBLE FIXED ASSETS

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 Company: 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.

Drawdowns and repayments on bank loans, borrowings and debt securities are presented in the cash flow statement as income or expenses from financial activities, respectively, and are not netted against each other during the reporting period. The exception are drawdowns and repayments on overdraft facilities, for which the drawdowns and repayments are presented as netted with each other, due to short payment terms, large and quick repayments/drawdowns.

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 Company has 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 Company 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 held under perpetual usufruct.

The Company recognises revenues from construction services (construction of real estate) over time. Income is determined by the percentage of completion method. The Company defines the percentage of completion of a contract by determining the proportion of costs incurred from the date of the contract to the date of revenue recognition in the estimated total contract costs.

If the percentage of completion cannot be reliably estimated, the revenue is recognised up to the amount of the costs incurred which are likely to be recovered, with the contract costs being recognised as an expense in the period in which they are incurred.

Sale of construction services

In the event that the total costs associated with the performance of a contract are likely to exceed the total revenues, the expected loss (excess of the total estimated costs over the total estimated revenues) are accounted for as the costs in the period concerned and recognised as the cost of sales (cost of services sold). If the value of estimated revenues as calculated by the percentage of completion method exceeds the invoiced revenues, the resulting difference is recognised under Sales Revenue (Sales of Services) and assets are recognised as Other Current Assets. However, if the value of estimated revenues as calculated by the percentage of completion method is lower than the invoiced revenues, the resulting difference is recognised under Sales Revenue (Sales of Services) and the liability is recognised as Deferred Income.

Sale of other services

The revenue from the sale of non-construction services, including revenue 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 Company'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 Company 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 Company 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

Right-of-use of office space is depreciated, and financial costs due to leasing are recognised. The related asset is recognised in the balance sheet under *Tangible fixed assets*. 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 *Inventory (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 is 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 Company 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 Company 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 the inventory to which these liabilities pertain (which are recognised as current assets). The classification of liabilities and inventory 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 Company 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 Company. 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 Company 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 DEVELOPMENT PROJECTS

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

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

RECOGNITION OF REVENUE FROM THE SALE OF PRODUCTS

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

SEASONALITY

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

7.6 INTANGIBLE ASSETS

Current year

INTANGIBLE ASSETS	Other intangible assets	Computer software	Trademark	Intangible assets under implementation process	Total
Gross value - opening balance	7 033	35 535	-	182	42 750
Additions, acquisition of companies	-	-	-	-	-
Additions, other	-	-	-	5 715	5 715
Transfers	514	4 968	-	(5 482)	-
(Decrease)	(61)	-	-	-	(61)
Gross value - closing balance	7 486	40 503	-	415	48 404
Accumulated amortisation - opening balance	5 864	17 227	-	-	23 091
Additions, acquisition of companies	-	-	-	-	-
Additions, other	728	5 388	-	-	6 116
(Decrease)	(17)	-	-	-	(17)
Accumulated amortisation - closing balance	6 575	22 615	-	-	29 190
Net value - closing balance	911	17 888	-	415	19 214

Previous year

INTANGIBLE ASSETS	Other intangible assets	Computer software	Trademark	Intangible assets under implementation process	Total
Gross value - opening balance	6 432	30 036	-	270	36 738
Additions - acquisition of companies	-	-	-	-	-
Additions, other	601	-	-	5 411	6 012
Transfers	-	5 499	-	(5 499)	-
(Decrease)	-	-	-	-	-
Gross value - closing balance	7 033	35 535	-	182	42 750
Accumulated amortisation - opening balance	5 193	12 886	-	-	18 079
Additions - acquisition of companies	-	-	-	-	-
Additions, other	671	4 341	-	-	5 012
(Decrease)	-	-	-	-	-
Accumulated amortisation - closing balance	5 864	17 227	-	-	23 091
Net value - closing balance	1 169	18 308	-	182	19 659

Intangible assets are amortised throughout their estimated economic useful lives, which is 2-5 years on average. There are no intangible assets with an undefined useful life.

As at 31 December 2023 there were no circumstances that would require the Company to create revaluation write downs for its intangible assets.

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

No collaterals have been established on intangible assets.

7.7 TANGIBLE FIXED ASSETS

Current year

TANGIBLE FIXED ASSETS	Right-of-use of premises	Land and buildings	Vehicles	Equipment and other tangible fixed assets	Total
Gross value - opening balance	30 978	-	7 804	11 606	50 388
Additions - acquisition of companies	-	-	-	-	-
Additions, other	1 988	2 406	1 369	897	6 660
(Disposals)	-	-	(1 236)	(365)	(1 601)
Gross value - closing balance	32 966	2 406	7 937	12 138	55 447
Accumulated depreciation - opening balance	15 296	-	5 513	10 013	30 822
Additions - acquisition of companies	-	-	-	-	-
Additions, other	4 328	-	810	1 176	6 314
(Disposals)	-	-	(1 195)	(355)	(1 550)
Accumulated depreciation - closing balance	19 624	-	5 128	10 834	35 586
Net value - closing balance	13 342	2 406	2 809	1 304	19 861

Previous year

TANGIBLE FIXED ASSETS	Right-of-use of premises	Land and buildings	Vehicles	Equipment and other tangible fixed assets	Total
Gross value - opening balance	30 354	-	7 669	11 104	49 127
Additions - acquisition of companies	-	-	-	-	-
Additions, other	624	390	1 035	332	2 381
(Disposals)	-	-	(900)	(220)	(1 120)
Gross value - closing balance	30 978	390	7 804	11 216	50 388
Accumulated depreciation - opening balance	11 337	-	5 407	9 012	25 756
Additions - acquisition of companies	-	-	-	-	-
Additions, other	3 959	133	910	1 047	6 049
(Disposals)	-	-	(804)	(179)	(983)
Accumulated depreciation - closing balance	15 296	133	5 513	9 880	30 822
Net value - closing balance	15 682	257	2 291	1 336	19 566

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

As at 31 December 2023 there were no circumstances that would require the Company to create revaluation write downs for its tangible fixed assets.

No collaterals have been established on fixed assets.

7.8 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	31.12.2023	31.12.2022
Interest in subsidiaries, associates and jointly controlled entity	472 613	486 050
Closing balance	472 613	486 050

INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY

The Company had no investments in jointly controlled entities as at 31 December 2023 and 2022.

Investments in subsidiaries and associates have been presented in the table below:

INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY	As at 31.12.2023			As at 31.12.2022		
	Company's interest (%)	Value of total investment	Net investment carrying value	Company's interest (%)	Value of total investment	Net investment carrying value
Dom Development Grunty sp. z o.o.	46%	24	24	46%	24	24
Dom Development Wrocław sp. z o.o.	100%	35 802	35 802	100%	51 002	51 002
Dom Development Kredyty sp. z o.o.	100%	505	505	100%	505	505
Mirabelle Investments sp. z o.o.	-	-	-	100%	58	58
Euro Styl S.A.	100%	265 473	265 473	100%	265 473	265 473
Euro Styl Development sp. z o.o. w likwidacji	-	-	-	100%	252	252
Dom Construction sp. z o.o.	100%	3 103	3 103	100%	3 103	3 103
Sento S.A. *)	-	-	-	100%	42 865	42 865
Dom Development Kraków sp. z o.o.	100%	162 722	162 722	100%	113 970	113 970
Dom Development Kraków 12 sp. z o.o.	100%	8 784	4 984	100%	8 784	8 784
Issogne sp. z o.o.	-	-	-	100%	14	14
Total		476 413	472 613		486 050	486 050

*) In Q2 2023, Sento S.A. (as the acquired company) was merged with Dom Development Kraków Sp. z o.o. (as the acquiring company).

- Euro Styl S.A. Capital Group

Euro Styl S.A. is the parent company of the Euro Styl S.A. Capital Group. The scope of operations of this group involves real estate development projects in Tricity and the surrounding areas.

The composition of Euro Styl Group as of 31 December 2023 is presented in the table below:

Euro Styl S.A. Capital Group	Share capital held by the parent company	Voting rights held by the parent company
Euro Styl Construction sp. z o.o.	100%	100%
Euro Styl Montownia sp. z o.o.	100%	100%
Apartamenty Las Jastarnia sp. z o.o.	100%	100%
GGI Dolne Miasto sp. z o.o.	100%	100%
Your Destination sp. z o.o.	100%	100%

Euro Styl Construction Sp. z o.o. is a group company, which is a general contractor of residential project only for the companies of the Euro Styl S.A. Capital Group.

- Dom Development Wrocław sp. z o.o.

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

- Dom Development Kraków Sp. z o.o.

Dom Development Kraków Sp. z o.o. is a company set up in February 2022 to gradually consolidate property development operations of the Dom Development S.A. Capital Group on the Cracow market.

- Dom Development Kraków 12 Sp. z o.o.

Dom Development Kraków 12 Sp. z o.o. (formerly Buma Development 12 Sp. z o.o., a company acquired in 2022 along with other Buma Group companies) is a special purpose vehicle established to run one development project in the Cracow market. That project was completed in 2022. As of 31 December 2023, the company still has a few units available for sale. There will be no other development projects run by this company.

- Dom Development Kredyty sp. z o.o.

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

- Dom Development Grunty spółka z o.o.

The Company holds 46.00% shares in the share capital of Dom Development Grunty spółka z o.o. - a company involved in real estate (land) transactions within the Group.

- Dom Construction sp. z o.o.

Dom Construction Sp. z o.o. operates as the general contractor in residential development projects. Dom Construction sp. z o.o. provides services exclusively for the Group companies (apart from the companies belonging to Euro Styl S.A. Capital Group, in which the construction is carried out by Euro Styl Construction Sp. z o.o.).

DESCRIPTION OF MATERIAL CHANGES IN THE PERIOD FROM 1 JANUARY UNTIL 31 DECEMBER 2023

- Further concentration of property development operations on the Cracow market through Dom Development Kraków Sp. z o.o.

On 20 March 2023, the Meeting of Shareholders of Dom Development Kraków Sp. z o.o. and the General Meeting of Shareholders of Sento S.A. adopted resolutions regarding the merger of Dom Development Kraków Sp. z o.o. as the acquiring company with Sento S.A. as the acquired company.

The said merger was registered in the National Court Register on 3 April 2023, therefore, as of 3 April 2023, all rights and obligations of Sento S.A. were transferred to Dom Development Kraków Sp. z o.o., and Sento S.A. ceased to exist.

- Repayment of additional contributions to the share capital in Dom Development Wrocław Sp. z o.o.

On 10 August 2023, a partial repayment of additional contributions to the share capital in the amount of PLN 15 200 thousand was received by the Company from Dom Development Wrocław Sp. z o.o.

- Sale of Issogne Sp. z o.o.

On 10 November 2023, the Company disposed of all shares in the share capital of Issogne sp. z o.o.

7.9 LOANS GRANTED (LONG-TERM AND SHORT-TERM) AND OTHER LONG-TERM RECEIVABLES

LONG-TERM RECEIVABLES	31.12.2023	31.12.2022
Receivables from the sale of financial assets	-	-
Receivables from retentions	1 804	-
Other long-term receivables	3 205	6 512
Total	5 009	6 512

LOANS GRANTED	31.12.2023	31.12.2022
Loans granted, long-term portion	462 337	303 045
Loans granted, short-term portion	-	-
Total	462 337	303 045

The loans presented in the above tables are shown with the interest accrued at the balance sheet date.

LOANS GRANTED

All loans granted by the Company are loans to related entities.

The loans granted by the Company and their balances as at 31 December 2023, including accrued interest, have been presented in the table below:

Agreement date	Borrower	Loan amount (net of interest)	Due date	Closing balance
26.02.2019	Euro Styl S.A.	150 000	31.12.2025	119 250
27.09.2019	Dom Development Wrocław sp. z o.o.	230 000	31.12.2025	180 000
22.04.2021	Dom Development Kraków sp. z o.o.	17 350	31.12.2026	20 887
09.08.2022	Dom Development Kraków sp. z o.o.	75 000	31.12.2025	29 200
28.04.2023	Dom Development Kraków sp. z o.o.	165 100	31.12.2027	113 000
Total				462 337

7.10 INVENTORY

INVENTORY	31.12.2023	31.12.2022
Advances on deliveries	77 386	71 694
of which: at purchase prices/production costs	77 386	71 694
write down to the net realisable value	-	-
Semi-finished goods and work in progress	1 833 538	1 824 319
of which: at purchase prices/production costs	1 823 899	1 820 217
rights of perpetual usufruct of land (lease)	40 548	45 007
write down to the net realisable value	(30 909)	(40 905)
Finished goods	139 937	34 496
of which: at purchase prices/production costs	146 166	40 725
write down to the net realisable value	(6 229)	(6 229)
Total	2 050 861	1 930 509

INVENTORY REVALUATION WRITE DOWNS	01.01-31.12.2023	01.01-31.12.2022
Opening balance	47 134	34 751
Increments	1 454	12 583
(Decrease)	(11 450)	(200)
Closing balance	37 138	47 134

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

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	31.12.2023	31.12.2022
MORTGAGES - value of mortgages to secure liabilities under:		
Real estate purchase agreements	-	-
Loan agreements of the Company and Group companies	765 000	585 000

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.

COST OF PREPARATORY WORKS RECOGNISED IN THE INCOME STATEMENT	01.01-31.12.2023	01.01-31.12.2022
Preparatory works	1 108	1 288

7.11 TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES	31.12.2023	31.12.2022
Trade receivables	31 173	19 016
Receivables from related entities	6 307	4 624
Tax receivables	2 092	9 588
Other receivables	13 218	9 554
Total	52 790	42 782

The tax receivables incorporate VAT receivables in the amount of PLN 2 081 thousand and PLN 9 577 thousand as at 31 December 2023 and 31 December 2022 respectively.

The Company created receivables revaluation write downs, which have been recognised under *Other operating expenses*.

The revaluation write downs were created based on the Company’s best knowledge and experience as well as analysis of particular balances.

AGING STRUCTURE OF TRADE RECEIVABLES	31.12.2023	31.12.2022
Up to 3 months	28 829	16 516
From 3 to 6 months	404	520
From 6 months to 1 year	1 640	1 451
Over 1 year	4 655	7 098
Gross trade receivables	35 528	25 585
Receivables revaluation write downs	(4 355)	(6 569)
Net trade receivables	31 173	19 016

The write downs fully relate to overdue trade receivables.

CHANGE IN THE WRITE DOWNS OF TRADE AND OTHER RECEIVABLES	01.01-31.12.2023	01.01-31.12.2022
Opening balance	6 569	5 276
Increments	3 504	1 377
(Decrease)	(5 718)	(84)
Closing balance	4 355	6 569

The revaluation write-down balance as at 31 December 2023 included revaluation write-down of trade receivables in the amount of PLN 4 355 thousand. As at 31 December 2022, the corresponding amount was PLN 6 569 thousand.

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*.

7.12 OTHER CURRENT ASSETS

OTHER CURRENT ASSETS	31.12.2023	31.12.2022
Accrued costs	4 823	4 303
Settlement of long-term contracts	68 837	-
Accrued financial income on deposits	3	106
Other	1 173	-
Total	74 836	4 409

Settlement of long-term contracts concerns a construction project carried out by the Company under the general contracting arrangements. These settlements represent the difference between the revenue estimated using the percentage of completion method and the revenue invoiced.

7.13 SHORT-TERM FINANCIAL ASSETS

SHORT-TERM FINANCIAL ASSETS	31.12.2023	31.12.2022
Bank deposits with a maturity over three months	-	-
Cash in open-end residential escrow accounts	67 421	35 456
Other short-term financial assets	14 937	21 569
Total	82 358	57 025

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

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.

7.14 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	31.12.2023	31.12.2022
Cash in hand and at bank	7 356	16 845
Short-term deposits	26 748	167 233
Other	-	-
Total	34 104	184 078

7.15 SHARE CAPITAL

DESCRIPTION OF CHANGES TO THE SHARE CAPITAL IN THE COMPANY IN THE PERIOD FROM 1 JANUARY UNTIL 31 DECEMBER 2023

CHANGE IN THE REPORTING PERIOD	Share capital		Share premium
	- Number of shares	- Value at the nominal value	
Opening balance	25 548 422	25 548	264 209
Change	150 000	150	7 350
Closing balance	25 698 422	25 698	271 559

PROCEEDS FROM ISSUE OF SHARES	31.12.2023	31.12.2022
Proceeds from issue of shares, at nominal value	150	150
Share premium	7 350	5 850
Total	7 500	6 000

EXERCISE OF COMPANY'S SHARE OPTIONS

- Registration of series AG shares on 26 January 2023

On 19 December 2022, the Management Board adopted a resolution on the increase of share capital in the Company by issuing 50 000 series AG ordinary bearer shares. The issue price for series AG shares was determined as PLN 50.00 per share.

The shares were issued in a private placement addressed to Mr Leszek Stankiewicz, Vice President of the Management Board as a participant in Management Options Programme VII. On 29 December 2022, the Management Board adopted a resolution on the allotment of the above-mentioned shares to Mr Leszek Stankiewicz.

On 26 January 2023, this increase of the Company's share capital was registered by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register. Series AG shares were registered by Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities) in the securities depository and introduced to stock exchange trading at the WSE main market on 14 June 2023.

- Exercise of share options and capital increase by way of issue of AH and AI series shares

On 6 February 2023, the Management Board resolved to increase Company's share capital from PLN 25 598 422.00 to PLN 25 698 422.00, i.e. by PLN 100 000.00, by issuing 50 000 series AH ordinary bearer shares with PLN 1.00 nominal each and 50 000 series AI ordinary bearer shares with PLN 1.00 nominal each. The issue price for series AH and AI shares was determined as PLN 50.00 per share. The issue of series AH and AI shares took place through a private placement. The purpose of issuing series AH and AI shares as part of the authorised capital is to enable the Company to fulfil its obligations resulting from:

- 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 VII for Leszek Stankiewicz, Vice President of the Management Board, concerning 250 000 shares in Dom Development S.A. (see note 7.23).

On 8 February 2023:

- 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 AH shares was PLN 50.00 per share.
- Mr Leszek Stankiewicz 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 AI shares was PLN 50.00 per share,

and they were registered by the District Court for the capital city of Warsaw on 15 May 2023. Series AH and AI shares were registered by Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities) in the securities depository and introduced to stock exchange trading at the WSE main market on 14 June 2023.

COMPANY'S SHARE CAPITAL STRUCTURE AS AT 31 DECEMBER 2023

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
AE	Bearer	100 000	100 000	cash	02.03.2022	10.06.2022
AF	Bearer	50 000	50 000	cash	02.03.2022	10.06.2022
AG	Bearer	50 000	50 000	cash	26.01.2023	14.06.2023
AH	Bearer	50 000	50 000	cash	15.05.2023	14.06.2023
AI	Bearer	50 000	50 000	cash	15.05.2023	14.06.2023
Total		25 698 422	25 698 422			

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 2023

	Shares	% shares	Number of votes at the GSM	% votes at the GSM
Groupe Belleforêt S.à r.l.	14 140 441	55.02	14 140 441	55.02
PTE Allianz Polska S.A.*	2 501 493	9.73	2 501 493	9.73
Jarosław Szanajca	1 454 050	5.66	1 454 050	5.66

*) The shareholding by PTE Allianz Polska S.A. has been presented as per the notice dated 15.05.2023 and includes the shares held by Allianz OFE.

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 2023

	AS AT 31.12.2023				CHANGE FROM 31 DECEMBER 2022	
	Shares	Nominal value of shares (in PLN '000)	Share options	Shares and options, total	Shares	Share options
MANAGEMENT BOARD						
Jarosław Szanajca	1 454 050	1 454	-	1 454 050	-	-
Małgorzata Kolarska	285 066	285	-	285 066	(118 478)	-
Leszek Stankiewicz ^{*)} , ^{**)}	100 000	100	150 000	250 000	100 000	(100 000)
Mikołaj Konopka ^{*)}	170 061	170	50 000	220 061	31 080	(50 000)
Terry Roydon	58 500	59	-	58 500	-	-
SUPERVISORY BOARD						
Grzegorz Kiełpsz	1 280 750	1 281	-	1 280 750	-	-
Janusz Zalewski	300 000	300	-	300 000	-	-
Mark Spiteri	900	1	-	900	-	-
Anna Panasiuk	-	-	-	-	-	-
Edyta Wojtkiewicz	-	-	-	-	-	-
Philippe Bonavero	-	-	-	-	-	-
Dorota Podedworna-Tarnowska	-	-	-	-	-	-

^{*)} On 8 February 2023, Mr. Leszek Stankiewicz and Mr. Mikołaj Konopka were allotted 50 000 shares in Dom Development S.A. each in the exercise of the Company's share options. 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 15 May 2023.

^{**)} On 29 December 2022, the Management Board adopted a resolution on the allotment of new shares to Mr. Leszek Stankiewicz in the exercise of 50 000 share options. 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 26 January 2023, which is why the exercise of these options was disclosed in 2023.

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 2023.

7.16 SHARE PREMIUM

In the twelve-month period ended 31 December 2023, the value of the item *Share premium* changed by PLN 7 350 thousand as a result of the increase of the share capital, described in note 7.15.

The value of the share premium was PLN 271 559 thousand and PLN 264 208 thousand as at 31 December 2023 and 31 December 2022 respectively.

7.17 ADDITIONAL INFORMATION ON SHAREHOLDERS' EQUITY

As at 31 December 2023 and 31 December 2022 the Company's shares were not owned by any of its subsidiaries.

In the twelve-month period ended 31 December 2023 and 2022 the Company did not hold any treasury shares.

7.18 DIVIDEND AND PROFIT DISTRIBUTION

DIVIDEND FOR 2022

The Annual General Meeting of the Company resolved on 15 June 2023 to allocate the 2022 net profit of the Company to:

- payment of dividend to the shareholders of the Company in the amount of PLN 282 682 642.00, which corresponds to PLN 11.00 per share,
- increase of the Company's supplementary capital by PLN 91 001 662.08.

The dividend for 2022 was paid by the Company on 4 July 2023.

The dividend for 2021 in the amount of PLN 268 258 431.00 (i.e. PLN 10.50 per share) was paid on 16 August 2022.

INTERIM DIVIDEND FOR 2023

On 6 November 2023, based on the condensed interim financial statements of the Company for the six-month period ended 30 June 2023 audited by an independent statutory auditor, the Management Board of the Company decided to (and the Company's Supervisory Board of the Company consented to the same) distribute interim dividend for 2023 to the shareholders in the amount of PLN 141 341 321.00, i.e. PLN 5.50 per share.

The Management Board set the date of record for the 2023 interim dividend as 12 December 2023 and the interim dividend payment date as 18 December 2023. All the 25 698 422 of the Company's shares were eligible for interim dividend payment. The interim dividend was paid on 18 December 2023.

7.19 LOANS

DESCRIPTION OF MATERIAL CHANGES IN THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023

On 8 February 2023, PKO Bank Polski S.A. and Dom Development S.A. and Euro Styl S.A. entered into Annex no. 4 to the overdraft facility agreement, dated 27 July 2015, under which the loan amount was increased from PLN 150 000 thousand to PLN 200 000 thousand. Pursuant to the said agreement, Euro Styl S.A. may still use up to PLN 50 000 thousand of this credit limit. The term of the agreement was extended until 26 February 2027.

On 15 November 2023, ING Bank Śląski S.A. and Dom Development S.A. signed a facility agreement setting out the rules for Dom Development S.A. to use the credit limit up to a maximum amount of PLN 50 000 thousand until 14 November 2026, with the funds from the loan to be used for the financing of current business operations.

On 17 December 2023, an annex to the Multi-Currency Line Agreement was entered into by Bank Millennium S.A. and Dom Development S.A. As a result of the said annex, the amount of the facility was increased from PLN 40 000 thousand to PLN 60 000 thousand, and the period of availability of the credit limit was extended until 17 December 2024.

On 21 December 2023, VeloBank S.A. and Dom Development S.A. signed a facility agreement setting out the rules for Dom Development S.A. to use the credit limit up to a maximum amount of PLN 50 000 thousand until 30 November 2025, with the funds from the loan to be used for the financing of current business operations, excluding land purchase.

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

LOANS DUE WITHIN	31.12.2023	31.12.2022
Less than 1 year	-	50 000
More than 1 year and less than 2 years	-	-
More than 2 years and less than 5 years	-	-
Over 5 years	-	-
Total loans	-	50 000
of which: long-term	-	-
short-term	-	50 000

As at 31 December 2023 and 31 December 2022 all the loans held by the Company were expressed in Polish zloty.

BANK LOANS AS AT 31 DECEMBER 2023

Bank	Registered office	Loan amount as per agreement	Currency	Outstanding loan amount (net of interest)	Currency	Due date
PKO BP S.A.	Warsaw	200 000	PLN	-	PLN	26.02.2027
mBank S.A.	Warsaw	200 000	PLN	-	PLN	29.01.2027
Bank Millennium S.A.	Warsaw	60 000	PLN	-	PLN	17.12.2024
ING Bank Śląski S.A.	Katowice	50 000	PLN	-	PLN	14.11.2026
VeloBank S.A.	Warsaw	50 000	PLN	-	PLN	30.11.2025
Total bank loans				-		

CORE DETAILS CONCERNING CREDIT LINES HELD BY THE COMPANY

- Loan at PKO BP

Revolving loan in the credit facility account up to PLN 200 000 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 2023, no funds were drawn from this credit limit either by Dom Development S.A. or Euro Styl S.A.
- Loan at mBank

Revolving loan in the credit facility account up to PLN 200 000 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 2023, 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 60 000 thousand. As at 31 December 2023 Dom Development S.A. has not drawn any funds from the said credit limit.
- Loan at ING Bank Śląski

PLN overdraft facility up to PLN 50 000 thousand. As at 31 December 2023 Dom Development S.A. has not drawn any funds from the said credit limit.
- Loan at VeloBank

Revolving working capital loan up to PLN 50 000 thousand. As at 31 December 2023 Dom Development S.A. has not drawn any funds from the said credit limit.

The Company recognises the nominal value of the liability under *Loans*, and the interest accrued as at the balance sheet date is 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.

7.20 BONDS

BONDS	31.12.2023	31.12.2022
Nominal value of the bonds issued, long-term portion	470 000	260 000
Nominal value of the bonds issued, short-term portion	50 000	50 000
Nominal value of the bonds issued	520 000	310 000

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 ograniczoną odpowiedzialnością & Wspólnicy S.K.

Pursuant to the agreement, Dom Development S.A. may issue bonds with a total value of up to PLN 400 million, understood as the nominal value of all outstanding bonds. The limit of the Programme is renewable. In accordance with the agreement, bonds may be issued by the Company as various series by 17 November 2027.

- Agreement with mBank S.A.

Pursuant to the agreement entered into on 7 February 2023, 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. In accordance with the agreement, bonds may be issued by the Company in various series over the undefined period of time following the date of signing of the Issue Agreement. The limit of the Programme is renewable.

BONDS ISSUED AS AT 31.12.2023

Series	Issuer	Issue date	Amount	Currency	Maturity date
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
DOMDET5120526	Dom Development S.A.	12.05.2021	110 000	PLN	12.05.2026
DOMDEM1280928	Dom Development S.A.	28.09.2023	260 000	PLN	28.09.2028
Total			520 000		

The bonds remaining to be redeemed have been traded and quoted in the alternative trading system operated by Giełda Papierów Wartościowych w Warszawie S.A. (*Warsaw Stock Exchange*). The key terms of bond issue with a future maturity date can be found at:

<https://inwestor.domd.pl/pl/obligacje>

DESCRIPTION OF MATERIAL CHANGES IN THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2023

- New agreement with mBank S.A.

On 7 February 2023, the Management Board of Dom Development S.A. adopted a resolution according to which it agreed to establish by the Company a bond issue programme of Dom Development S.A. with a total value not exceeding PLN 400 million, understood as the nominal value of all issued and unredeemed bonds. Moreover, the Management Board of the Company consented for an issue agreement related to the said programme to be entered into by the Company and mBank S.A. with its registered office (the "Issue Agreement").

The Issue Agreement was entered into by the Company and mBank S.A. on 7 February 2023, wherein the bonds may be issued by the Company as various series for an unspecified period of time from the Issue Agreement date onwards. Bonds to be issued under the Programme will:

- be issued:

(a) as prescribed in Article 33(1) of the Bonds Act of 15 January 2015 (the "Bonds Act"), i.e. in a public offering of securities as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to

be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “Prospectus Regulation”), save for the obligation to publish a prospectus in accordance with Article 1(4)(a) or Article 1(4)(b) of the Prospectus Regulation; or

(b) as prescribed in Article 33(2) of the Bonds Act, i.e. in an offering other than the public offering of securities referred to in the Prospectus Regulation, addressed only to one investor;

- be ordinary unsecured bearer bonds;
- have maturity of up to 60 months;
- bear interest at a fixed or variable rate;
- be dematerialised (registered) on the issue date in the securities depository operated by Krajowy Depozyt Papierów Wartościowych S.A. (*National Depository for Securities*) under a condition that they are placed on the market in an alternative trading system operated by Giełda Papierów Wartościowych w Warszawie S.A. (*Warsaw Stock Exchange*) or registered in such a depository through an issuing agent and placed on the market in an alternative trading system operated by Giełda Papierów Wartościowych w Warszawie S.A. within a specified period from the issue date.

The Issue Agreement also provides for the possibility of concluding a guarantee agreement for each series of bonds issued under the Programme. Based on the said guarantee agreement mBank S.A. shall undertake to subscribe for a specific bond series under the programme on the terms set out in such agreement.

Also on 7 February 2023, Dom Development S.A. and mBank S.A. signed an Issuing Agent Agreement in connection with the issue of bonds under the programme with a value of up to PLN 400 million.

- Premature redemption for cancellation

On 21 September 2023, Dom Development S.A. prematurely redeemed for cancellation 10 500 unsecured bearer bonds, series DOMDET2091023, with a nominal value of PLN 1 000 each and maturing on 9 October 2023. The aggregate nominal value of the redeemed bonds is PLN 10 500 thousand. The redemption price per one bond was PLN 1 038.20. The total redemption price of the bonds was PLN 10 901 thousand.

- Bonds issue

On 28 September 2023, the Company issued 260 000 unsecured bearer bonds, series DOMDEM1280928, with the nominal value of PLN 1 000 each and the aggregate nominal value of PLN 260 000 thousand. The maturity date for these bonds is 28 September 2028. The issue value equals the nominal value of the bonds. The coupon rate for the DOMDEM1280928 series bonds is set at WIBOR 6M plus 1.55% margin. and will be paid semi-annually. No purpose for the bond issue was specified. The funds from the issue have been designated for current operations of the Company.

- Bond redemption on maturity

On 9 October 2023, the Company redeemed 39 500 bearer bonds, series DOMDET2091023, with the nominal value of PLN 1 000 each and the aggregate nominal value of PLN 39 500 thousand as maturing on this date.

7.21 ACCRUED INTEREST ON LOANS AND BONDS

ACCRUED INTEREST ON LOANS AND BONDS	31.12.2023	31.12.2022
Accrued interest on bonds	7 191	2 550
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	7 191	2 550

7.22 DEFERRED TAX ASSETS AND PROVISIONS

Deferred tax is the outcome of the following items:

Current year

DEFERRED TAX ASSETS AND PROVISIONS	Balance sheet - opening balance	Change in the period as recognised in the Income statement / Statement of comprehensive income	Balance sheet - closing balance
Deferred tax provision			
Foreign exchange differences	29	(28)	1
Accrued interest	587	(139)	448
Discounting of liabilities	1 635	(379)	1 256
Difference between the tax and accounting result on products sold, including provisions for costs	-	5 642	5 642
Capitalised financial costs	984	(984)	-
Valuation of financial assets	3 983	(2 712)	1 271
Lease	-	-	-
Other	-	-	-
Total deferred tax provision	7 218	1 400	8 618
Deferred tax assets			
Foreign exchange differences	258	(200)	58
Difference between the tax and accounting result on products sold, including provisions for costs	21 336	(21 336)	-
Inventory revaluation	8 956	(1 116)	7 840
Receivables revaluation write downs and other provisions	973	(147)	826
Provision for employee benefits	6 524	(839)	5 685
Provision for other costs	4 407	502	4 909
Financial costs	-	224	224
Discounted receivables	180	(35)	145
Valuation of financial assets	416	(90)	326
Tax loss possible to be settled	-	-	-
Other	-	655	655
Total deferred tax assets	43 050	(22 382)	20 668

Previous year

DEFERRED TAX ASSETS AND PROVISIONS	Balance sheet - opening balance	Change in the period as recognised in the Income statement / Statement of comprehensive income	Balance sheet - closing balance
Deferred tax provision			
Foreign exchange differences	-	29	29
Accrued interest	372	215	587
Discounting of liabilities	1 354	281	1 635
Difference between the tax and accounting result on products sold, including provisions for costs	-	-	-
Capitalised financial costs	1 988	(1 004)	984
Valuation of financial assets	1 745	2 238	3 983
Lease	-	-	-
Other	-	-	-
Total deferred tax provision	5 459	1 759	7 218
Deferred tax assets			
Foreign exchange differences	-	258	258
Difference between the tax and accounting result on products sold, including provisions for costs	692	20 644	21 336
Inventory revaluation	6 603	2 353	8 956
Receivables revaluation write downs and other provisions	727	246	973
Provision for employee benefits	3 646	2 878	6 524
Provision for other costs	4 740	(333)	4 407
Financial costs	-	-	-
Discounted receivables	-	180	180
Valuation of financial assets	-	-	-
Tax loss possible to be settled	416	-	416
Other	-	-	-
Total deferred tax assets	16 824	26 226	43 050
	01.01-31.12.2023	01.01-31.12.2022	
Change in the deferred tax provision resulting from the acquisition of subsidiaries, determined as of the date of the acquisition	-	-	
Deferred tax expense concerning income statement	26 353	(26 531)	
Deferred tax expense concerning other net comprehensive income	(2 571)	2 064	
	31.12.2023	31.12.2022	
Deferred tax asset shown in the balance sheet	12 050	35 832	
Deferred tax provision shown in the balance sheet, net	-	-	

7.23 LONG-TERM PROVISIONS

LONG-TERM PROVISIONS	31.12.2023	31.12.2022
Provision for repair costs, long-term portion	11 592	10 414
Provision for retirement benefits	318	235
Provision for disputes	-	-
Total	11 910	10 649

LONG-TERM PROVISIONS – CHANGES	31.12.2023	31.12.2022
Opening balance	10 649	12 645
Provisions created in the financial year	1 261	-
Provisions used/reversed in the financial year	-	(1 996)
Closing balance	11 910	10 649

7.24 OTHER LONG-TERM LIABILITIES

OTHER LONG-TERM LIABILITIES	31.12.2023	31.12.2022
Guarantee retentions, long-term portion	23 827	29 447
Other	34 960	28 031
Closing balance	58 787	57 478

7.25 LEASE LIABILITIES

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

- right-of-use of office space,
- rights of perpetual usufruct of land.

LEASE LIABILITIES	31.12.2023	31.12.2022
Lease liabilities, short-term portion, of which:	48 049	50 172
liabilities on account of perpetual usufruct right of land	42 856	45 204
liabilities on account of the right-of-use of office and other spaces	5 193	4 968
other	-	-
Lease liabilities, long-term portion, of which:	10 175	14 126
liabilities on account of the right-of-use of office and other spaces	10 175	14 126
other	-	-
Total	58 224	64 298

As estimated by the Management Board based on property development projects planned on specific land to which the Company held the perpetual usufruct right as at 31 December 2023, out of PLN 42 856 thousand of the land-related lease liabilities recognised as short-term, of which:

- PLN 4 029 thousand is payable by the Company within 12 months following the balance sheet date,
- PLN 6 240 thousand is payable by the Company later than 12 months following the balance sheet date,
- PLN 32 587 thousand is to be transferred to the respective buyers of units.

7.26 TRADE PAYABLES, TAX AND OTHER LIABILITIES

TRADE PAYABLES, TAX AND OTHER LIABILITIES	31.12.2023	31.12.2022
Trade payables, including guarantee retentions (short-term portion)	116 525	144 337
Tax liabilities	3 692	1 479
Accrued costs	147 630	127 641
Company Social Benefits Fund	300	291
Other liabilities	2 354	-
Total liabilities	270 501	273 748
Accrued costs structure:	147 630	127 641
- estate construction costs	120 719	94 048
- employee costs	17 347	24 578
- rent for office space	974	1 308
- other	8 590	7 707

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	31.12.2023	31.12.2022
Guarantee retentions, short-term portion	14 197	22 862
Guarantee retentions, long-term portion	23 827	29 447
Total guarantee retentions	38 024	52 309

7.27 SHORT-TERM PROVISIONS

SHORT-TERM PROVISIONS	31.12.2023	31.12.2022
Provision for repair costs, short-term portion	3 864	3 471
Retirement provision	64	102
Provision for disputes	11 839	14 064
Total	15 767	17 637

SHORT-TERM PROVISIONS – CHANGES	31.12.2023	31.12.2022
Opening balance	17 637	20 768
Provisions created in the financial year	6 122	9 741
Provisions used/reversed in the financial year	(7 992)	(12 872)
Closing balance	15 767	17 637

7.28 DEFERRED INCOME

DEFERRED INCOME	31.12.2023	31.12.2022
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement	976 152	910 646
Other	-	-
Total	976 152	910 646

7.29 BENEFITS AFTER EMPLOYMENT

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

7.30 FINANCIAL ASSETS AND LIABILITIES

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

FINANCIAL ASSETS AND LIABILITIES	31.12.2023	31.12.2022
FINANCIAL ASSETS		
Long-term receivables	5 009	6 512
Loans granted	462 337	-
Trade and other receivables	44 391	28 570
Receivables from related entities	6 307	4 624
Total loans and receivables	518 044	39 706
Other	-	-
Financial assets valued at their fair value through the income statement (designated for trading)	-	-
Cash in hand and at bank	7 356	16 845
Short-term deposits	26 748	167 233
Short-term financial assets	82 358	57 025
Maximum credit risk exposure	634 506	280 809
FINANCIAL LIABILITIES		
Loans	-	50 000
Own bonds issued	527 191	312 550
Trade payables, accrued and other liabilities	325 295	329 456
Lease liabilities	58 224	64 298
Financial liabilities valued at amortised cost	910 710	756 304

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

7.31 FINANCIAL RISK MANAGEMENT

The Company 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 Company'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 Company uses foreign currency derivatives (forward and swap) to hedge its significant F/X transactions.

As at 31 December 2023 and 31 December 2022, the Company 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 Company 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 Company does not have fixed rate loans or bonds. Currently, the Company 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 Company did not have fixed interest rate long-term financial instruments.

The interest rate risk is largely limited naturally by holding both financial liabilities and financial assets bearing variable interest rate. Interest rate risk exposure for bond debt is additionally 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 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	31.12.2023	31.12.2022
Financial assets	578 799	544 148
Financial liabilities	527 191	362 550
Net total	51 608	181 598

Interest bearing financial assets, i.e., bank deposits and loans granted, 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 2023 and 31 December 2022 assumes that all other variables remain unchanged.

Current year

INTEREST RATE SENSITIVITY	Income statement Increase by 100 bps	Income statement Decrease by 100 bps	Net assets Increase by 100 bp	Net assets Decrease by 100 bp
Variable interest rate assets	4 688	(4 688)	4 688	(4 688)
Variable interest rate liabilities *)	(3 416)	3 416	(3 416)	3 416
Net sensitivity	1 272	(1 272)	1 272	(1 272)

Previous year

INTEREST RATE SENSITIVITY	Income statement Increase by 100 bps	Income statement Decrease by 100 bps	Net assets Increase by 100 bp	Net assets Decrease by 100 bp
Variable interest rate assets	1 469	(1 469)	1 469	(1 469)
Variable interest rate liabilities *)	(979)	979	(979)	979
Net sensitivity	490	(490)	490	(490)

*) The financial costs which are related to loans and bonds are partly capitalised by the Company to work-in-progress. It has also been assumed in the above analysis that a portion of the financial costs accrued in a given period is 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, loans granted, trade receivables and other receivables constitute the Company's main financial assets, and represent its highest exposure to credit risk in relation to financial assets.

The Company'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.

The credit risk associated with the loans granted is limited as the parties to these transactions are only subsidiaries of the Company, over which the Company has day-to-day control. At the same time, these loans are secured on the borrowers' properties, the value of which (the profitability of development projects in progress or to be carried out in the future) is monitored by the Company on an ongoing basis.

In order to maintain the financial liquidity and the expected level of funds availability the Company 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 Company against the credit risk.

Credit risk is not highly concentrated in the Company. 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 Company, 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 7.11 *Trade and other receivables*.

LIQUIDITY RISK

The liquidity risk is the risk that the Company will not be able to pay its financial liabilities when they become due. The Company'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 Company's reputation.

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

Current year

MATURITY STRUCTURE FOR LIABILITIES	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	Total
Loans	-	-	-	-	-
Own bonds issued	13 491	64 777	125 928	422 228	626 424
Trade and other payables	257 442	11 850	46 768	9 235	325 295
Lease liabilities	6 682	2 653	8 708	40 181	58 224
Total	277 615	79 280	181 404	471 644	1 009 943

Previous year

MATURITY STRUCTURE FOR LIABILITIES	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	Total
Loans	50 011	-	-	-	50 011
Own bonds issued	7 363	56 769	62 251	220 746	347 129
Trade and other payables	268 322	3 656	38 304	19 174	329 456
Lease liabilities	2 538	2 538	8 486	50 736	64 298
Total	328 234	62 963	109 041	290 656	790 894

*) Lease liabilities also include those for more than 5 years.

The Company manages its liquidity mostly by:

- short-, medium- and long-term planning of cash flow based on regularly updated operational and financial forecasts; detailed short-term plans are updated at least once a month,
- selection of appropriate financing sources on the basis of analysis of the Company 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 Company.

For the years ended 31 December 2023 and 2022 the return on equity (calculated as net profit to the annual average value of shareholders' equity) amounted to 32.4% and 29.0%, respectively. In that period, the average weighted cost of interest on the Company's debt amounted to 5.4% in 2023 and 4.2% in 2022.

As at 31 December 2023 and 2022 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 30.0% and 9.0% respectively.

The Company does not have in place a defined plan of buy-out of the treasury shares.

The Company is not a subject to any external capital requirements, except for the legal regulations of the Code of Commercial Companies.

7.32 EARNINGS PER SHARE

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01.-31.12. 2023	01.01.-31.12. 2022
BASIC EARNINGS PER SHARE		
Profit for calculation of the basic earnings per share	441 114	373 684
The weighted average number of ordinary shares for the calculation of basic earnings per share	25 657 874	25 523 354
Basic earnings per share (in PLN)	17.19	14.64
DILUTED EARNINGS PER SHARE		
Profit for calculation of the diluted earnings per share	441 114	373 684
Potential diluting shares related to the Management Share Option Programmes	114 132	54 796
The weighted average number of ordinary shares for the calculation of diluted earnings per share	25 772 006	25 578 150
Diluted earnings per share (in PLN)	17.12	14.61

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

7.33 INCOME TAX

INCOME TAX	01.01-31.12.2023	01.01-31.12.2022
Current income tax	(42 512)	(89 544)
Deferred tax	(26 353)	26 531
Total	(68 865)	(63 013)

The corporate income tax payables of the Company were PLN 10 462 thousand as at 31 December 2023. As at 31 December 2022, the Company's liability in that regard amounted to PLN 63 990 thousand.

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 Company is presented in the table below.

RECONCILIATION	01.01-31.12.2023	01.01-31.12.2022
Profit before tax	509 979	436 697
As per 19% tax rate	96 896	82 972
Permanent differences not subject to the current and deferred tax in the financial statements (except for cost of the management options)	1 578	1 298
Tax effect of management options permanently not being a tax deductible cost	665	1 025
Dividends received	(30 274)	(22 282)
Other	-	-
Actual income tax expense	68 865	63 013
Effective tax rate (in%)	13.50	14.43

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 different government authorities and between government authorities and businesses.

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 Company's tax policies 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.

7.34 SEGMENT REPORTING

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

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

- the Warsaw segment
- the Tricity segment
- the Wroclaw segment
- the Cracow segment

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

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

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

7.35 SALES REVENUE AND COST OF SALES

ANALYSIS OF SALES REVENUE AND COST OF SALES	01.01-31.12.2023	01.01-31.12.2022
Sales of finished goods	1 387 792	1 301 776
Sales of services	99 028	26 311
Sales of goods (land)	1 000	86 617
Sales revenue, total	1 487 820	1 414 704
Cost of finished goods sold	(921 919)	(893 645)
Cost of services sold	(74 750)	(13 337)
Cost of goods sold	(1 049)	(33 041)
Inventory write down to the net realisable value	(1 777)	(12 384)
Cost of sales, total	(999 495)	(952 407)
Gross profit on sales	488 325	462 297

7.36 COSTS BY TYPE

OPERATING COSTS	01.01-31.12.2023	01.01-31.12.2022
Cost of sales	(999 495)	(952 407)
Selling costs	(50 283)	(45 437)
General administrative expenses	(96 177)	(96 378)
Total	(1 145 955)	(1 094 222)
Costs by type		
Depreciation	(12 429)	(11 063)
Cost of materials and energy	(253 360)	(384 892)
External services	(895 089)	(687 808)
Taxes and charges	(7 682)	(6 759)
Payroll costs	(69 698)	(73 752)
Other expenses	(3 472)	(3 619)
Goods and materials sold	(1 049)	(33 041)
Change in inventory of products and work in progress	90 813	101 921
Cost of services and products for own use	6 011	4 791
Total	(1 145 955)	(1 094 222)

7.37 PAYROLL COSTS AND EMPLOYMENT

AVERAGE EMPLOYMENT (including the executives)	01.01-31.12.2023	01.01-31.12.2022
Individual personnel categories (number of staff)	191	193
White-collar workers	191	193
Blue-collar workers	-	-

PAYROLL COSTS (including the executives)	01.01-31.12.2023	01.01-31.12.2022
Payroll costs		
Payroll costs, of which:	61 069	65 884
- cost of share-based payments (note 7.44)	3 501	5 393
Social security and other benefits	8 629	7 868
Payroll costs, total	69 698	73 752

7.38 OTHER OPERATING INCOME

OTHER OPERATING INCOME	01.01-31.12.2023	01.01-31.12.2022
Revenues from contractual penalties, arrangements and compensations	1 168	327
Reversed provision for costs and claims	2 746	7 212
Gain on disposal of non-financial fixed assets	427	-
Other	7 388	368
Total	11 729	7 907

7.39 OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES	01.01-31.12.2023	01.01-31.12.2022
Provision for and costs of penalties and arrangements	1 113	162
Donations	4 846	1 734
Provision for other costs	618	4 786
Bad debt written down	7 076	1 327
Cost of repairs and defects (including change in provision)	5 658	3 342
Costs of discontinued projects	-	-
Costs associated with the acquisition of subsidiaries	-	3 264
Other	368	4 426
Total	19 679	19 041

7.40 FINANCIAL INCOME

FINANCIAL INCOME	01.01-31.12.2023	01.01-31.12.2022
Interest on bank deposits and borrowings	45 848	25 553
Dividends received	159 337	117 276
Revenue from discounting receivables and payables	504	1 480
Other interest	351	510
Valuation of CAP hedging instruments	-	152
Other	2 507	-
Total	208 547	144 971

7.41 FINANCIAL COSTS

FINANCIAL COSTS	01.01-31.12.2023	01.01-31.12.2022
Interest on loans and bonds (non-capitalised part of interest)	21 922	13 469
Other interest	163	207
Commissions and fees	1 928	1 007
Cost from discounting receivables and payables	2 311	946
Lease financial costs	751	839
Foreign exchange differences	-	1 012
Valuation of financial instruments (CAP options)	1 345	-
Loss on investments sold	-	-
Other	4 063	142
Total	32 483	17 622

7.42 INTEREST COST

INTEREST COST	01.01-31.12.2023	01.01-31.12.2022
Financial costs (interest) capitalised under work in progress	1 022	2 434
Financial costs (interest) disclosed in the income statement	22 085	13 676
Total interest costs	23 107	16 110

The financial costs incurred as a result of the financing of Company's 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. The financial costs that were not incurred to finance development projects are recognised directly in the income statements.

7.43 TRANSACTIONS WITH RELATED ENTITIES

In the twelve-month periods ended 31 December 2023 and 2022, the Company was a party to transactions with related entities, as listed below. Descriptions of the transactions have been presented in the tables below.

DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES:	01.01-31.12.2023	01.01-31.12.2022
Consulting services		
Hansom Property Company Limited	1 889	1 678
M & M Usługi Doradcze M. Kolarski	37	197
Purchase of real properties		
Dom Development Grunty sp. z o.o.	-	9 987
Cooperation Agreements		
Dom Development Wrocław sp. z o.o.	55	22
Dom Development Kraków sp. z o.o.	78	20
Euro Styl S.A.	11	7
Technical infrastructure consultancy Rafał Kierski	3 859	1 380
Other		
Dom Construction sp. z o.o.	457	1 018
Construction services		
Dom Construction sp. z o.o.	692 291	445 376

DOM DEVELOPMENT S.A. AS A SELLER OF GOODS OR SERVICES:	01.01-31.12.2023	01.01-31.12.2022
Cooperation Agreements		
Dom Development Kraków 1 sp. z o.o.	3	-
Dom Development Grunty sp. z o.o.	24	24
Euro Styl S.A.	4 924	3 764
Euro Styl Construction sp. z o.o.	50	27
Dom Land sp. z o.o.	17	16
Dom Development Wrocław sp. z o.o.	3 770	3 039
Dom Construction sp. z o.o.	18 675	11 333
Dom Development Kredyty sp. z o.o.	856	399
Dom Development Kraków sp. z o.o.	3 217	2 077
Dom Development Kraków 21 sp. z o.o. sp. k.	-	373
Dom Development Kraków 12 sp. z o.o.	21	9
Dom Development Kraków 2 sp. z o.o.	-	7
Buma Contractor 1 sp. z o.o.	-	19
Issogne sp. z o.o.	18	3
Mirabelle Investments sp. z o.o.	16	15
Sento S.A.	-	460
Other		
Nestobud sp. z o.o.	-	4



DOM DEVELOPMENT S.A. AS A LENDER:	01.01-31.12.2023	01.01-31.12.2022
Borrowing provided		
Issogne sp. z o.o.	28 000	-
Dom Development Wrocław sp. z o.o.	90 000	125 000
Euro Styl S.A.	77 767	90 000
Sento S.A. (w tym Sento 22 sp. z o.o.)	-	19 000
Dom Development Kraków sp. z o.o.	160 183	90 200
Loan repaid		
Issogne sp. z o.o.	(28 000)	-
Dom Development Wrocław sp. z o.o.	(50 000)	(10 000)
Euro Styl S.A.	(48 517)	(108 000)
Sento S.A. (w tym Sento 22 sp. z o.o.)	-	(108 380)
Dom Development Kraków sp. z o.o.	(69 483)	(21 350)
Dom Development Kraków 12 sp. z o.o.	-	(8 050)
Interest received on the net borrowing		
Issogne sp. z o.o.	414	-
Dom Development Wrocław sp. z o.o.	14 376	6 227
Euro Styl S.A.	10 273	2 896
Sento S.A. (w tym Sento 22 sp. z o.o.)	-	4 932
Dom Development Kraków sp. z o.o.	12 956	2 760
Dom Development Kraków 12 sp. z o.o.	-	673

DOM DEVELOPMENT S.A. AS A CONTRIBUTOR OF SHARE CAPITAL TO SUBSIDIARIES:	01.01-31.12.2023	01.01-31.12.2022
--	-------------------------	-------------------------

Refund of additional contribution to the share capital		
Dom Development Wrocław sp. z o.o.	(15 200)	(28 000)

Share capital contributions and additional contributions to the share capital of the subsidiaries are recognised in the Company's balance sheet under *Investments in subsidiaries, associates and jointly controlled entities*.

DOM DEVELOPMENT S.A. AS A BUYER OF SHARES FROM SUBSIDIARIES:	01.01-31.12.2023	01.01-31.12.2022
---	-------------------------	-------------------------

Acquisition of shares in Sento S.A.		
Dom Development Kraków sp. z o.o.	-	2 196

DOM DEVELOPMENT S.A. AS A PAYER OF PREPAYMENTS:	01.01-31.12.2023	01.01-31.12.2022
--	-------------------------	-------------------------

(Net) prepayment transferred for the purchase of land		
Dom Development Grunty sp. z o.o.	-	(9 871)
Dom Land sp. z o.o.	-	10 938

DOM DEVELOPMENT S.A. AS RETENTIONS CLEARING PARTY:	01.01-31.12.2023	01.01-31.12.2022
---	-------------------------	-------------------------

Guarantee retentions		
Dom Construction sp. z o.o.	2 888	4 252

DOM DEVELOPMENT S.A. AS A DIVIDEND PAYER:	01.01-31.12.2023	01.01-31.12.2022
--	-------------------------	-------------------------

Dividend paid		
Groupe Belleforêt S.à r.l	233 317	148 637

DOM DEVELOPMENT S.A. AS A DIVIDEND RECIPIENT:	01.01-31.12.2023	01.01-31.12.2022
Dividend received		
Euro Styl S.A.	131 364	79 183
Dom Construction sp. z o.o.	16 856	33 859
Dom Development Wrocław sp. z o.o.	-	-
Dom Development Kredyty sp. z o.o.	801	4 234
Dom Development Kraków 12 sp. z o.o.	11 584	-

BALANCES WITH RELATED ENTITIES – balances as in the books of the Company	31.12.2023	31.12.2022
Receivables from related entities		
Total balance	516 950	368 713
Subsidiaries	500 444	354 667
Dom Development Kraków 12 sp. z o.o.	13	-
Dom Development Kraków 1 sp. z o.o.	3	-
Dom Development Wrocław sp. z o.o. additional contributions to the share capital	31 800	47 000
Dom Development Wrocław sp. z o.o. loans granted	180 000	140 000
Dom Development Wrocław sp. z o.o.	1 007	1 326
Euro Styl S.A. loans granted	119 250	90 000
Euro Styl S.A.	1 223	1 721
Euro Styl Construction sp. z o.o.	3	6
Dom Development Kredyty sp. z o.o.	235	175
Dom Construction sp. z o.o.	2 859	655
Issogne sp. z o.o.	-	3
Sento S.A.	-	53
Dom Development Kraków sp. z o.o. loans granted	163 087	73 045
Dom Development Kraków sp. z o.o.	964	607
Dom Development Kraków 21 sp. z o.o. sp. k.	-	62
Dom Development Kraków 2 sp. z o.o. sp. k.	-	9
Nestobud sp. z o.o.	-	5
Other entities	16 506	14 046
Dom Land sp. z o.o.	13 554	13 554
Technical infrastructure consultancy Rafał Kierski	2 952	492

BALANCES WITH RELATED ENTITIES – balances as in the books of the Company	31.12.2023	31.12.2022
Liabilities to related entities		
Total balance	83 407	70 490
Subsidiaries	83 277	70 069
Dom Development Wrocław sp. z o.o.	-	-
Dom Construction sp. z o.o.	79 434	65 164
Dom Construction sp. z o.o. retentions	2 575	4 905
Dom Development Kraków 12 sp. z o.o.	1 268	-
Other entities	130	421
Hansom Property Company Limited	130	135
Woodsford Consulting Limited	-	145
Technical infrastructure consultancy Rafał Kierski	-	141

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

7.44 COMPANY'S SHARE OPTIONS

INCENTIVE PLAN – MANAGEMENT OPTION PROGRAMMES

As at 31 December 2023 there were two active Management Option Programmes adopted as part of the Incentive Scheme for the executives in the Company.

MANAGEMENT OPTION PROGRAMMES	31.12.2023			31.12.2022		
	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)
Programme V	250 000	250 000	200 000	250 000	250 000	150 000
Programme VII *)	250 000	250 000	100 000	250 000	250 000	50 000

*) As at 31 December 2022, 50 000 share options have been exercised under Programme VII, in respect of which shares were registered by the District Court for the Capital City of Warsaw on 26 January 2023 (see note 7.15).

Active management option programmes at 31 December 2023

- 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.

- Management Option Programme VII

On 4 October 2022, the Supervisory Board of the Company acting pursuant to the authorisation granted by the Annual General Shareholders' Meeting of the Company, passed a resolution concerning the acceptance of the Rules for Management Option Programme VII regarding allotment of 250 000 shares in Dom Development S.A. to Mr Leszek Stankiewicz, Vice President of the Management Board – Chief Financial Officer ("Programme VII"). Under Programme VII, Mr Leszek Stankiewicz 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 calendar year, starting from 2022, and the non-exercised options may be exercised at a later time, however not later than by 31 December 2032.

Grant of new share options under the management option programme

In the twelve-month period ended 31 December 2023 the Company did not grant any new share options.

Exercise of share options under the management option programme

On 8 February 2023, Ms Małgorzata Kolarska exercised her share options in the Company by exercising her rights under subscription warrants and subscribing for 100 000 shares, as described in note 7.15.

Expiry of share options under the management option programme

In the twelve-month period ended 31 December 2023 no share options expired.

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

SHARE OPTIONS		01.01-31.12.2023	01.01-31.12.2022
Unexercised options – opening balance	Number of options	300 000	250 000
	Total exercise price	15 000	11 000
Options granted in the period	Number of options	-	250 000
	Total option exercise value	-	12 500
Options expired in the period	Number of options	-	-
	Total option exercise value	-	-
Options exercised in the period *)	Number of options	100 000	200 000
	Total option exercise value	5 000	8 500
	Weighted average exercise price per share (PLN per share)	50.00	42.50
	Number of options	200 000	300 000
Unexercised options – closing balance	Total exercise price	10 000	15 000
	Number of options	100 000	150 000
Exercisable options – opening balance	Total exercise price	5 000	6 000
	Number of options	-	-
Exercisable options – closing balance	Total exercise price	-	-
	Number of options	-	-

*) Options exercisable within the twelve-month period ended 3 December 2022 also include options for 50 000 AG series shares, which were not registered by the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register until 31 December 2022. The AG series shares were registered by the aforementioned court on 26 January 2023, as described in note 7.15.

COST OF MANAGEMENT OPTION PROGRAMMES ACCOUNTED FOR IN THE INCOME STATEMENT AND THE SHAREHOLDERS' EQUITY

In the twelve-month periods ended 31 December 2023 and 2022 the amounts of PLN 3 501 thousand and PLN 5 393 thousand respectively, for the management options granted were accounted for in the income statement and in the supplementary capital.

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

Remuneration for key executives	01.01-31.12.2023	01.01-31.12.2022
MANAGEMENT BOARD		
Remuneration	12 660	16 613
Non-pay benefits	183	230
Total remuneration	12 843	16 843
SUPERVISORY BOARD		
Remuneration	1 384	1 322
Non-pay benefits	47	67
Total remuneration	1 431	1 389

The cost of management option programme that accounted for PLN 3 501 thousand and PLN 5 393 in the years ended 31 December 2023 and 2022, respectively, have not been disclosed in the table above.

The composition of the Management Board and the Supervisory Board as at 31 December 2023 has been presented in note 7.49.

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

Members of the Company's Management Board are remunerated on the basis of resolutions of the Supervisory Board.

No member of the Company's Management Board is entitled to compensation if they resign from their position. In accordance with the resolutions of the Supervisory Board, the following Management Board members: Jarosław Szanajca, 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.

7.46 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES	31.12.2023	31.12.2022
Guarantees	17 917	21 359
Sureties	12 651	6 571
Total	30 568	27 930

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

COLLATERALS FOR LIABILITIES	31.12.2023	31.12.2022
Promissory notes, including:		
- promissory notes as other security	3 900	3 900
- promissory notes as a security for lease agreements	-	-
Total	3 900	3 900

In the twelve-month period ended 31 December 2023 the Company did not provide any guarantees for loans or borrowings, nor any other guarantees – jointly to one entity or its subsidiary, the value of which would be material for the Company or would amount to at least 10% of the Company's shareholders' equity.

7.47 MATERIAL COURT CASES AS AT 31 DECEMBER 2023

As at 31 December 2023 the Company was not a party to any material court cases.

7.48 APPROVAL OF THE FINANCIAL STATEMENTS FOR 2022

On 15 June 2023, 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 2022, the Management Board's report of activities of Dom Development S.A. and its Capital Group in 2022, and the consolidated financial statements of Dom Development S.A. Capital Group for the year ended on 31 December 2022, 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 2022.

7.49 CHANGES TO THE COMPOSITION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF THE COMPANY

MANAGEMENT BOARD

On 15 September 2023, the Company received a statement of resignation by Ms Małgorzata Kolarska from the position of Member and Vice-President of the Management Board of the Company for personal reasons, effective as of 31 December 2023.

On 20 September 2023, the Supervisory Board of the Company, acting pursuant to Article 6.2.2 of the Company's Articles of Association, appointed Ms Monika Perekitko as a Member of the Management Board of the Company for a joint three-year term of office, effective as of 1 January 2024. Ms Monika Perekitko has been involved in the property development market since 2004, and since 2011 she has been a person responsible for the creation and operations of a major property developer on the Polish market, in the capacity of a Member of its Management Board.

As at 31 December 2023 the Management Board of Dom Development S.A. was composed of 5 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

SUPERVISORY BOARD

The following changes in the composition of the Supervisory Board of the Company took place in the twelve-month period ended 31 December 2023.

On 12 May 2023, Mr Marek Moczulski, Member and Vice Chairman of the Company's Supervisory Board and Mr Krzysztof Grzyliński, Member of the Company's Supervisory Board, resigned from their positions on the Supervisory Board, with effect from 15 June 2023.

As of 14 June 2023, Mr Markham Dumas, Member of the Company's Supervisory Board, resigned from his position of Member of the Company's Supervisory Board.

As of 15 June 2023, a shareholder holding at least 50.1 % of the Company's shares appointed Mr Philippe Bonavero for a joint three-year term of office as a Member of the Company's Supervisory Board.

On 15 June 2023, the Annual General Meeting of Dom Development S.A. appointed Ms Edyta Wojtkiewicz and Ms Anna Maria Panasiuk to the Supervisory Board of the Company for a joint three-year term of office.

Moreover, on 15 June 2023, the Supervisory Board of the Company appointed Dorota Podedworna-Tarnowska, an existing Member of the Supervisory Board, as Vice Chairperson of the Supervisory Board.

As at 31 December 2023, the Supervisory Board of Dom Development S.A. was composed of 7 members:

Grzegorz Kiełpsz, Chairman of the Supervisory Board
 Janusz Zalewski, Vice Chairman of the Supervisory Board
 Dorota Podedworna-Tarnowska, Vice Chairwoman of the Supervisory Board (Independent Member)
 Mark Spiteri, Member of the Supervisory Board
 Philippe Bonavero, Member of the Supervisory Board
 Edyta Wojtkiewicz, Member of the Supervisory Board (Independent Member)
 Anna Maria Panasiuk, Member of the Supervisory Board (Independent Member).

7.50 ADDITIONAL INFORMATION ON THE OPERATING ACTIVITY OF THE COMPANY

In the twelve-month period ended 31 December 2023 the following material changes in the portfolio of the Company's ongoing development investments in the Warsaw market took place:

DEVELOPMENT PROJECTS COMMENCED FROM 1 JANUARY 2023 UNTIL 31 DECEMBER 2023:

PROJECT	LOCATION	NUMBER OF APARTMENTS AND RETAIL UNITS
Osiedle Urbino, stage 2	Warsaw	180
Osiedle Jagiellońska, stage 2	Warsaw	137
Osiedle Jagiellońska, stage 3	Warsaw	45
Q1 2023		362
Osiedle Przystanek Międzylesie, stage 2	Warsaw	108
Apartamenty Białej Koniczyny, stage 2	Warsaw	71
Osiedle Przy Alejach, stage 1	Warsaw	122
Osiedle Urbino, stage 2 phase 1	Warsaw	139
Q2 2023		440
Dzielnica Mieszkaniowa Metro Zachód, stage 11 phase 3	Warsaw	89
Osiedle Przy Ryżowej, phase 1	Warsaw	151
Osiedle Wilno VII, phase 1	Warsaw	60
Osiedle Wilno VII, phase 2	Warsaw	126
Apartamenty Literacka, phase 1	Warsaw	100
Q3 2023		526
Osiedle Przy Ryżowej, phase 2	Warsaw	257
Osiedle Harmonia Mokotów, phase 1	Warsaw	157
Q4 2022		414
TOTAL		1 742

DEVELOPMENT PROJECTS COMPLETED FROM 1 JANUARY 2023 UNTIL 31 DECEMBER 2023:

PROJECT	LOCATION	NUMBER OF APARTMENTS AND RETAIL UNITS
Osiedle Bokserska 71	Warsaw	234
Osiedle Ceramiczna	Warsaw	346
Dzielnica Mieszkaniowa Metro Zachód, stage 11 phase 2	Warsaw	88
Q1 2023		668
Dom na Służewcu (Kłobucka)	Warsaw	108
Q2 2023		108
None	Warsaw	-
Q3 2023		-
Apartamenty Ludwiki, phase 1	Warsaw	105
Apartamenty Ludwiki, phase 2	Warsaw	327
Apartamenty Solipska, phase 1	Warsaw	96
Apartamenty Solipska, phase 2	Warsaw	91
Metro Zachód 4, phase 1	Warsaw	110
Metro Zachód 4, phase 2	Warsaw	172
Metro Zachód 11, phase 1	Warsaw	148
Osiedle Przystanek Międzyzlesie, phase 1	Warsaw	110
Q4 2023		1 159
TOTAL		1 935

Moreover, in the twelve-month period ended 31 December 2023, Dom Development S.A. Capital Group, through its subsidiaries, carried out development projects in the Wroclaw, Tricity and Cracow markets.

INFORMATION ON DELIVERIES OF RESIDENTIAL AND RETAIL UNITS

Number of residential and retail units delivered to customers in the twelve-month period ended 31 December 2023 has been presented in the following table:

NUMBER OF APARTMENTS AND RETAIL UNITS DELIVERED	2023	2022
Q1	907	829
Q2	181	465
Q3	136	241
Q3	704	386
Total	1 928	1 921

7.51 MATERIAL POST-BALANCE SHEET EVENTS

EXERCISE OF COMPANY'S SHARE OPTIONS

On 24 January 2024, the Management Board resolved to increase Company's share capital by issuing 50 000 series AJ ordinary bearer shares with PLN 1.00 nominal each and 50 000 series AK ordinary bearer shares with PLN 1.00 nominal each. The issue price for series AJ and AK shares was set as PLN 50.00 per share. Series AJ and AK shares will be issued in a private placement, as part of the authorised capital, with the purpose to enable the Company to fulfil its obligations resulting from:

- Management Option Programme V for Mikołaj Konopka, Member of the Management Board, concerning 250 000 shares in Dom Development S.A. (see note 7.44).
- Management Option Programme VII for Leszek Stankiewicz, Vice President of the Management Board, concerning 250 000 shares in Dom Development S.A. (see note 7.44).

On 8 February 2024, the Management Board adopted a resolution on the allotment of new shares to Mr Leszek Stankiewicz in the exercise of 50 000 share options and the allotment of new shares to Mr Mikołaj Konopka in the exercise of 50 000 share options. 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 13 February 2024, i.e. after the balance sheet date.

7.52 FORECASTS

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

7.53 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 2023 and 2022 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 2023 and 31 December 2022 broken up by services, has been presented below:

Description	01.01-31.12.2023	01.01-31.12.2022
Parent company	542	420
- Financial statements audit	417	260
- Review of semi-annual financial statements	91	130
- Assessment of the report on remuneration for management board and supervisory board in 2021-2022	34	30
Subsidiaries of the Capital Group	504	523
- Financial statements audit	401	423
- Review of semi-annual financial statements	103	100
- Other services	-	-
Total	1 046	943

Remuneration for auditing financial statements in 2023 also includes the fee for auditing the Company's separate condensed financial statements for the six-month period ended 30 June 2023 in the amount of PLN 125 thousand.

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 7 000 per year. This cost is borne by Groupe Belleforêt S.à r.l., and is not included in the above list.

7.54 SELECTED FINANCIAL DATA TRANSLATED INTO EURO

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

SELECTED DATA FROM THE BALANCE SHEET	31.12.2023 in EUR '000	31.12.2022 in EUR '000
Total current assets	527 817	473 102
Total assets	758 316	663 560
Total shareholders' equity	314 665	288 073
Long-term liabilities	126 695	72 977
Short-term liabilities	316 955	302 510
Total liabilities	443 651	375 487
PLN/EUR exchange rate as at the balance sheet date	4.3480	4.6899



SELECTED DATA FROM THE INCOME STATEMENT	01.01-31.12.2023	01.01-31.12.2022
	in EUR '000	in EUR '000
Sales revenue	328 553	301 753
Gross profit on sales	107 836	98 607
Operating profit	73 738	65 983
Profit before tax	112 618	93 146
Net profit	97 411	79 706
<i>Average PLN/EUR exchange rate for the reporting period</i>	4.5284	4.6883