

DOM DEVELOPMENT S.A. CAPITAL GROUP

# MANAGEMENT BOARD'S REPORT OF ACTIVITIES IN 2023





# DOM DEVELOPMENT S.A. CAPITAL GROUP IN 2023:

## SOLID AND STABLE FINANCIAL RESULT

### PLN 460 m

Consolidated net profit  
of the Group

2022: PLN 410 m

## IN CHALLENGING TIMES WE'RE MAINTAINING A HIGH MARGIN

### 32%

Gross margin  
on sales

2022: 31%

## CONSISTENTLY SOUND BALANCE SHEET

### PLN 389 m

Net cash

31.12.2022 PLN 374 m

## HIGH POTENTIAL OF OUR RESULTS

### PLN 1.7 b

Deferred income

31.12.2022 PLN 1.6 b

## THE LEADER OF POLAND'S HOUSING MARKET

### 4 markets

Warsaw, Tricity,  
Cracow and Wroclaw

Our strong presence in the Cracow market in 2023 made the Group operate in 4 most attractive agglomerations in Poland.

### 3 906

Units sold in 2023  
on the retail market

Demand for housing remained strong, with the growing share of purchases financed by mortgage loans.

### 6 705

Units under  
construction  
31.12.2023

Our development projects are delivered on time and in top quality.

### 71 pts

NPS – Net Promoter Score in  
2023

As the Group strengthens its presence in the Cracow market we endorse the top quality of our projects, customer service and organisation.

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# LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD OF DOM DEVELOPMENT S.A.



Dear Ladies and Gentlemen,

It is with great pleasure and a great deal of satisfaction that I present to you the report on the activities of Dom Development Group in 2023. With housing demand clearly on the rise again, our organisation – as a developer with an established position, strong brand, customer trust and with an attractive offer – was, and continues to be, well-placed to achieve excellent results. Through our hard work we were able to effectively take advantage of the market conditions and opportunities that the previous year presented. I kindly invite you to read the information highlighting the effects of our work in 2023.

## ANOTHER YEAR OF RECORDS

In many respects, 2023 was a record year for the Dom Development Group. We delivered the largest ever number of units in one year - 3 831 units, i.e., 165 more than in 2022, which was previously the best year in this respect. This translated positively into the level of recognised revenue and financial results. In 2023, we generated a record high net profit of PLN 460 million.

The dividend was also the highest ever paid out by Dom Development. Our Company has been sharing its profits with its Shareholders continuously since its début on the Warsaw Stock Exchange in 2006. Last year, Shareholders received a total of approximately PLN 424 million, including almost PLN 283 million (PLN 11.00 per share) in the form of dividends for 2022 and over PLN 141 million (PLN 5.50 per share) as interim dividend for 2023. Over the 18 years we have been listed on the Warsaw Stock Exchange, our Shareholders have received a total of almost PLN 2.2 billion

Our mission is to help our customers fulfil their dreams of owning their own homes – and it is their satisfaction and peace of mind that continues to drive us forward. We are proud to report that in 2023, with the record number of units handed over to buyers, we also obtained a very high Net Promoter Score (NPS) of 71 points. This is the highest ever value of this indicator since we began regularly surveying out customers' satisfaction.

## LEADING POSITION IN FOUR MOST PROSPEROUS AGGLOMERATIONS

Last year, we solidified our position as the leader of the housing market in Poland, selling 3 906 net units, i.e., 26% more than in 2022, when net sales amounted to 3 093 units (excluding transactions in the PRS segment). The sales result of Dom Development Group in 2023 was also more than 1 000 units higher than the sales to retail customers achieved in this period by the second largest player on the Polish market.

The most significant increases were recorded in Cracow, where our operations are relatively new. In 2023, we sold more than twice as many apartments there as a year before, and in doing so, became one of the top developers in this market. We also strengthened our position in Wroclaw, where we recorded an increase in sales by over 80%. Euro Styl, one of the Group's companies operating in Tricity, also performed very well and increased sales of units by 40% compared to 2022. Owing to a significant segment of our offer having been successfully sold out in previous periods, sales stabilised in our largest market, Warsaw, where we have held the largest market share for many years.

## STRONG DEMAND AND LAGGING SUPPLY

2023 was a period of a clear recovery in housing demand, with a growing share of purchases financed by mortgage loans, largely driven by the easing of criteria for calculating creditworthiness by the Polish Financial Supervision Authority, the announcement and subsequent introduction of the Safe 2% Mortgage programme, as well as the first interest rate cuts, following the cycle of increases in 2021-2022.

In 2023, approximately 41% of all Dom Development Group's transactions were purchases financed with a mortgage loan, compared to about 30% in 2022. Despite a significant increase in the proportion of flat purchases financed by loans, cash transactions continue to account for over half of the Company's sales (59% in 2023).



This demonstrates the continually high level of investment transactions. The basic component of Dom Development Group's offer are upper-standard apartments, and investment in this type of real estate is perceived to be a safe haven for capital.

The main issue within the housing market in 2023 was the shortage of supply, which, when combined with strong demand, contributed to a further increase in housing prices. In the largest agglomerations, these prices saw rates of increase in double-digits. The stock to-sales ratio was historically low, however, and indicated market imbalance. It is a general rule in the sector to have offers corresponding to the volume of sales over 4 to 5 quarters, whereas in Warsaw or Cracow it was lower by about a half.

### LARGE, ATTRACTIVE LAND BANK

Through our hard work we were able to effectively take advantage of the market conditions and opportunities that the previous year presented. In view of very strong sales of apartments, we are consistently and continuously supplementing and expanding our offer. At the end of 2023, this offer included 2 400 units available for sale - compared to 2 082 at the end of 2022.

Last year, we also made significant purchases of land for new development projects – mainly in Warsaw, but also in other cities in which we operate. As a result, the potential of our land bank at the end of 2023 increased to a record level of over 20 thousand units. Importantly, this investment land is in attractive locations, often providing the opportunity to build multi-stage housing estates, which are the speciality of the Dom Development Group. In Warsaw alone, which is the most difficult market in terms of availability of investment land, we have increased our land bank by almost a fifth - to over 11.3 thousand potential units.

Our financial security is also an indication of our potential and competitive position. Despite significant land purchases, the payment of a record-high dividend for 2022 and the interim dividend for 2023, the ratio of net debt to equity (gearing) at the end of 2023 was at a very conservative level of 9%. Considering the sum of cash and unused lines of credit, at the end of last year we had capital amounting to PLN 389 million

### ANOTHER YEAR OF IMPLEMENTING ESG STRATEGY IS BEHIND US

As the leader of the housing market in Poland, we are aware of the significant impact on and responsibility to the communities and ecosystems of the agglomerations in which we develop our projects. Published in 2022, the DOM 2030 strategy set the direction of our activities in line with the idea of sustainability, so as to ensure high quality of life and the ability to meet the diverse needs of the residents of our projects and their neighbouring areas, take care of the well-being of our employees, partner relations with contractors, and the highest standards of corporate governance, while respecting the natural environment.

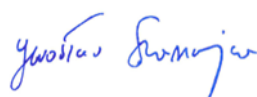
In 2023, we achieved all the goals set for this period as per the DOM 2030 strategy. Our actions and their effects are presented in detail in the ESG Report, which I also encourage you to read.

### GREAT PROSPECTS FOR THE GROUP IN 2024

There is clearly a structural shortage of supply and an unmet, strong fundamental demand on the housing market. In the second half of this year, this demand may be further strengthened due to the introduction of a new government mortgage subsidy programme, giving more Poles a chance to own a flat. Regardless of whether and when the announced programme is launched, Dom Development Group is in a comfortable position equipped with all the necessary elements to efficiently increase the scale of its operations.

At the end of 2023, there were over 6.7 thousand units under construction - compared to less than 5.8 thousand at the end of 2022, of which 65% had already been sold off the plan. In turn, cumulative net sales to be recognised in the results of future periods (units sold but not delivered) included 4 627 units worth PLN 3.3 billion - compared to 4 555 units worth PLN 2.98 billion at the end of 2022.

We strongly believe that owing to a sturdy balance sheet, a market-leading brand, carefully selected offer, the ability to flexibly adapt to changing conditions, and a most highly-experienced team, we will be able to take further advantage of opportunities and meet any challenges that may lie ahead this year, once again confirming the strength of our position as the market leader.



#### Jarosław Szanajca

President of the Management Board, Dom Development S.A.

# 1 GENERAL INFORMATION ABOUT DOM DEVELOPMENT S.A. AND ITS CAPITAL GROUP





**Dom Development S.A. has operated since 1996 and is the leader in the residential sector in Poland. The Group offers apartments in multi-family buildings located in the main agglomerations of the country: Warsaw, Tricity, Wrocław and Cracow. Since 2006 the Company has been listed on the Warsaw Stock Exchange (ticker: DOM) and is a part of the mWIG40 index. Since its stock exchange début, the Company has combined low debt with dividend payments, including a record-high PLN 283 million in 2023 and PLN 141 million interim dividend on account of current year profit.**

The Dom Development S.A. Capital Group (the “Group”) from the beginning of its activities has focused on the residential market. It operates in Warsaw, Tricity, Wrocław, and also in Cracow.

Dom Development S.A. (the “Company”, the parent company of the Group) is a joint venture of Polish managers and investors from the United Kingdom. From the very beginning the Company has been managed and supervised by its founders: Jarosław Szanajca holding 5.66% shares in Dom Development S.A. since its inception has been the President of the Management Board, while Grzegorz Kiełpsz, the former CEO is now the Chair of the Company's Supervisory Board and one of key shareholders.

As at 31 December 2023 the Company was controlled by Groupe Belleforêt S.à r.l. with its registered office in Luxembourg which held 55.02% of its shares. The representatives of the main shareholder have been members of the Company's Management Board and the Supervisory Board since the beginning, sharing their extensive international experience in the real estate development market.

Dom Development S.A. operates in Warsaw, where it is the undisputed leader in terms of the number of flats sold. The Group has also operated in Wrocław since 2008. Now all of the Group's projects in that city are carried out by Dom Development Wrocław Sp. z o.o. The Group entered the Tricity market in 2017 as a result of the acquisition of Euro Styl S.A. Capital Group. The joining by Euro Styl S.A. of the Dom Development S.A. Capital Group resulted in a step growth of the scale of its activities. Euro Styl S.A. is one of the leaders in the Tricity market at present.

Euro Styl Construction Sp. z o.o., a general contractor of all the Group's development projects in Tricity is another subsidiary within the previously acquired Euro Styl S.A. Capital Group.

Dom Construction Sp. z o.o., the general contractor for the Group's development projects in Warsaw and Wrocław, and since 2021 in Cracow, was established in 2018.

On 1 July 2021, the Company acquired a majority stake of 77% in Sento S.A., a developer operating in the Cracow market. In the first quarter of 2022, the Group's share in the Cracow market significantly increased through the acquisition of companies from the BUMA Group, a developer with an established position in the housing market in Cracow, and the acquisition of the remaining minority stake in the Sento Group (becoming its sole shareholder). The transaction of acquisition of the BUMA Group companies was closed on 28 February 2022. In 2023, the Group strengthened its position in Cracow. Dom Development Kraków Sp. z o.o. was established on 1 February 2022 following the successful acquisition of two local developers, Sento and Buma, thus consolidating the operations as well as local human potential of the acquired companies. The Company successfully launched new development projects in the Cracow market. Since 2010, the Group has actively supported buyers of flats to obtain their mortgages. Dom Development Kredyty Sp. z o.o. is a mortgage broker exclusively serving the Group's customers. Due to large scale of its operations, the Group is able to obtain competitive financing terms for its customers and help them to complete any necessary formalities.



## 1.1 GROUP STRUCTURE

The structure of the Dom Development S.A. Capital Group as at 31 December 2023 (presenting direct and indirect interest of Dom Development S.A. in subsidiaries):

COMPANY	SHARE CAPITAL HELD BY THE PARENT COMPANY	VOTING RIGHTS HELD BY THE PARENT COMPANY
<b>Subsidiaries of Dom Development S.A.:</b>		
Euro Styl S.A.	100%	100%
Dom Development Wrocław Sp. z o.o.	100%	100%
Dom Construction Sp. z o.o.	100%	100%
Dom Development Kredyty Sp. z o.o.	100%	100%
Dom Development Grunty Sp. z o.o.	46%	100%
Dom Development Kraków 12 Sp. z o.o.	100%	100%
Dom Development Kraków Sp. z o.o.	100%	100%
Dom Land Sp. z o.o.	-	-
<b>Subsidiaries of Euro Styl S.A.:</b>		
Euro Styl Construction Sp. z o.o.	100%	100%
Euro Styl Montownia Sp. z o.o.	100%	100%
GGI Dolne Miasto Sp. z o.o.	100%	100%
Your Destination Sp. z o.o.	100%	100%
Apartamenty Las Jastarnia Sp. z o.o.	100%	100%
<b>Subsidiaries of Dom Development Kraków Sp. z o.o.</b>		
Dom Development Kraków 1 Sp. z o.o.	100%	100%

All the Dom Development S.A. Capital Group companies were registered in Poland, and are fully consolidated by the Company.

The description of the organisation of Dom Development S.A. Capital Group with an indication of the consolidated entities, and the changes in the organisation of the Group are presented in note 7.1 of the Group's Consolidated Financial Statements for 2023.



## 1.2 GROWTH STRATEGY OF THE COMPANY AND THE GROUP

The strategic goal of the Management Board of Dom Development S.A. is to maximise the value of the Company and its Group in the long term by maintaining the leading position in the residential market and operating in the main agglomerations of the country. The implementation of this strategy is based on the following pillars:

### SUSTAINABLE GROWTH

As a leader in the property development market in Poland, Dom Development S.A. Capital Group has a significant impact on spatial governance and the quality of life in urban areas where it operates. The Company's Management Board actively supports sustainable urban development by applying internal standards of project planning that often exceed legal requirements. Starting with apartments, through common areas of housing projects, to architectural solutions, including green areas – all these aspects are carefully considered to create welcoming places to live in that foster growth of high-quality urban fabric.

On 28 June 2022, the Company's Management Board adopted the DOM 2030 Strategy, which sets the Company's and Group's objectives in the area of environmental, social and corporate governance until 2030.

The DOM 2030 Strategy reflects the importance that the Company's Management Board attributes to the sustainable development of the Dom Development S.A. Capital Group. It features measurable objectives, planned to be gradually achieved in the coming years. The Group has committed itself, for example, to reduce CO<sub>2</sub> emissions per unit under construction by 30% until 2030, compared to 2021, in Scope 1 and 2, and to meet the 15-minute city criteria, i.e. the accessibility of key infrastructure within walking distance, in 90% of the Group's projects until 2030. Furthermore, in order to increase the diversity on the Company's governing bodies, the proportion of women in the Management Board and the Supervisory Board will increase to at least 30% in the coming years.

The full text of the DOM 2030 Strategy is available on the Company's website at: <https://inwestor.domd.pl/pl/esg>.

In its activities, the Dom Development S.A. Capital Group emphasizes the fostering of long-term relationships with its stakeholders: employees, customers and subcontractors. The quality of these relationships is measured by low employee turnover and very high customer satisfaction measured using the Net Promoter Score (NPS). The high quality and timeliness of development is to a large extent the result of very good cooperation with subcontractors. In the development industry, where the project's production cycle is very

complex and lasts at least three years, the long-standing experience of employees and the trust and efficient cooperation with subcontractors are a source of lasting competitive advantage and allow the Group to build a strong brand on a national scale.

### GEOGRAPHICAL DIVERSIFICATION

The Dom Development S.A. Capital Group is a high-quality organisation with significant development potential. The Company's Management Board recognises the numerous opportunities associated with the further growth of the Group in the main agglomerations of the country. In the coming years, the Company will continue its activities to increase the Group's presence in the Cracow, Wroclaw and Tricity markets.

Dom Development S.A. is an undisputed market leader in Warsaw with a market share exceeding around 8.9% in 2023. The Company's Management Board expects that the scale of its operations on other markets will gradually increase in the coming years owing to the strong brand, an attractive land bank and experience that allows the efficient development of further investment projects.

In the past year, Euro Styl S.A. has significantly expanded its potential and moved up to be the second-largest company in the Tricity market in 2023. The Group's activities in this region are expected to grow in the coming years.

The scale of the Group's activities in Wroclaw is growing steadily, and Dom Development Wrocław Sp. z o.o. was at the forefront of the developers with the largest market share in local area in 2023.

The Cracow market is one of the leading residential markets in Poland both in terms of transaction volume and price level. At the same time it is a highly fragmented market compared to other major agglomerations in Poland. The Company successfully continued the implementation of new development projects in the Cracow market, becoming number 4 with a 4.5% market share in 2023. In 2023, the Company sold 458 units, which is twice as much as in the previous year.

### STRONG BALANCE SHEET

The Company's Management Board puts particular emphasis on the strong balance sheet of the Company and the Group, and safe liquidity position. Significant financial resources paired with low debt allow the Management Board to respond with confidence to changing conditions in the real estate development and construction sectors, which are highly cyclical in nature. At the same time thanks to cash resources held and secured credit lines, the Group companies have an advantage in land market



transactions, often requiring multi-million payments in a short period of time.

### **ROE MAXIMISATION**

The Company's Management Board focuses on the long-term maximisation of the return on equity for

Shareholders by focusing on the profitability of the implemented projects, maintaining the adequate scale of the Group's activities to the size of its organisation with regular payments of dividend from the Company's profit.

## 1.3 BUSINESS MODEL

Our activities are concentrated in the four largest markets in Poland, where we offer flats in all market segments – from popular, through upper-standard to luxury apartments. The premium segment prevailing in our portfolio allows us to achieve above-average margins while maintaining a high scale of business. We subscribe to sustainable governance and thus to sustainable construction standards. The manner in which we operate and our goals are defined in “DOM 2030. ESG Strategy”.

Property development companies within the Group, i.e., Dom Development S.A., Euro Styl S.A., Dom Development Wrocław Sp. z o.o. and Dom Development Kraków Sp. z o.o. have a very similar business model. The role of the remaining Group companies is to support property development activity, the typical elements of which are presented below. In 2023, there were no changes in the basic principles of management of the Company and its Capital Group.

### PURCHASE OF LAND



The mainstay of the Group's business are multi-stage projects with access to urban infrastructure. Our projects shape the urban fabric of major Polish agglomerations. We are one of the few developers with resources required to carry out such complex and capital-intensive projects. Each of our transactions is analysed on a case-by-case basis in terms of legal, technical and administrative aspects, development opportunities, and the cost-effectiveness of the potential development project. The Group companies actively seek investment land for residential development in Warsaw, Tricity,

Cracow and Wrocław. By investing in new plots at the right moment of the cycle, the Group has ensured business continuity and the comfort of concluding transactions to achieve a satisfying margin. According to the Company's Management Board, the optimum level of the land bank, i.e., land in preparation for development, corresponds to approximately 3-year sales. In view of the constantly decreasing availability of land and the need to use urbanised areas in a sustainable way, we carry out more and more development projects through the revitalisation of urban areas.

### DESIGN AND SECURING PERMITS



The Group cooperates with recognised architect offices, paying great attention to the spatial order of the residential estates developed and the functionality of the apartments designed. Our designs meet the strictest requirements in terms of energy efficiency, quality of building materials or sustainable development of the project site. A typical project consists of multi-family residential buildings with lifts and underground

garages and commercial premises on the ground floor. All the apartments offered by the Group companies have balconies, terraces, or gardens, and their layouts are carefully designed in accordance with the strict internal standards. The Group's offer is dominated by flats in the popular upper-standard segment, which allows to combine large scale activities with high returns.

### CONSTRUCTION



The projects are developed by in-house general contractors, which enables the optimisation of project parameters at the design stage, and the constant, very high quality of execution and cost-effectiveness. The general contractors conduct the development by employing specialised subcontractors for specific types of building

works. All of the Group's projects are built in the traditional technology, and the standard lead time is approximately 16-20 months. All our companies are obliged to manage their waste in accordance with the applicable regulations; the materials used are of the top quality and are sourced as close to our projects as possible.

## SALES



The sale of apartments is carried out directly by the Group companies at the sales offices located on the project site and at the premises of the development companies. The Group also provides its customers with the opportunity to meet the account manager online and to conclude sales transactions remotely. The apartment sale process consists of several

stages and payments are made in tranches correlated with the progress of construction works. All of the Group's investments have open escrow accounts with leading Polish banks, which are credited with sums paid by customers. The funds are then released to the developer's account in proportion to completed investment project milestones.

## MORTGAGE ADVICE



In 2023, approximately 41% of the Group's transactions were purchases financed with a mortgage loan. This percentage significantly increased, compared to 30% in 2022, mainly due to the launch of the government "Safe 2% Mortgage%" programme in July. For 15 years, the Dom Development S.A. Capital Group has been acting as a broker in the process of obtaining mortgage loans between apartment buyers and banks. Dom Development Kredyty

Sp. z o.o. cooperates with major banks in Poland so that it can provide every customer with an customised offer suited to their individual situation. In 2023, Dom Development Kredyty Sp. z o.o. brokered 957 mortgage loans worth PLN 458.19 million in total. Thanks to its scale of the activities, the company is able to offer very attractive financing terms tailor-made by the banks to suit the Group's customers.

## INTERIOR DESIGN AND FIT-OUT



The Group companies offer their customers the option to fit-out the apartment according to one of many variations offered or according to their own tailor-made arrangements. The Group also enables modifications to the design of the apartment, including the placement of partitioning or of the water and electrical installations. The fit-out is completed and layout modifications are supervised by the Group's development companies, which from the customer's perspective significantly simplifies the organisation of work, saves considerable time and enables to have the fitout covered by the developer's warranty.

Our packages offer a comprehensive fit-out such as bathroom equipment, flooring and skirting, interior doors, as well as painted walls. In addition, it is possible to extend fit-out packages to include built-in kitchen appliances.

Having opted for interior design and arrangement from Dom Development, fully finished units can be delivered within the same timeframe as the builder's finish, thus saving customer's time and ensuring no-change to prices.

## UNIT DELIVERIES



Ready-to-use apartments after the payment of the full purchase price are handed over to buyers.

In accordance with International Accounting Standards the handover of the premises is the

basis of recognition of sales revenue and associated expenses. The Company's and the Group's financial results are closely related to the volume and structure of the premises handed over to customers in a given period.

## DIVIDEND



Since being listed on the Warsaw Stock Exchange for the first time, Dom Development S.A. has shared its earnings with its shareholders. Within 17 years of the stock exchange début the Company paid more than PLN 2 billion to shareholders while maintaining a very strong balance sheet and a high cash balance

In 2023, the Company paid PLN 283 million in dividend (69% of the Group's consolidated profit for 2022), i.e., PLN 11.00 per share.

In 2023, Dom Development paid, for the first time in history, an interim dividend for the current year in the amount of PLN 5.50 per share, totalling PLN 141 million.

The Company's and the Group's activities are not seasonal in nature. Financial performance fluctuations between quarters are closely linked to the project construction cycle and the accumulation of apartment handovers in the first weeks after the investment project has been granted an occupancy permit. In accordance with IFRS 15, the use of the premises handover as the basis for the recognition of sales revenue in the income statement caused the financial results not to fully reflect the current situation of the Company and the Group.

Therefore, in addition to the number of units handed over in a given period, the Company also discloses the current sales volume calculated on the basis of preliminary agreements and paid reservation agreements on a net basis, i.e. including resignations.

Both the Group and the Company are not dependent on a single supplier or customer. The Company's only significant business partner the turnover with which exceeded 10% of sales revenue in 2023 and amounted to PLN 692 million is Dom Construction Sp. z o.o., the general contractor of the Company's development projects belonging to the Group.



## 1.4 GROUP'S FLAGSHIP RESIDENTIAL PROJECTS

Development activities increasingly contribute to the shaping and development of cities. The Management Board of Dom Development S.A. makes every effort to ensure that the Company's and the Group's participation in this process improves the quality of life of citizens and fosters sustainable urban development processes. Most investment projects implemented by the Group companies also include the development of local technical infrastructure.

The Group's flagship projects are large, multi-stage, upper-standard housing estates with developed public spaces and coherent architecture. Those projects allow the Group to utilise its main competitive advantages – its strong brand, capital resources, design expertise, and the high quality and durability of the apartments developed. As a result, the Group effectively combines a high sales volume with above-average profitability.



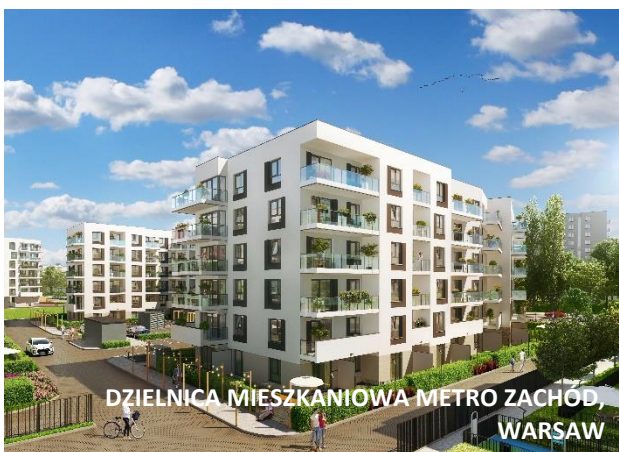
In 2023, we commenced the construction of the 2nd stage of the **Osiedle Urbino** project that is developed in the Włochy district of Warsaw. This investment project has its unique, cosy character. The project responds to the needs of customers who, benefiting from advantages of living in the city, do not want to compromise friendly environment, and appreciate comfort and modern design. In the coming years, we are planning to build further stages of this project on the nearby land secured by the Company.

The **Osiedle Wilno** project in Warsaw proves the organisational and capital resources of Dom Development S.A. The Company created a small town situated in the Targówek Fabryczny industrial area virtually from scratch. In 13 years, the Company has built 3 700 units there. In 2023, the Company completed further 2 stages with 186



units as part of this development project and has secured land with the potential for subsequent stages. The Osiedle Wilno estproject ate is a very good example of the sustainable urban development of a resident-friendly space. It has extensive services and transport infrastructure, with numerous plazas and squares to promote the integration of residents.

In 2019, a new flagship project was launched by Dom Development S.A. – **Dzielnica Mieszkaniowa Metro Zachód** located in the Bemowo district of Warsaw. From the very first stage, this investment project has been very popular among customers. The Company is currently developing 9 stages of this project with nearly 1 209 units, and has secured land allowing it to develop approx. 1 800 units, which makes the Dzielnica Mieszkaniowa Metro Zachód project a sales driver for Dom Development S.A. in Warsaw.



In 2023, the Company continued to develop a project in this location involving the construction of 397 units for a professional investor from the private rented sector (PRS).



DOKI, GDANSK

The Company's subsidiaries are also structuring their offer based on multi-stage flagship projects. The **DOKI** project is a unique development by Euro Styl S.A.. This project, located on historical site of the former Gdansk Shipyard, creates a multifunctional urban space, which includes: a new residential quarter – Doki Living, hotel and services space in the **MONTOWNIA** building with hotel lofts, conference centre and food hall, and office space – DOKI Office. **MONTOWNIA** forms an integral part of the DOKI project. The historical building of the former submarine assembly plant has been given a new lease of life. After the revitalisation, it stands out with its comprehensive character – combining hotel, food service and business functions. On the upper floors, there are 114 fully equipped lofts with hotel service. Since June 2023, the Tricity's largest food hall and a conference zone has been operating in **MONTOWNIA**, and the interiors of the building are filled with unique art and historical artefacts.

The unique character of the **DOKI** and **MONTOWNIA** project was recognised by both customers and industry experts in 2021 – Euro Styl S.A. received three European Property Awards 2021-2022 in the following categories: Mix Use Development, Commercial Renovation/Redevelopment, and Development Marketing. In 2023, the project was honoured with an award at the Baltic Real Estate Awards, in the Hotel Project category.

In total, 1 200 units (flats, hotel lofts, commercial units) will be built as part of the **DOKI** and **MONTOWNIA** projects. So far, more than 655 units have been delivered at Doki. Yet another building is under construction from the side of Popieluszki Street, with the date of commissioning scheduled for Q3 2025.



MONTOWNIA, GDANSK

Another distinctive, multi-stage project of the Group is **Osiedle Perspektywa**. This project, located in the centre of Gdansk, will comprise more than 650 apartments and commercial units. It is carried out in line with the latest green trends. The diverse forms of buildings on the project are integrated with the surrounding architecture and include small town villas, tenement houses, and multi-family buildings of varied height deeper within the estate. The vicinity of 4 parks adds a unique atmosphere to the location.



PERSPEKTYWA, GDANSK

In the **Perspektywa** project, 8 buildings have already been completed and received an occupancy permit. Construction works are underway on stage 3 and 4, with further 5 buildings being built to complete the entire project.

**Dynamika** is a modern residential estate consisting of 7 multi-family buildings with an extensive recreational area. It is located in the Ujeścisko area – a very well developed



DYNAMIKA, GDANSK

district, full of greenery, and at the same time not far away from the city centre. Comprehensive urban infrastructure nearby allows residents to live locally, without the need to use a car. **DYNAMIKA** stands out with its cosy architecture, which helps to keep a work-life balance. In turn, the cascading shape of the project provides scenic views from the windows and balconies of apartments.

A total of 300 apartments and 10 commercial units will be built on **Dynamika**. In 2023, the first two buildings were completed, and construction works are currently underway on 3 buildings under subsequent stages. Three- and four-storey buildings will create a friendly and functional space.





OSIEDLE KOMEDY, WROCLAW

The Group's investment projects in Wrocław are mostly one-stage projects. However, **Osiedle Komedy** is an exception – five stages of development combine modern architecture with details referring to the work of Krzysztof Komeda, an outstanding composer and jazz pianist, and will comprise more than 550 units in total.

The **Osiedle Zielna** project is located in Psie Pole, a historic section of Wrocław, which is quiet, green, but also well-connected with the city centre. The proximity of nature combined with convenience of moving around the city and the presence of numerous educational establishments make Osiedle Zielna an ideal place for families with children. Apartments at Osiedle Zielna have highly sought-after sizes - predominantly 2- and 3-room units, but the offer will also include studios and 4-room flats. Units on the ground floor will feature green private gardens, while those on higher floors will have large balconies. Approximately 600 units will be built within the Osiedle Zielna project.



BRANIBORSKA 80, WROCLAW

**Braniborska 80** is an excellent choice for those who value the convenience of city life. This fantastic location makes moving around the city fast and effortless, and the Western Park (Park Zachodni) offering active outdoor leisure potential is within easy reach. All the comforts of life for the residents will be provided by a variety of cultural attractions in the area as well as numerous restaurants, schools, universities and shops. The offer includes variety apartments — from 1 to 4 rooms, in the

most sought-after areas — from 29 to 90 m<sup>2</sup>. All apartments will have balconies or loggias, and top-floor units — spacious terraces.



OSIEDLE GÓRKA NARODOWA, CRACOW

In 2023, Dom Development S.A. strengthened its position in the Cracow market. The **Górka Narodowa** project, with 380 units under construction at the end of 2023, is a flagship residential estate, being an embodiment of the Group's strategy in this location. A large selection of two-room apartments will appeal to singles and couples and a wide range of three- and four-room apartments is an excellent choice for families with children.

This truly attractive place encourages outdoor pursuits and fosters integration of residents.



29 ALEJA, CRACOW

**Osiedle 29. Aleja** is a project at the intersection of ul. Prandoty and al. 29 Listopada, just 2 km away from Cracow's Main Market Square. The proximity to the city centre encourages residents to engage actively in the city's cultural life, enjoy frequent social gatherings, and indulge in leisurely strolls. Osiedle 29. Aleja is an excellent choice for young people and investors alike. The new stage will accommodate 149 flats of sizes ranging between 32 sq.m and 94 sq.m.

## 1.5 GEOGRAPHIC MARKETS



**NO. 2 IN TRICITY**  
**9.1% MARKET SHARE**  
**1 111 UNITS SOLD**  
**1 823 UNITS UNDER CONSTRUCTION**  
**4 528 UNITS IN THE LAND BANK**

TRÓJMIASTO

WARSZAWA



**NO. 1 IN WARSAW**  
**8.9% MARKET SHARE**  
**1 690 UNITS SOLD**  
**2 857 UNITS UNDER CONSTRUCTION**  
**11 074 UNITS IN THE LAND BANK**



WROCLAW

**NO. 2 IN WROCLAW**  
**9.1% MARKET SHARE**  
**647 UNITS SOLD**  
**1 404 UNITS UNDER CONSTRUCTION**  
**2 230 UNITS IN THE LAND BANK**

WROCLAW

KRAKÓW



CRACOW

**NO. 4 IN CRACOW**  
**4.5% MARKET SHARE**  
**458 UNITS SOLD**  
**621 UNITS UNDER CONSTRUCTION**  
**2 046 UNITS IN THE LAND BANK**

The above figures represent annual sales of units in 2023 and the number of units under construction and in the land bank as at 31 December 2023. Market share - based on market estimates by REDNET Property Group

### THOUGHTFUL EXPANSION

For many years, Dom Development S.A. has been the undisputed leader in the Warsaw residential real estate market with a 9% share in sales. Warsaw is the dominant business and academic centre in Poland, attracting new residents from both Poland and abroad. The real estate market in the capital is characterised by the highest prices of all metropolitan areas. Due to the limited availability of land and its complex legal situation, Warsaw is also a very challenging market. Dom Development S.A. has operated in Warsaw since its inception, where it has a very strong brand and know-how proving a lasting advantage over its competitors.

The Group is also present in Wroclaw, where since 2008 it has been organically developing its organisation. Dom Development Wrocław Sp. z o.o. is currently one of the leading developers in this location. The land holdings for future projects allow Wroclaw's share to grow in the Group's results in the coming years.

The year 2017 was a breakthrough year for the Dom Development S.A. Capital Group as with the acquisition of Euro Styl S.A. the Group entered the Tricity market and significantly increased its scale of operations. Efficient organisation, a similar corporate culture and business outlook determined the success of the acquisition.

The acquisition made Euro Styl S.A. to benefit from easier access to funds, which it successfully used. This Tricity company has significantly increased the scale of operations and the potential to implement future projects, while remaining a highly profitable organisation.

In 2023, Dom Development S.A. strengthened its operations in the Cracow market. During 2023, Dom Development Group contracted 458 apartments, which accounted for 4.5% of sales in the Cracow housing market. The market share of the Cracow's company increased slightly compared to 2022. Dom Development Kraków Sp. z o.o. was fourth in the ranking of local developers with highest annual sales.



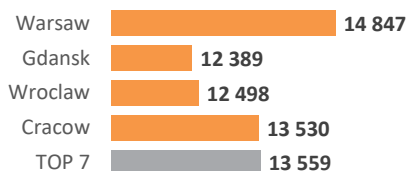
## SELECTED AGGLOMERATIONS ONLY

The Group operates only in the leading agglomerations of Poland with stable residential market growth potential,

enabling the attainment of satisfactory margins. The strength of the markets in which the Group is operating is confirmed by key macroeconomic indicators such as the unemployment rate, average wages, and also by relatively

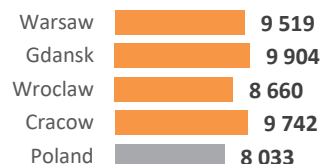
high average transaction prices in the primary residential market. The cities, in which the Group operates, are characterised by a shortage of highly-qualified workers, as evidenced by the unemployment rate below the so-called natural level, estimated at approx. 2-4%.

### AVERAGE PRICE PER SQ.M OF A UNIT



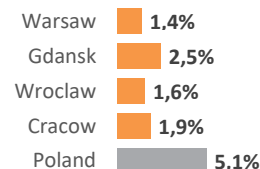
Transaction prices in Q4 2023,  
source: NBP (National Bank of Poland)

### AVERAGE WAGES



Data for December 2023,  
source: GUS (Statistics Poland)

### UNEMPLOYMENT RATE



As at 31.12.2023,  
source: GUS (Statistics Poland)

## 1.6 OPERATIONAL RESULTS IN 2023

The favourable situation on the housing market in 2023 was conducive to strong sales results for property developers with the right offer. The growing demand has been observed. It was impacted by the PFSA having eased its requirements as regards the credit scoring and by the steadily increasing salaries. This trend was additionally heightened in the third quarter of 2023 by the launch of the "Safe 2% Mortgage" programme. The expectations of the first interest rate cuts were another demand stimulating factor. Those expectations materialised and were even exceeded in September 2023, when the MPC decided to reduce the interest rates by 0.75 pp.

Strong demand, in turn, contributed to an uptake in housing prices, with prices rising more slowly at the end of the year than during earlier quarters due to increased supply.

The Group sold 3 906 units on the retail market in 2023.

Dom Development S.A. has been an undisputed leader in the Warsaw's housing market for many years. Last year, we attained a market share of 8.9%.

In 2023, the Group, with a 9.1% share, maintained its leading position also in the Tricity market. Within 6 years of its acquisition by the Group, Euro Styl S.A. has significantly increased its capacity and scale of operations, permanently strengthening its position.

Dom Development Wrocław Sp. z o.o. also closed the year 2023 among top local developers, with 9.1% market share. The company moved up to the second place in the ranking (it came third in 2022).

Over the last 12 months, the Dom Development Group has strengthened its position in the Cracow market. Dom

Development Kraków Sp. z o.o. has successfully launched new development projects in the capital of Lesser Poland. During 2023, Dom Development Group contracted 458 apartments, which accounted for 4.5% of sales in Cracow last year.

The Company's Management Board has the particular focus on maximising returns on operations. In a situation of reduced demand the Group companies focused on the efficient replenishment of the offer while limiting supply and balancing sales dynamics and prices.

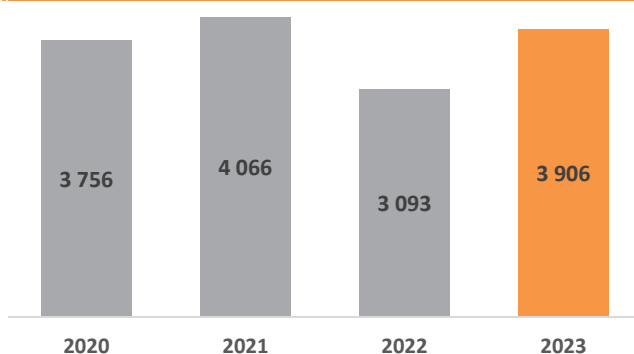
The Dom Development S.A. Capital Group has a well-established position in the upper-standard segment. High quality, timely project completion and comprehensive service are recognised by the customers and are reflected in the above-average value of units sold by the Group companies.

The average gross price of a unit with an option of turn-key fitout, storage unit or a parking space sold by the Group in 2023 reached PLN 744 thousand. Among the Group's markets, Warsaw recorded the highest average transaction value: PLN 844 thousand. In turn, the highest annual growth in this area was observed by the company operating in Cracow, where the average transaction value increased by 25%, to PLN 702 thousand in 2023.

The YoY increase in average transaction values are due to strong demand and low supply.

Approx. 59% of sales transactions concluded by the Group companies in 2023 were cash transactions, without a mortgage loan support.

## NET SALES OF UNITS (NUMBER OF UNITS)

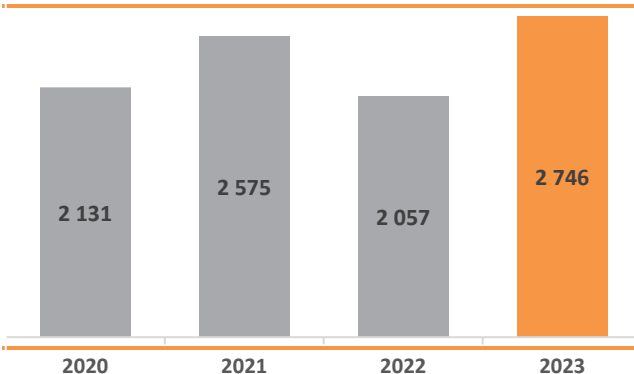


Dom Development S.A. Capital Group sold 3 906 units net in 2023, i.e., 26% more than in 2022, when net sales were 3 093 units (excluding the PRS segment).

Demand for housing remained strong, with the growing share of purchases financed by mortgage loans, which was largely an effect of the “Safe 2% Mortgage” programme. This programme has had a positive impact on sales at Dom Development Group, primarily in the Tricity (in particular in such locations as Rumia or Pogórze near Gdynia), but also in Wrocław and Cracow.

Demand as regards investment properties also remained high as demonstrated by a significant share of cash transactions – these accounted for 59% of the total sales of Dom Development Group in 2023. Net sales of new apartments by Dom Development S.A. reached the level of PLN 1 347 million.

## VALUE OF UNITS SOLD (in PLN million)



UNITS SOLD BY MARKETS	2023	2022	CHANGE
Warsaw Dom Development S.A.	1 690	1 738	(3)%
Tricity Euro Styl S.A.	1 111	793	40%
Wrocław Dom Development Wrocław Sp. z o.o.	647	354	83%
Cracow Dom Development Kraków Sp. z o.o.	458	208	120%
<b>Dom Development S.A. Capital Group</b>	<b>3 906</b>	<b>3 093</b>	<b>26%</b>

In 2023, Euro Styl S.A. operating in Tricity sold 1 111 units net. The Group’s net sales value in this market reached PLN 708 million. Multi-stage projects, forming high-standard urban fabric, dominated in the sales structure of Euro Styl. These were: DOKI, Osiedle Synteza, Dynamika and Osiedle Beauforta.

Dom Development Wrocław Sp. z o.o. generated sales of 647 flats, attaining the net sales of PLN 390 million. When compared to 2022, the number of units sold in the Wrocław market nearly doubled. The following projects - Osiedle Międzyzleska, Osiedle Komedy, Osiedle Zielna and Osiedle Braniborska, were major contributors to the Wrocław’s sales.

In 2023, Dom Development Kraków Sp. z o.o. successfully strengthened its position in the Cracow market, generating sales of 458 units with a net value of PLN 301 million. In the Cracow market, which was new for the Group, over twice as many units were sold in 2023 as in 2022. Last year, the predominant project was Górka Narodowa.

NET SALES (in PLN million)	2023	2022	CHANGE
Warsaw Dom Development S.A.	1 347	1 257	7%
Tricity Euro Styl S.A.	708	513	38%
Wrocław Dom Development Wrocław Sp. z o.o.	390	178	119%
Cracow Dom Development Kraków Sp. z o.o.	301	109	176%
<b>Dom Development S.A. Capital Group</b>	<b>2 746</b>	<b>2 057</b>	<b>33%</b>

## GROUP OFFER

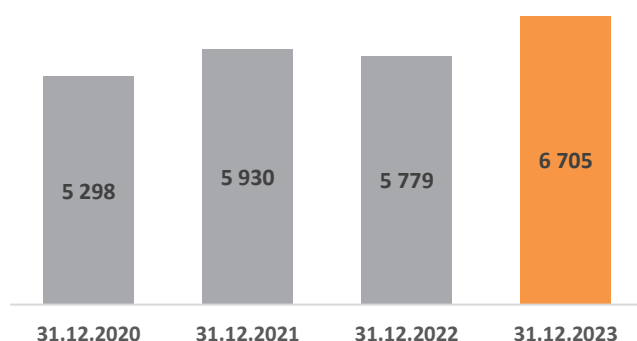
By the end of 2023, the Group's offer was expanded by 15% compared to the end of 2022. The largest number of new units was on stock in the Wrocław market. In the past year, the Group started selling units in 36 new locations in 4 agglomerations.

Through our hard work we were able to take advantage of the market conditions and opportunities that the previous year presented. Not only sales of apartments were very high, but we also quickly replenished and expanded the portfolio of our development projects.

UNITS AVAILABLE FOR SALE	2023	2022	CHANGE
Warsaw Dom Development S.A.	795	794	0%
Tricity Euro Styl S.A.	598	586	2%
Wrocław Dom Development Wrocław Sp. z o.o.	773	383	102%
Cracow Dom Development Kraków Sp. z o.o.	238	319	(25)%
<b>Dom Development S.A. Capital Group</b>	<b>2 404</b>	<b>2 082</b>	<b>15%</b>

As at 31.12.2023

## UNITS UNDER CONSTRUCTION



The Group closed the year 2023 with 6 705 units under construction, of which 4 369 have already been sold.

The Company's Management Board believes that the increase in the scale of the Group's development projects by 16% is a major success, especially in view of the intensified difficulties in obtaining administrative permits and the limited availability of investment land. Despite this record-high scale of ongoing projects, all construction work progressed according to the schedule and budget.

The success in this area is largely owing to Groups in-house general contractors – Dom Construction Sp. z o.o.

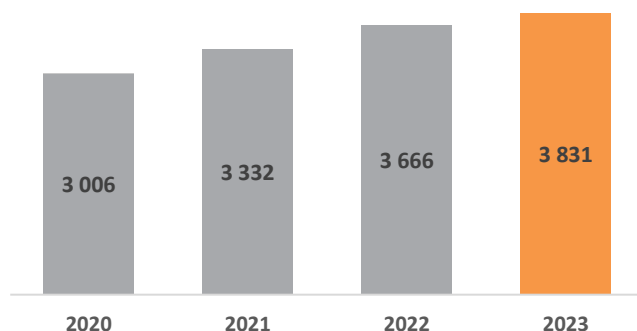
UNITS UNDER CONSTRUCTION	2023	2022	CHANGE
Warsaw Dom Development S.A.	2 857	3 053	(6)%
Tricity Euro Styl S.A.	1 823	1 795	2%
Wrocław Dom Development Wrocław Sp. z o.o.	1 404	597	135%
Cracow Dom Development Kraków Sp. z o.o.	621	334	86%
<b>Dom Development S.A. Capital Group</b>	<b>6 705</b>	<b>5 779</b>	<b>16%</b>

As at 31.12.2023

and Euro Styl Construction Sp. z o.o. These two companies carried out construction work in a timely manner and according to the high standards of the Group at a competitive price while maintaining the profitability of their business.

In Warsaw, where administrative difficulties and the situation on the land market is the most complex of all Polish agglomerations, the scale of operations slightly dropped. The Group significantly increased the scale of its operations in the Cracow market and commenced construction of 1 404 units on 9 projects.

## UNITS DELIVERED (in PCS.)



The deliveries of completed units is a key factor having the impact on the results of the Company and of the Group. The timely completion of construction projects in 2023 has translated into the number of units delivered to customers, as expected by the Management Board. In 2023, the Company delivered 3 831 units to customers, marking a 5% increase compared to the previous year. This is a historically-high number of deliveries at the Group

## LAND BANK

The Group's land bank means land intended for projects in preparation. Units planned to be built on plots already purchased and controlled plus units under construction translate to the potential result of the Company and of the Group in the coming years. In the opinion of the Management Board, the land banks of the property development companies that are a part of the Group are adequate to the planned projects in terms of their size and structure. The optimal size of the land bank, i.e., land in pre-development, should correspond to approximately 3-year sales.

According to the Company's Management Board, in view of the constantly decreasing availability of land and the need to use urbanised areas in a sustainable way, the Group companies will be implementing more and more projects through the revitalisation of urban areas.

Land markets vary significantly across agglomerations. The most difficult situation with regard to the availability of plots for property development projects is in Warsaw, as a result of historic developments and title issues affecting some properties coupled with the high competition and difficulties in obtaining administrative permits. Accordingly, a significant share of the land bank of Dom Development S.A. in Warsaw comprised 'controlled land', the acquisition of which has been secured by the Company, but the title transfer and payment of the entire

UNITS DELIVERED (in PCS.)	2023	2022	CHANGE
Warsaw Dom Development S.A.	1 928	1 921	0%
Tricity Euro Styl S.A.	1 045	1 078	(3)%
Wroclaw Dom Development Wrocław Sp. z o.o.	618	390	58%
Cracow Dom Development Kraków Sp. z o.o.	240	277	(13)%
<b>Dom Development S.A. Capital Group</b>	<b>3 831</b>	<b>3 666</b>	<b>5%</b>

The deliveries on the following projects - Metro Zachód (439 units), Apartamenty Ludwiki (408 units), Osiedle Ceramiczna (344 units) and Cracow's Górka Narodowa (236 units), were major contributors to the results of the Company and of the Group in 2023.

The volume of deliveries is closely linked to the project completion schedules. In the previous year, the Group completed the construction of 25 projects, totalling 3 419 units.

UNITS IN THE LAND BANK – PLOTS PURCHASED AND CONTROLLED	2023	2022	CHANGE
Warsaw Dom Development S.A.	10 972	9 453	16%
Tricity Euro Styl S.A.	4 528	4 963	(9)%
Wroclaw Dom Development Wrocław Sp. z o.o.	2 230	1 653	35%
Cracow Dom Development Kraków Sp. z o.o.	2 040	1 056	93%
<b>Dom Development S.A. Capital Group</b>	<b>19 770</b>	<b>17 125</b>	<b>15%</b>

As at 31.12.2023

purchase price are deferred pending the obtaining of the required administrative permits and decisions. Owing to that purchasing strategy, the Company has been able to start its property development projects shortly following the completion of the purchase of the land.

As envisioned by the Management Board, the land bank of the Group companies increased by 15% on average in the past year, which is the result of intensive purchases of attractive land. Currently, the Group has a high-quality land bank in all agglomerations, where it operates. In the opinion of the Company's Management Board, this will allow the Group to retain its leadership position on local markets in the coming years.



## 1.7 MAJOR EVENTS IN 2023

### STRENGTHENING OUR POSITION IN THE CRACOW MARKET

In 2023, the Company strengthened its presence in the Cracow market, beginning with the acquisition of 77% shares in Sento S.A. on 1 July 2021, and then in February 2022, through the acquisition of 100% of shares in BUMA Group companies.

On 1 February 2022, Dom Development Kraków Sp. z o.o. was established. The purpose of this was to concentrate Cracow's property development activities in one business entity.

Throughout 2023, Dom Development Kraków Sp. z o.o. continued the process of consolidating design companies into one development organisation, so that the business model in Cracow would be organisationally consistent with other Group's locations. The merger process for the

group of Cracow's development companies was completed in 2023.

The Cracow market is one of the leading residential markets in Poland both in terms of transaction volume and price level. At the same time it is a highly fragmented market compared to other major agglomerations in Poland. In the opinion of the Company's Management Board, Cracow is a very forward-looking location with great potential for consolidation in the primary housing market.

### PAYMENT OF RECORD-HIGH DIVIDEND

On 15 June 2023, the General Meeting of Shareholders of Dom Development S.A. resolved to pay a record-high dividend of PLN 11 per share as recommended by the Company's Management Board. The date of record was set as 26 June 2023, and the dividend was paid on 4 July 2023.

The Company paid a total of PLN 282 682 thousand to its shareholders, i.e. 69% of the Group's consolidated net profit for 2022 and 76% of the Company's net profit for 2022. The dividend rate in relation to the share price of the Company on the in-dividend date was 8.59%.

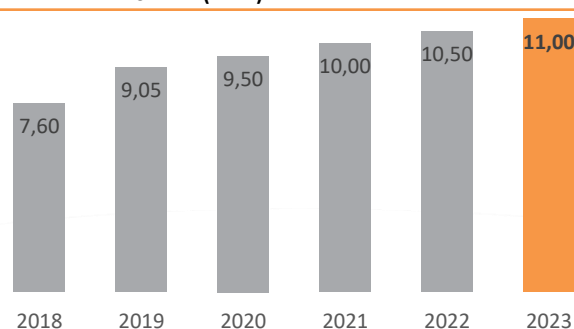
The remainder of the Company's net profit in the amount of PLN 91 002 thousand was allocated to the Company's supplementary capital.

In 2023, Dom Development decided to pay, for the first time in history, an interim dividend for the current year in the amount of PLN 5.50 per share. The interim dividend for 2023 was paid in the total amount of PLN 141 341 thousand. The date of record was set as 12 December 2023, and the 2023 interim dividend was paid on 18 December last year.

The dividend paid is in line with the dividend policy of Dom Development S.A. published on 3 April 2013, which assumes increase in the amounts of dividends paid in subsequent years. The Management Board maintains its intention to pay the highest possible dividends to the

Company's shareholders while maintaining a strong balance sheet and high liquidity.

DIVIDEND PER SHARE (PAID)



In the opinion of the Management Board, the high return on equity (ROE) of the Company will allow the Company to remain among the top companies listed on the WSE in terms of dividend rate, while also allocating part of profits to strengthen its balance sheet and further develop its activities. The intention of the Management Board is to increase the dividend per share, taking into account the situation in the market environment.

### DEBT FINANCING

**BONDS** On 7 February 2023, the Management Board of Dom Development S.A. adopted a resolution according to which it consented for the Company to establish a new

bond issue programme for Dom Development S.A. with a total value not exceeding PLN 400 million.

The issue agreement was entered into by Dom Development S.A. 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.

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.

On 21 September 2023, Dom Development S.A. prematurely redeemed for cancellation 10 500 unsecured bearer bonds 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.

On 28 September 2023, the Company issued 260 000 unsecured bearer bonds 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. No purpose for the bond issue was specified. The funds from the issue have been designated for current operations of the Company.

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

**LOANS** 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.

## 1.8 RISKS AND FACTORS RELEVANT TO THE DEVELOPMENT OF THE COMPANY AND THE GROUP

### CHARACTERISTICS OF THE EXTERNAL AND INTERNAL FACTORS RELEVANT TO THE DEVELOPMENT OF THE COMPANY AND THE GROUP, INCLUDING A DESCRIPTION OF THE RELEVANT RISKS AND THREATS AND THE EXPOSURE OF THE COMPANY AND THE GROUP TO THEM

#### 1.8.1 EXTERNAL FACTORS

##### ECONOMIC AND POLITICAL SITUATION IN THE REGION

24 February 2023 marks a year since the outbreak of a full-scale war in Ukraine. This conflict has had a huge impact on international security and politics. The Ukrainian armed forces, governmental and state structures, and citizens are fiercely resisting the Russian army. Last year, international economic sanctions were imposed. Humanitarian and military aid continues to flow to besieged Ukraine.

The war has put many Polish companies in a difficult situation, with only 40% of them claiming that the war has had little impact on their activities. The biggest threats to businesses are inflation and rising costs.

The military fighting in Ukraine and the associated armed mobilisation have led to a partial outflow of workers, primarily from the construction industry. In-house general contracting, lasting relationships with subcontractors and the economies of scale that facilitate optimisation of

resources cause the Group to have all means for achieving its pre-defined objectives in a timely manner in the upcoming year, while strengthening its competitive position, despite the challenges related to the geopolitical situation.

The Company's Management Board continuously monitors the situation and analyses its potential impact

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## INTEREST RATES

It is traditionally assumed that the situation on the residential market is inversely correlated to interest rates: low interest rates attract capital to the real estate market and increase the availability of loans, while high interest rates cool it down. It was demonstrated last year how strong this dependence was. According to the data of the Credit Information Bureau, mortgage loans in 2023 reached the value of PLN 63.9 billion, which is higher by as much as 40.5% than in 2022. Demand for housing remained high, with the growing proportion of purchases financed with a mortgage, largely driven by the "Safe 2% Mortgage" programme. This programme has had a positive impact on sales at Dom Development Group, primarily in the Tricity (in particular in such locations as Rumia or Pogórze near Gdynia), but also in Wrocław and Cracow. Demand as regards investment properties is still high as demonstrated by a significant share of cash transactions – these accounted for 59% of the total sales of Dom Development Group in 2023.

In July 2023, the "Safe 2% Mortgage" programme was launched, under which Poles applied massively for loans at banks. This translated into good results for mortgage loans: as many as 67.1% of borrowers who opted for a mortgage of PLN 350 000 to PLN 500 000 received a state-subsidised loan; for mortgages ranging PLN 500 000 –

from the perspective of individual projects, the Group as a whole, in a long-term perspective.

Thanks to consistently implemented policy of strong balance sheet and low net debt, the Group companies can run their business with confidence and build long-term growth potential.

PLN 600 000 it was 66.5% of applicants, who benefited from the government programme.

In the coming quarters, the situation in the housing market will largely depend on how the successor of a previous programme – "My First Apartment" would progress, which, according to the announcements of the Ministry of Development and Technology, may be launched in the middle of this year as the "Flat for a Start" programme. Depending on the final criteria for granting the planned support, the deployment of this solution will allow for firmer planning of new development projects, thus balancing the market, stabilising sales volumes and real estate prices.

The launch in 2023 of the "Safe 2% Mortgage" government programme, as well as a decisive cut of key NBP rates by the Monetary Policy Council, including the NBP base rate, from 6.75% to 6.00% in September 2023, after 38 months of rate increases, significantly affected the recovery on the credit market. More importantly, WIBOR3M fell from a peak of 7.59% in November 2022 to 5.88% at the end of 2023. Despite the high cost of credit, decisions to purchase apartments were encouraged by the sharp increase in prices and a significant reduction in the stock of flats on the market.

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## INFLATION

Statistics Poland (GUS) confirmed that the inflation rate at the end of 2023 was 6.2%, while the average annual inflation rate was 11.4%. Inflation fell to 6.2%, with inflation for food prices at 5.7%, and for energy prices at 9.8%. At the beginning of the year, the corresponding rates stood at 16.6%, 20.6% and 12.6%, respectively. Fuel prices fell significantly from 18.8% to -5.9%. The highest price index of 18.8% was recorded in February 2023 (compared to February 2022). It was also the highest value of the said index since December 1996.

The main factors contributing to Poland's GDP growth in 2024 will be an acceleration of private consumption driven by real wage increases, a significant adjustment of pensions and an increase of social benefits ("800+"). This significant increase in nominal inflation, along with a clear drop in average annual inflation (expected to reach 5.4% in 2024, compared with 11.6% YoY in 2023), implies a substantial rise in real disposable income, which together

with a sustained improvement in consumer sentiment are the drivers of real consumption: in 2023 consumption dropped by 0.4% YoY; however, according to forecasts, an increase of about 3.7% is expected to be observed in 2024.

It is worth emphasising that investing in real property is considered one of the most effective ways of protecting capital against inflation.

Prices of building materials continued a real downward trend throughout 2023. Figures analysed for the periods of January-December in 2023 and 2022, show that nominal increase of prices was only 4%.

Thanks to in-house general contractor, the Group optimises the construction process from a project planning stage by utilising the economies of scale and ensuring regular jobs for trusted subcontractors, while developing long-term relationships based on trust. All of these advantages have indeed gained in importance

recently, and are expected to form key competitive advantages also next year.

In-house general contractors – Dom Construction and Euro Styl Construction – ensure consistently high quality of workmanship, timely completion of all projects, cost

efficiency and achieving satisfying margins. Thanks to such business model it may be expected that the Company and its Group will be largely able to mitigate the risk of increased project development costs thus ensuring satisfying return on operations.

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## LABOUR MARKET SITUATION

The situation on the housing market is closely linked to the situation on the labour market. Poland is doing very well in this regard by remaining among European countries with the lowest unemployment. The year ended 2023 was a good period for the Polish labour market.

The unemployment rate in Poland fell from 5.2% in December 2022 to 5.1% a year later. In the cities, where the Group operates, the unemployment rate remained below so-called natural unemployment.

An expectation of job stability is an important factor in a decision to buy an apartment, in particular for people who take a mortgage loan. The labour market in 2023 and its outlook for 2024 remain very strong.

In December 2023, the average gross salary in the business sector was PLN 8032.96. This corresponds to an annual increase of 9.6%.

With the exception of December, the average national indicator showed double-digit growth for almost the entire

period of 2023. The highest growth was recorded in February (at 13.6% YoY), and the lowest double-digit increase took place in September (10.3% YoY). These changes show that wage increases offset the effects of high inflation.

Employment stability and real wage growth are strong demand drivers in the housing market. In the opinion of the Company's Management Board, the labour market situation may be crucial for the condition of the development industry in 2024, in particular in the popular segment.

According to Statistics Poland (GUS) data, Ukrainians are the largest group of foreigners working in Poland (currently 687.3 thousand Ukrainians). Although Poland is often the first labour migration option for Ukrainians, their share in the total number of working foreigners has decreased by 3.3 percentage points since January 2022.

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## ADMINISTRATIVE DECISIONS

The nature of real estate development projects requires a number of licenses, approvals and arrangements to be obtained by the Group at every stage of the development process. Despite significant caution applied in the project execution schedules, there is always a risk of delay in attaining them, of challenges to decisions which have already been issued (also due to the fact that appeals can be made with no consequences for the appellants) or even failure to attain them. All of these factors affect the ability to conduct and complete the executed and planned projects on time.

The Group ensures that the scale of operations is maintained and that the offer is seamlessly replenished

from the high quality and apt size the land bank with capacity corresponding to approximately 3-year sales at Dom Development S.A.

The fundamental activity undertaken by the Group so as to reduce the exposure to market risks is proper assessment and control of potential and existing development projects based on investment models and decision-making procedures developed in the Company. The adherence to such procedures is closely monitored by the Company's Management Board.

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## AVAILABILITY OF CAPITAL

The property development business requires large and long-term capital involvement, hence the particular focus of the Company's Management Board of the Company on the liquidity level of the Company and the Group. The willingness of banks to lend money is also an important factor for housing demand.

In the opinion of the Company's Management Board, Dom Development S.A. Capital Group has little exposure to the risk of insufficient availability of capital. Low net debt, large cash balance and reliability of the Company in the

eyes of financial institutions are the sources of the Group's competitive advantage and ensure the comfort of uninterrupted property development projects.

As at 31 December 2023, Dom Development S.A. Capital Group had PLN 389 million cash and PLN 560 million in available credit lines, which were not drawn from as at the end of the year). With interest-bearing debt of PLN 520 million, of which just PLN 50 million is a short-term debt, the Group held net debt of PLN 131 million.



The capital availability is a factor also significantly affecting demand for housing. The increase in demand in 2023, resulting from the easing by the PFSa of the criteria as regards credit scoring and a steady rise in salaries, received another boost in the third quarter of 2023 from the introduction of the "Safe 2% Mortgage" programme. The housing market reached a fever pitch after the programme was launched. Prospective buyers who, as a result of a period of record-high interest rates and a freeze

on loans in 2022, effectively abandoned the idea of purchasing their own apartment, began actively looking through property sale offers after the announcement of the said government subsidy programme.

The expectations of the first interest rate cut were another demand stimulating factor. Those expectations materialised in September 2023, when the MPC reduced interest rates by 0.75 pp.

## LEGISLATION

Upcoming changes in legislation constitute a potential risk that could directly or indirectly affect the activities and performance of the Group companies.

On 1 January 2024, the legislation introducing additional tax burdens in the sector of institutional purchases of residential units entered into force. The Polish legislature decided to impose an additional tax on civil law transactions on purchases of the sixth and subsequent residential units within a given development project (on a single land property). Moreover, the obligation to pay higher tax on civil law transactions (6%) arises in addition to the obligation to pay VAT, which means that such a transaction is double taxed. The regulations in question may reduce sales of apartments and could be an obstacle in cooperation between developers and investment funds.

At the beginning of April 2024, the legislation amending the Regulation on technical conditions to be met by buildings and their location will come into force. The amendment specifies the minimum area of a commercial unit that can be built in a newly designed building. It also increased the minimum distance from plot boundary for a building with more than 4 levels above ground. Stricter requirements for the distance between parking spaces adapted to the needs of disabled people and the building windows, and for recreational areas, were imposed. More restrictive requirements were introduced regarding noise insulation of units and the use of appropriate partitions on balconies located on a single balcony slab.

On 24 September 2023, the Act of 7 July 2023 amending the Spatial Planning and Development Act came into force. The Act amending the Spatial Planning and Development Act amended not only the said Act, but also nearly 50 other legal acts. Its main objectives are:

- to abolish the spatial plan and replace it with a master plan, which will cover the entire area of a municipality and be an act of local law, and not, as at present, only a directional act that binds the municipality when adopting the land use plan;
- to lay down new rules for issuing and validity of outline planning permissions;
- to introduce changes to the planning procedure;

- to repeal the special Housing Law (the so-called Lex Developer) and introduce a new planning tool – the Integrated Development Project Plan.

Spatial Plans will be valid only until 31 December 2025 and expire on this date. In place of the Spatial Plan, municipalities will have to adopt a master plan by 1 January 2026. The municipality's master plan is a novel planning act, which must be drawn up for the entire area of the municipality. After the assessment of demand for new housing development, zones covering areas intended for multi-family housing are to be designated in the master plan. Any newly adopted land use plans or outline planning permissions must be consistent with the master plan. If the master plan does not enter into force by 31 December 2025, the municipality will be no longer able to issue new outline planning permissions and to adopt new land use plans or amend existing plans.

After the entry into force of the spatial planning reform, the land use plans adopted to date will continue in force, and building permits, subdivision decisions, environmental decisions and other administrative decisions can be obtained on their basis.

Outline planning permissions issued before 24 September 2023 remain in force and a building permit can be obtained on their basis. In the period from 24 September 2023 until the adoption of the master plan, new outline planning permissions will still be available. However, if the master plan does not enter into force by 31 December 2025, it will no longer be possible to obtain new outline planning permissions (based on proceedings initiated after that date) from 1 January 2026 onwards, until the municipality's master plan enters into force. Once the master plan enters into force for a given municipality, an outline planning permission will be issued only when the project site is located within an area earmarked for infill development under the master plan. Currently, outline planning permissions are issued indefinitely. From 1 January 2026, outline planning permissions will expire after 5 years from the date on which they became final.

All the aspects described above may significantly reduce the supply of land for multi-family housing after 1 January 2026, i.e. after the entry into force of the main part of the spatial planning reform.

In the opinion of the Management Board, the proposed changes will reduce the potential for development and land use of the land and increase the costs of plot development, thus translating directly into a decrease in the supply of new units and an increase in prices. Moreover, the Company's Management Board estimates that such changes will result in reduced profitability of development projects, because decisions to purchase real estate which is now owned by property developers in their land banks were made on the basis of earlier plot capacity analysis and formerly applicable regulations.

As of 1 July 2024, which marks the end of the transition period, the developer will no longer be able to sell and carry out development projects in accordance with the previously applicable Act on the protection of the rights of dwelling unit and house buyers. From that moment on, sales of all apartments remaining in the developer's offer will have to be made on the terms resulting from the currently applicable Act on the protection of rights of a residential unit or house buyer and on the Developer Guarantee Fund. For such sales, residential escrow accounts are required, with the final payments out of which to be made only after the title is transferred to the buyers. Payments of buyers will also be subject to non-refundable contributions to the Development Guarantee

## 1.8.2 INTERNAL FACTORS

### MANAGEMENT OF THE CAPITAL GROUP

The Dom Development S.A. Capital Group has notably developed in the recent years. Since 2017, the Group increased its geographical coverage to include the Tricity and Cracow, extended its activities to include general contractorship for its projects and implemented plans to diversify its activities, as evidenced by the significant increase in the share of the Company's subsidiaries in the Group's operating and financial results. The Management Board of the Company took extensive measures to optimise the management of the Capital Group and to establish a system framework for further development – both organic and through possible acquisitions of more companies.

The acquisition of Euro Styl S.A. Capital Group in 2017, a large property development group involved in property development projects in the Tricity and in the general contractorship of its projects, required the harmonisation of processes, organisational structures and systems and the development of effective communication channels and the circulation of information. The implementation of that labour-intensive and complex task was successful and the Company gained invaluable knowledge and experience in building added value through acquisitions.

With the acquisition of Euro Styl S.A., the Group acquired its own general contractor company – Euro Styl

Fund. In this respect, the Company's Management Board has identified potential consequences such as a change in the structure of financial flows and increased costs of sale of flats resulting from the obligation to pay contributions and maintain a new type of escrow accounts, and has provided for measures aimed at mitigating that risk in the long-term financial plan.

The call for applications from apartment buyers seeking to benefit from Safe 2% Mortgage has already ended. According to unofficial information, the Ministry of Development and Technology is working on solutions to replace Safe 2% Mortgage. It is estimated that new proposals for solutions will be presented in the second or third quarter of 2024 and may include a pool of funds in the amount of at least PLN 400 million, to be used for 20 thousand mortgages. We do not know whether the new solutions will provide for amount restrictions, limiting the availability of preferential loans enabling the purchase of flats in the largest agglomerations and located within the city districts with extensive infrastructure.

The fundamental measure adopted by the Group so as to mitigate exposure to regulatory risk is the assessment and monitoring of future and existing development projects based on project models and decision-making procedures worked out in the Group.

Construction Sp. z o.o. In the following year, the Management Board made a strategic decision to establish its own general contractor company operating in Warsaw and Wrocław (and since 2021 also in Cracow) and carrying construction projects for the Group. Dom Construction Sp. z o.o., with an experienced team and efficient management, is now a very well-organised general contractor company that successfully combines a quickly growing scale of operations (its turnover reaching nearly PLN 1 billion in 2023), high quality and cost efficiency - offering prices at a competitive level and achieving profitability above the industry average.

In 2023, the Group strengthened its position in the Cracow market, where it begun its expansion in mid-2021. The consolidation of activities within Dom Development Kraków Sp. z o.o., carried out in 2023, enabled to build on the strength of the Dom Development brand in the individual local markets and harmonise the processes and standards of projects developed from the land banks of the acquired companies from the BUMA and Sento Groups.

The Group also recorded intensified operations in the Wrocław market, where its subsidiary Dom Development Wrocław Sp. z o.o. nearly doubled its sales, moving from third to second place in that market in 2023.

Recent changes are a source of challenges for effective management of the Group and to preserve organisational flexibility necessary to respond quickly to changes in the economic environment, which is highly competitive. The Management Board seeks to reduce potential risks in this area by implementing in subsidiaries IT systems

supporting management reporting and distribution of information within the Group and through the standardisation of business processes and procedures subject to supervision in the areas of competence of individual members of the Management Board.

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## HUMAN CAPITAL

Property development projects are long-term projects of a unique nature. An important asset in the industry is therefore know-how sourced from experienced employees. Dom Development S.A. Capital Group has a relatively low turnover of employees, many of whom have been with the company for many years.

In addition, the Group has established long-term cooperation relationships with many recognised contractors. As a result, the Group companies are able to achieve above-average results at every stage of the project development process, starting with the purchase

of high-quality land, through efficient architectural designs and timely construction, as well as relations with customers promoting the Group's brand.

The Management Board reduces the risk of loss of key employees through incentive programmes for all employees of the Group companies, the development of managerial competencies and expertise of employees at the managerial level.

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## BUSINESS MARKETS

We have been operating in the Warsaw market since 1996, but we have also been present in Wrocław since 2008 and in the Tricity area since June 2017 (through our Euro Styl subsidiary). In 2021, we expanded our activity to include Cracow, where we operate as Dom Development Kraków. The company was created through the merger of two Cracow housing developers Sento and Buma.

Dom Development S.A. has been an unchallenged leader in the Warsaw's housing market for many years. The capital of Poland is the main centre of economic and social life and one of the largest academic centres in the country while the attractive and absorbent labour market attracts new residents. As a result, the housing market in Warsaw is the largest among all Polish cities and has high prices.

However, it is the most challenging for developers in terms of development project implementation. The

supply of housing in the capital is under strong pressure due to the shortage of project sites with clear legal status, delays in planning works and administrative decisions. The Management Board of the Company reduces the risk of concentrating its activities in the Warsaw market by geographical diversification within Dom Development S.A. Capital Group.

The Company pursues its diversification strategy through its subsidiaries operating in Tricity, Wrocław and Cracow. As a result, in 2023, Dom Development S.A. Capital Group operated on the four most attractive residential markets in Poland.

In the opinion of the Management Board, diversification of the Group's operation and increasing the contribution of subsidiaries to the Group's turnover and financial results is and will be an effective strategy for building the Group's value.

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## ACQUISITION OF LAND FOR PROJECTS

The source of the Group's future success is its long-term ability to acquire attractive land for new development projects at competitive prices and with satisfactory margins, despite changing market conditions. The ability to acquire new land is an important source of competitive advantage in the property development market due to scarcity of attractively located land whose legal status is clear.

The Group's Land Bank accounted for 20 thousand units as at 31 December 2023, including planned projects and land secured on the four most attractive markets in Poland.

In the opinion of the Management Board, this level is commensurate with the current market situation, in

particular the lengthy procedure of obtaining necessary permits and approvals to develop a project, legislative changes concerning the pre-development stage, and the situation in the mortgage loan market.

Thanks to its land resources, the Group is able to seamlessly replenish its offer, align it to the market needs, and keep leading position in the Polish housing market.

In 2023, the Management Board focused on acquiring attractive land for new development projects, thanks to which the Group has an extensive and diversified land bank on each of the markets, which ensures stable operations in the following years. Our success in securing

a land bank for the purpose of new projects is predominantly due to the experience of the Group's personnel and significant cash resources that allow for the quick completion of even the largest transactions.

Our competitive advantages include a large and diversified land bank, which is regularly replenished.

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### CONTRACTOR RELATIONS

The quality and timeliness of project completion are fundamental to building customer confidence. The Group adheres to high standards of performance and expects the same from its contractors. The Group is a demanding but reliable business partner. Thanks to long-term relationships with subcontractors, the Group is one of the few companies present in the real estate development market that was able to complete construction projects on time, even during the severe labour shortage in 2017 and 2018, as well as during the crisis in 2022 triggered by the armed conflict in Ukraine.

Such a relationship-focused approach to cooperation with external partners improves operational efficiency of the Group, while reducing the risk of delays, additional costs and image losses caused by external factors, and occurs through cooperation with proven contractors.

In the opinion of the Management Board, in a difficult economic and geopolitical situation, the ability of the Group to ensure relations with suppliers based on long-term cooperation and the flow of orders resulting from the size of its business are even more important.

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### CUSTOMER SATISFACTION

The decision to buy an apartment is a breakthrough and emotional event for many people. With this in mind, the employees of all Group companies make every effort to ensure that the process is carried out in a friendly manner and that customer satisfaction with the purchase is high and enduring.

The Polish real estate market has been maturing, with the noticeable emergence of a market for second and third apartments. This change has increased the importance of the developer's brand. The strength of Dom Development S.A. Capital Group is reflected not only by its sales volumes, but also by the low price elasticity of buyers and the reputation of a reliable company, earned through many years of solid delivery on its commitments to customers.

The importance of reputational risk is relatively high for a property developer. When deciding to buy an apartment, many people rely on the opinions of friends and reviews posted on the Internet. The Group companies closely

monitor and analyse overall customer satisfaction and broken down by specific area and project, with the use of the Net Promoter Score (NPS). This is a metric used in all industries, which can range from -100 to 100.

In FY 2023, the NPS stood at 71 points (70 points in FY 2022), highlighting the Group's continuous commitment to improving customer satisfaction. It should be considered a very high score, especially compared to the average of 42 points on a more mature UK market (according to a report published by the Home Builders Federation in March 2023).

Through careful monitoring of the opinions and satisfaction of apartment purchasers, the Group has been able to respond to customer needs in greater extent. Feedback concerning our development projects is carefully analysed and used in the development of further projects by the Group.



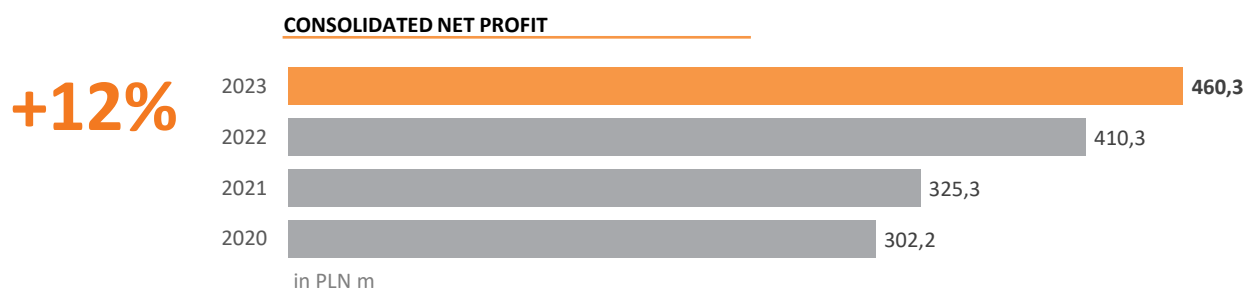
## 2 OVERVIEW OF FINANCIAL RESULTS OF DOM DEVELOPMENT S.A. AND ITS GROUP





## 2.1 PROFITS AND PROFITABILITY

### 2.1.1 CONSOLIDATED FINANCIAL RESULTS OF THE DOM DEVELOPMENT S.A. CAPITAL GROUP



The year 2023 was a record year for Dom Development S.A. Capital Group in terms of financial performance. The Group has gradually improved its financial performance and focused on maintaining high profitability in recent years. Efficient sales policy, timely completion and high-quality of projects resulted in 5.4% increase in consolidated sales revenue, which reached PLN 2 550.3 million, while the gross profit on sales increased by 7.8%, to reach PLN 815.1 million.

Last year, despite the strong upward pressure on construction costs, but with high demand, the Group continued to pursue its strategy of maximising margins. Good results are reflected in the growth of gross profitability, which reached 32% from 31.2% in 2022.

In 2023, the Group significantly increased the scale of its development projects, as well as the sales volume (26% up compared to 2022), and its actions contributed to the dynamic expansion of its operations, especially in the Cracow and Wroclaw markets. However, this did not lead to an upward price trend as the selling costs and general administrative expenses increased only by 4.6% compared to the previous year. The Management Board of the Company holds the view that this demonstrates a very

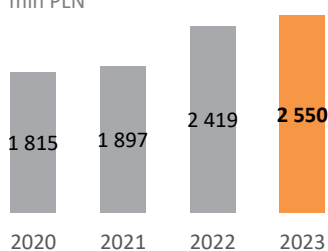
high ability of using the potential of handling projects in progress as worked out within the Group, despite inflationary pressure throughout the Polish economy over the past year.

The Group's operating result was PLN 558.2 million in 2023, i.e., 11.3% more than a year before. The Group places a strong emphasis on management efficiency, which caused operating profit margin to go up to 21.9% in 2023. In the current economic environment, the Company's Management Board considers this a very satisfying level that reflects the effectiveness of the Group's business model.

In the past year, the Group registered a record-high consolidated net profit of PLN 460.3 million, i.e. PLN 17.94 per share. This is the effect of the record-breaking operating results, combined with a conservative policy regarding the creation of cost provisions. The Company's Management Board would also like to note at this point that this result is accompanied by the record-high potential of sales to be recognised, as represented by agreements concluded with customers for the sale of units, which are to be handed over to them in subsequent accounting periods.

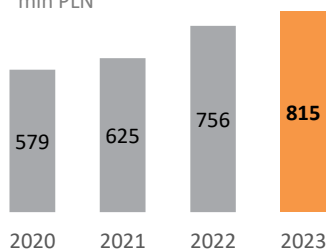
#### SALES REVENUE

mIn PLN



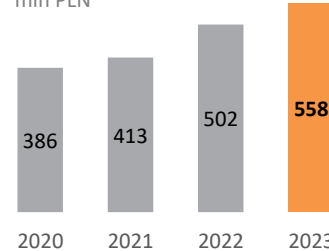
#### GROSS PROFIT ON SALES

mIn PLN



#### EBIT

mIn PLN



In the opinion of the Company's Management Board, the financial results of Dom Development S.A. Capital Group in 2023 were exceptional and were the result of skilful leveraging of the opportunities offered by the economic environment in the previous years and now.

The gradual increase in the Group's profits and a relatively stable shareholders' equity, despite most of consolidated profit for 2012-2022 being paid as dividends and the first ever interim dividend for 2023 of PLN 141 million, confirms a stable and high return on equity (ROE), which makes Dom Development S.A. Capital Group stand out in the sector. The ROE stood at 32.6% in 2023, which is another indication of the Group's efficient performance and its ability to read market signals.

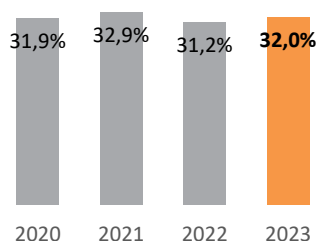
Return on assets increased slightly, i.e., by 0.6 pp, to approx. 11.2%. The Company's Management Board believes that it is a very good result. The Group's assets grow proportionally to its results mainly due to the increase in inventory (+11.4% YoY), which determine the potential for future results. The Group's inventory mostly comprises real properties and the expenditures for designing and construction work, as spent on the units sold (contracted) and not yet delivered to

purchasers, and therefore not recognised as sales revenue in the income statement.

In 2023, there were numerous abnormal market factors having a material impact on the financial results presented in this report. 2023 was the year of a quite strong recovery in the housing market. The launch of the "Safe 2% Mortgage" programme in July last year largely contributed to increase in the volume of mortgages granted, by 40.5% compared to the previous year. In addition, sales in the Polish housing market increased significantly, which was also reflected in a spectacular growth in the Group's sales at 26% YoY. Surge in demand combined with limited supply resulted made housing prices go up rapidly last year – by about 16% in the seven largest markets in Poland.

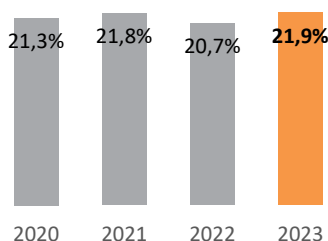
In the second half of last year, the Polish Financial Supervision Authority relaxed its requirements as regards the credit scoring and indicated that the lowest minimum buffer level (2.5 percentage points) should be applied to loans with a periodically fixed interest rate. As a result of this decision, customer creditworthiness improved by as much as 25%, which was also reflected in the exceptionally good results of the Group.

#### GROSS MARGIN ON SALES



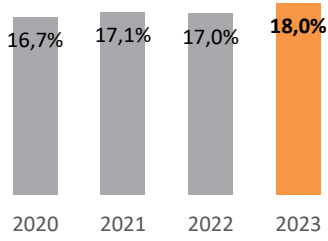
$\frac{\text{gross profit on sales}}{\text{sales revenue}}$

#### OPERATING PROFIT MARGIN



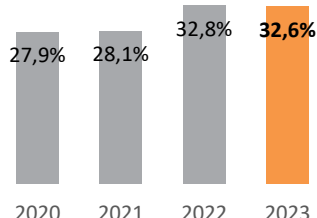
$\frac{\text{EBIT}}{\text{sales revenue}}$

#### NET PROFIT MARGIN



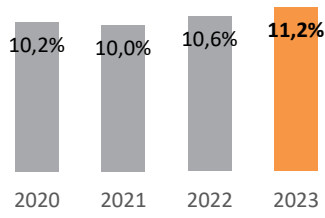
$\frac{\text{net profit}}{\text{sales revenue}}$

#### ROE



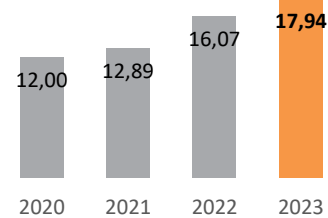
$\frac{\text{net profit}}{\text{equity capital at the beginning of the period}}$

#### ROA



$\frac{\text{net profit}}{\text{total assets at the beginning of the period}}$

#### EARNINGS PER SHARE



$\text{basic consolidated earnings per share}$

## 2.1.2 FINANCIAL RESULTS OF DOM DEVELOPMENT S.A.

FINANCIAL RESULTS AND PROFITABILITY OF DOM DEVELOPMENT S.A.	2023	2022	Change YoY
<b>INCOME STATEMENT</b>			
Sales revenue	1 487 820	1 414 704	5.2%
Gross profit on sales	488 325	462 297	5.6%
EBIT	333 915	309 348	7.9%
Net profit	441 114	373 684	18%
<b>Earnings per share, basic</b>	<b>17.19</b>	<b>14.64</b>	<b>17.4%</b>
<b>PROFITABILITY RATIOS</b>			
Gross margin on sales	32.8%	32.7%	0.1 p.p.
Operating profit margin	22.4%	21.9%	0.5 p.p.
Net margin	29.6%	26.4%	3.2 p.p.
ROE	32.7%	30.5%	2.2 p.p.
ROA	14.2%	12.3%	1.9 p.p.

The financial results of Dom Development S.A. were very strong in 2023 in the opinion of the Management Board of the Company. We recorded an increase in the sales revenue by 5.2%. The average value of a unit delivered by the Company in 2023 was PLN 720 thousand, confirming the well-established position of Dom Development S.A. in the segment of upper-standard units. At the same time, the Company maintained a very high return on sales, which reached 32.8% last year, compared to 32.7% a year earlier.

In 2023, the Company also continued its strategy of market diversification, implemented through subsidiaries developing real estate in the Tricity market (Euro Styl S.A.), in Wrocław (Dom Development Wrocław Sp. z o.o.) and in Cracow (Dom Development Kraków Sp. z o.o.). During the reporting period, particular notice is due to the Cracow company,

established following the successful acquisition of two local developers Sento and Buma (merged into the Group in 2021 and 2022, respectively), in which the entire activity of the Group in the Cracow market was concentrated. Thanks to the successful expansion and increased scale of operations in individual local markets last year, dividends received from subsidiaries increased by 36% compared to the previous year, to nearly PLN 159 million in 2023.

The leading position in the Warsaw market and the successful diversification of activities through expansion in other main agglomerations of Poland allowed the Company to increase its net result by 18% YoY, to PLN 441 million in 2023. The Company's net profitability ratio reached a very high level of 29.6% during this period.

## 2.2 CAPITAL STRUCTURE OF THE COMPANY AND THE GROUP

In 2023, the Company's and the Group's position in terms of assets was strong, and made the Company stand out in the sector. The Group's balance sheet total increased over the past year to PLN 4 563 million, compared to PLN 4 112 million as at 31 December 2022.

### ASSETS

Current assets worth PLN 4 407 million as at 31 December 2023, were dominant in the Group's asset structure, as in previous years. The share of tangible fixed assets in the balance sheet total was as little as 3%. Cash understood as cash and cash equivalents plus cash in open escrow accounts remained at a very high level of PLN 389 million, allowing the Group to flexibly respond to changes in the market environment.

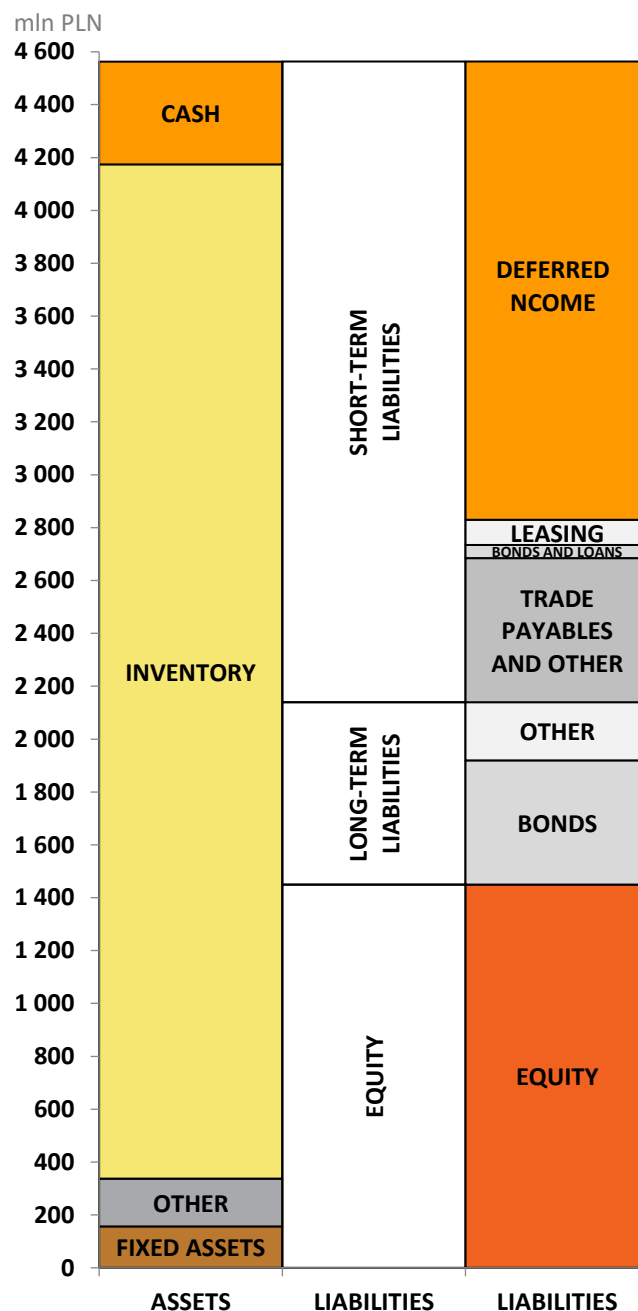
The value of funds in the escrow accounts of Group companies was relatively high, and it stood at PLN 103 million as at 31 December 2023 against PLN 70 million a year earlier. However, a small proportion of these funds in relation to the value of invoiced sales recorded under "deferred income" in liabilities (around 6% at the end of 2023) demonstrates the high operational efficiency of the Group companies and the timely completion of building projects. Funds are released from an open escrow account proportionally to the progress in building works, as soon as certain stages are completed.

Consistently, inventories are the key item in the Group's assets - accounting for 84% of the balance sheet total, and they increased by 11.5%, to PLN 3 837 million in 2023. This balance sheet item consists primarily of projects under construction and investment land for future projects with a total value of PLN 3 511 million.

### LIABILITIES

The closing balance of shareholders' equity at the Dom Development S.A. Capital Group was PLN 1 450 million in 2023, i.e., 3% higher than as at 31 December 2022. The change in shareholders' equity was largely affected by the net profit of PLN 460 million recognised in equity, as well as the dividend paid out in 2023 from the 2022 profit in the amount of PLN 283 million and interim dividend from the 2023 profit in the amount of PLN 141 million.

BALANCE SHEET STRUCTURE AS AT 31 DECEMBER 2023



SELECTED DATA FROM THE CONSOLIDATED BALANCE SHEET DOM DEVELOPMENT S.A. CAPITAL GROUP (in PLN '000)	31.12.2023	Share in the balance sheet total	31.12.2022	Change YoY
<b>Total fixed assets</b>	<b>156 665</b>	<b>3%</b>	<b>175 308</b>	<b>(11)%</b>
<b>Current assets</b>				
Inventory	3 837 118	84%	3 442 969	11%
Trade and other receivables	88 340	2%	90 731	(3)%
Other current assets	77 357	2%	7 549	925%
Cash and cash equivalents and short-term financial assets	403 834	9%	395 399	2%
<b>Total current assets</b>	<b>4 406 649</b>	<b>97%</b>	<b>3 936 648</b>	<b>12%</b>
<b>TOTAL ASSETS</b>	<b>4 563 314</b>	<b>100%</b>	<b>4 111 956</b>	<b>11%</b>
<b>Shareholders' equity</b>				
Share capital	25 698	1%	25 548	1%
Share premium	271 558	6%	264 208	3%
Reserve and supplementary capitals, and accumulated unappropriated profit (loss)	1 152 202	25%	1 123 458	3%
<b>Total shareholders' equity</b>	<b>1 449 458</b>	<b>32%</b>	<b>1 413 214</b>	<b>3%</b>
Non-controlling interests	82	<1%	59	39%
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1 449 540</b>	<b>32%</b>	<b>1 413 273</b>	<b>3%</b>
<b>Liabilities</b>				
Total long-term liabilities	689 978	15%	440 363	57%
Total short-term liabilities	2 423 796	53%	2 258 320	7%
<b>Total liabilities</b>	<b>3 113 774</b>	<b>68%</b>	<b>2 698 683</b>	<b>15%</b>
<b>Total equity and liabilities</b>	<b>4 563 314</b>	<b>100%</b>	<b>4 111 956</b>	<b>11%</b>

The Group's total liabilities as at the end of 2023 amounted to PLN 3 114 million, of which PLN 1 734 million was allocated to deferred income classified as current liabilities.

As in previous years, the structure of the Group's liabilities was very safe. As at 31 December 2023, the Group's short-term interest-bearing debt was comprised exclusively of bonds worth PLN 50 million. The Group's remaining interest-bearing debt of PLN 470 million was long-term debt and consisted of bonds with various maturity, until 2028. The Group's total interest-bearing debt at the end of last year was PLN 520 million. It should also be pointed out that the Group has available financing at a record high

level of PLN 949 million, i.e. PLN 389 million in cash and PLN 560 million in unused credit lines.

Short-term liabilities accounted as deferred income were dominant in the structure of the Group's liabilities as at 31 December 2023. Despite record-high sales revenue recognised in the Group's consolidated income statement for 2023, this item increased by PLN 182 million as at the end of 2023, compared to the end of the previous year. This confirms that the Group companies, which consistently pursue the policy of maximising sales margin and, consequently, the profits, make a very effective use of the market situation.

## LIQUIDITY RATIOS

Having considered the specifics of the real estate development industry with its long production cycle and tighter funding requirements for companies operating in this industry, the Group is in a highly comfortable financial and liquidity position. This is due to a number of long-term decisions and actions taken by the Company's Management Board. The high level of these ratios is largely the effect of the adequate financing structure, which is predominantly medium-term and long-term, rather than short-term financing. Liquidity ratios are driven by decisions around financing of current investments (including decisions about when to commence the construction of individual estates and

concerning the product mix offered for sale) and the strategy for acquiring new land.

The Group's liquidity position, especially in the context of the continuous growth of the Group's operations and the engagement of financial resources in an increasing number of development projects, is still very good in the opinion of the Management Board of the Company.

The Dom Development S.A. Capital Group has maintained consistently high liquidity. At the end of 2023, the current liquidity ratio was very high and stood at 6.39.

The quick liquidity ratio decreased and was at the level of 0.83 as at 31 December 2023. The value of this ratio is on a



very good level and demonstrates the high liquidity of the Group which in a volatile market environment becomes a key competitive advantage for customers, business partners, investors and financial institutions alike.

The cash ratio stood at 0.41, which is similar to that in the previous year. This ratio reflects high liquidity of the Group.

LIQUIDITY RATIOS IN THE GROUP	FORMULA	31.12.2023	31.12.2022
<b>Current ratio</b>	<b>current assets / short-term liabilities*)</b>	6.39	5.57
<b>Quick ratio</b>	<b>current assets less inventory / short-term liabilities*)</b>	0.83	0.70
<b>Cash ratio</b>	<b>cash and cash equivalents / short-term liabilities*)</b>	0.41	0.43

\*) Short-term liabilities less deferred income

## LEVERAGE RATIOS

Appropriate operating policy (i.e. proper commencement and pace of projects as well as controlled purchases of new land) and financing policy (the financing structure and sources) ensured that leverage ratios were maintained at safe levels to support the business activity of the Group and maintain the Group's creditworthiness in the financial market. The leverage ratios were similar at the end of 2023 to those at the end of 2022, thus reflecting the conservative approach of the Company's Management Board to the financing of its operations. As regards the analysed Group's leverage ratios, the biggest change was noted for the gearing ratio, which changed from minus 0.3% to a still comfortable level of 9%. The Group's debt structure was primarily affected by the bonds issued in the previous years, with the aggregate value of PLN 520 million, and specifically five-year bonds with the value of PLN 260 million issued in September

2023. Another change was for the debt to equity ratio, which increased from 191% to 214.8% in 2023. This increase was driven by a PLN 151 million rise in interest bearing debt, as well as the previously mentioned PLN 182 million increase in deferred income, coupled with a slight growth in equity (due to the interim dividend paid in December 2023).

In general, all leverage ratios in the Group can be considered safe and stable. As a result, this made it possible for the Group to decide to pay out, for the first time in the Company's history, an interim dividend toward the profit for the current year, while maintaining the Management Board's financial policy which prioritises balanced debt (including interest-bearing debt), net assets and current assets, and safe liquidity ratios in this area.

LEVERAGE RATIOS IN THE GROUP	FORMULA	31.12.2023	31.12.2022
<b>Equity ratio</b>	<b>shareholders' equity / total assets</b>	31.8%	34.4%
<b>Liabilities to equity ratio</b>	<b>total liabilities / shareholders' equity</b>	214.8%	191.0%
<b>Debt ratio</b>	<b>total liabilities / total assets</b>	68.2%	65.6%
<b>Interest bearing debt to equity ratio</b>	<b>interest bearing debt / shareholders' equity</b>	35.9%	26.1%
<b>Gearing ratio</b>	<b>(interest bearing debt less cash and cash equivalents*) / shareholders' equity</b>	9.0%	(0.3)%

\*) Cash and cash equivalents, including funds in escrow accounts

## CASH FLOWS

The Dom Development S.A. Capital Group generated PLN 268 million of net cash flow from operating activities in 2023, despite large expenditures on land purchased for new projects. The Management Board believes it is a very good result indicating the Group's healthy business model. The increase in this cash flow item, compared to

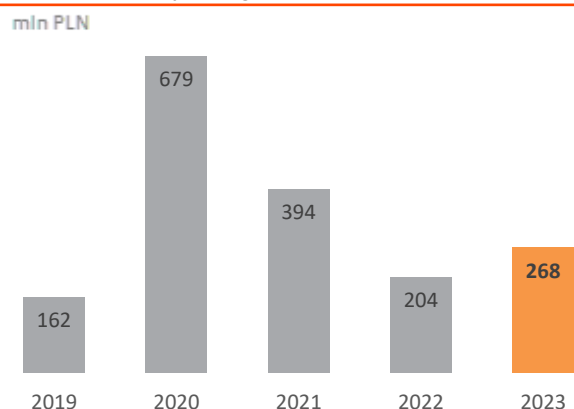
2022, is attributed to greater sales and high proceeds from customers as a consequence well-scheduled and timely completion of development projects. This was the result of a record-high scale of operations at the Group in 2022, and then again in 2023, as measured by the number

of units sold. It should also be noted that in 2023 deferred income increased by PLN 182 million.

In terms of investing activity, the Group recorded a slight net cash outflow (PLN 16 million), primarily due to expenditures on intangible assets and tangible fixed assets. In 2023, the Group reported a significant net outflow of cash from financial activities in the amount of PLN 270 million, mainly due to the payment of a record-high dividend and interim dividend in the aggregate amount of PLN 424 million and an increase in bond debt by PLN 210 million, with the concurrent reduction in loan liabilities by PLN 59 million.

In total, in 2023 the balance of the Group's consolidated cash decreased by PLN 18 million to PLN 286 million.

#### Cash flow from operating activities



### 2.2.1 COMPANY'S FINANCIAL POSITION

SELECTED DATA FROM THE BALANCE SHEET OF DOM DEVELOPMENT S.A. (in PLN '000)	31.12.2023	Share in the balance sheet total	31.12.2022	Change YoY
Investments in subsidiaries, associates and jointly controlled entities	472 613	14%	486 050	(2.8)%
Long-term loans granted	462 337	14%	303 045	53%
Other fixed assets	67 260	2%	104 132	(35.4)%
<b>Total fixed assets</b>	<b>1 002 210</b>	<b>30%</b>	<b>893 227</b>	<b>12%</b>
<b>Current assets</b>				
Inventory	2 050 861	62%	1 930 509	6%
Trade and other receivables	52 790	2%	42 782	23%
Other current assets	74 836	2,3%	4 409	1597%
Cash and cash equivalents and short-term financial assets	116 462	3%	241 103	(52)%
<b>Total current assets</b>	<b>2 294 949</b>	<b>70%</b>	<b>2 218 803</b>	<b>3%</b>
<b>TOTAL ASSETS</b>	<b>3 297 159</b>	<b>100%</b>	<b>3 112 030</b>	<b>6%</b>
<b>Shareholders' equity</b>				
Share capital	25 698	1%	25 548	1%
Share premium	271 558	8%	264 208	3%
Reserve and supplementary capitals, and accumulated unappropriated profit (loss)	1 070 909	32%	1 061 278	1%
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1 368 165</b>	<b>41%</b>	<b>1 351 034</b>	<b>1%</b>
<b>Liabilities</b>				
Total long-term liabilities	550 872	17%	342 253	61%
Total short-term liabilities	1 378 122	42%	1 418 743	(3)%
<b>Total liabilities</b>	<b>1 928 994</b>	<b>59%</b>	<b>1 760 996</b>	<b>10%</b>
<b>Total equity and liabilities</b>	<b>3 297 159</b>	<b>100%</b>	<b>3 112 030</b>	<b>6%</b>

The Company's balance sheet total went up by 6% over the year 2023, to PLN 3 297 million. The majority of the Company's assets was inventory, which stood at PLN 2 051 million at the end of 2023, i.e., 6% higher than in the benchmark year. Long-term loans (to subsidiaries only) in 2023 increased by 53%, to PLN 462 million.

The structure of the Company's liabilities has not materially changed as compared to the figures as at the end of 2022. As at 31 December 2023, shareholders' equity, accounting for 41% of the balance sheet total, despite the payment of 2022 dividend (PLN 268 million) and 2023 interim dividend (PLN 141 million), remained at the same level as a year before, and stood at PLN 1 368

million. Long-term liabilities of the Company were around PLN 551 million, 61% up compared to the previous year. They were mainly bonds issued by the Company to a value of PLN 470 million. Short-term liabilities remained largely unchanged from 2022, and amounted to PLN 1 378 million. The sum of bonds issued by the Company at the end of 2023 increased by PLN 210 million in comparison with the

end of the previous year, while bank loans decreased by PLN 50 million.

The favourable structure of the Company's balance sheet is reflected in the liquidity and leverage ratios as presented below.

LIQUIDITY RATIOS IN THE COMPANY	FORMULA	31.12.2023	31.12.2022
Current ratio	<b>current assets / short-term liabilities*</b> )	5.71	4.37
Quick ratio	<b>current assets less inventory / short-term liabilities*</b> )	0.61	0.57
Cash ratio	<b>cash and cash equivalents / short-term liabilities*</b> )	0.08	0.36

\*) Short-term liabilities less deferred income

LEVERAGE RATIOS IN THE COMPANY	FORMULA	31.12.2023	31.12.2022
Equity ratio	<b>shareholders' equity / total assets</b>	41.5%	43.4%
Liabilities to equity ratio	<b>total liabilities / shareholders' equity</b>	141.0%	130.3%
Debt ratio	<b>total liabilities / total assets</b>	58.5%	56.6%
Interest bearing debt to equity ratio	<b>interest bearing debt / shareholders' equity</b>	38.01%	26.6%
Gearing ratio	<b>(interest bearing debt less cash and cash equivalents*) / shareholders' equity</b>	30.6%	10.4%

\*) Cash and cash equivalents, including funds in escrow accounts

All liquidity and leverage ratios presented above remain at a good, safe level, which is managed by the Company's Management. As at 31.12.2023, Dom Development S.A.

has available yet unused credit lines of PLN 560 million in five largest banks in Poland.

## 2.3 ASSESSMENT BY THE MANAGEMENT BOARD OF FINANCIAL RESOURCES AND THE CAPACITY AT THE COMPANY AND THE GROUP TO IMPLEMENT INVESTMENT PROJECTS

The Dom Development S.A. Capital Group is fully capable of financing currently executed investment projects. The Group companies intend to finance the execution of real estate development projects from shareholders' equity, the issue of debt securities by the Company, bank loans and customer payments on account of purchased units. The Company's Management Board attempts to match the maturity structure of the debt securities issued and bank loans mainly to the completion cycle timeframe of individual development projects, with particular consideration given to the gradual replenishment of the land bank for future development projects of the Group.

The Group's capacity to implement investment projects was confirmed in 2023. The Management Board of the Company was able to bring about the payment of an interim dividend of PLN 141 million while maintaining a high level of cash and small net interest bearing debt. As at 31 December 2023, Dom Development S.A. (and its Group) has had significant financial resources and a very good reputation at banks and bondholders, which results in high availability of external funding.

The Company's Management Board abided by its earlier statements concerning the increase in market diversification of the Group's business, which assumed further expansion into the Cracow's market, the maintenance of scale of operations in Warsaw and dynamic growth of subsidiaries in the Tricity region and Wroclaw. In the coming year, the Company's Management Board intends to continue this strategy, and a further increase in the share of subsidiaries in the Group's sales is expected. The key to achieving these goals is the effective acquisition of new land for the land bank, which in 2023 reached a record-high capacity of 20 thousand units.

After the successful acquisition of the BUMA Group in 2022, year 2023 was marked by the consolidation of all the operations in the Cracow market within Dom Development Kraków Sp. z o.o. established for this purpose. This process was practically completed in 2023.

In 2023, the Company started construction of a residential project (397 units) for a professional institutional investor

from the PRS (Private Rental Sector – institutional lease) segment. The construction is carried out on the land that the Company sold to this investor in 2022, and is progressing smoothly.

The contractorship companies operating within the Group, namely Dom Construction Sp. z o.o. and Euro Styl Construction Sp. z o.o., grew their scale of operations in 2023. The Company's Management Board expects that in the coming years, in-house general contractorship will become

the predominant method of carrying out the Group's property development projects, but it does not exclude however, the engagement of third-party general contractors in the local markets, as long as their offer is competitive.

The Company's Management Board believes that the Dom Development S.A. Capital Group has all the resources and opportunities to complete its investment plans, which were formulated on the basis of many years of the Company's and the Group's experience.

## 2.4 LOANS AND BONDS, AND OTHER LIABILITIES

### 2.4.1 LOANS CONTRACTED OR TERMINATED

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.

As at 31.12.2023 the Group did not contract any loans, nor did it use available credit lines totalling PLN 560 million.

Details of the loans have been presented in note 7.18 to the consolidated financial statements of the Group for 2023.

### 2.4.2 BONDS

The Company has entered into two bond issue agreements.

The agreement with Trigon Dom Maklerski S.A. and Trigon Investment Banking Spółka z ograniczoną odpowiedzialnością & Wspólnicy S.K. Pursuant to the said 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.

- 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 DOMDETDOMDEM1280928, 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.

As at 31.12.2023 the Company presents the value of bonds issued as a long-term portion in the amount of PLN 470 million and a short-term portion in the amount of PLN 50 million

Details of the bonds issued, redeemed by the Group companies and cancelled have been presented in note 7.19 to the Consolidated Financial Statements of the Group for 2023.

### **2.4.3 BORROWINGS CONTRACTED OR TERMINATED**

In 2023, the Group companies did not enter into nor terminate any borrowing agreements with non-Group companies.

The Company did not have any borrowings as at 31 December 2023. The Company did not take out or repay any borrowings in 2023.



## 2.4.4 BORROWINGS PROVIDED

BORROWINGS GRANTED BY GROUP COMPANIES IN 2023				
GRANTED TO	DATE OF THE AGREEMENT	MATURITY	BORROWING AMOUNT (in PLN '000)	INTEREST
<b>BORROWINGS GRANTED BY DOM DEVELOPMENT S.A.</b>				
Dom Development Kraków Sp. z o.o.	28.04.2023	31.12.2027	165 100	WIBOR 6M + 4%
Issogne Sp. z o.o.*	16.08.2023	31.12.2023	90 000	WIBOR 6M + 6%
<b>BORROWINGS GRANTED BY EURO STYL S.A.</b>				
Euro Styl Montownia Sp. z o.o.	08.03.2023	31.01.2026	300 000	WIBOR 6M+2.3%
Euro Styl Montownia Sp. z o.o.	23.10.2023	31.01.2026	1 000 000	WIBOR 6M+2.3%
Euro Styl Montownia Sp. z o.o.	30.10.2023	31.01.2026	600 000	WIBOR 6M+2.3%
GGI Dolne Miasto Sp. z o.o.	09.11.2023	30.11.2026	700 000	WIBOR 6M+2.3%
Your Destination Sp. z o.o.	25.05.2023	31.01.2026	200 000	WIBOR 6M+2.3%
Your Destination Sp. z o.o.	05.10.2023	31.01.2026	50 000	WIBOR 6M+2.3%
Your Destination Sp. z o.o.	23.10.2023	31.01.2026	300 000	WIBOR 6M+2.3%

\* The loans were repaid as at 31 December 2023.

Information on loans granted in 2023 by the Group companies is presented in the table above.

## 2.4.5 SURETIES PROVIDED AND RECEIVED

Dom Development S.A. in 2023 granted sureties for the contractual obligations of Dom Development Kraków

Sp. z o.o., to the amount of PLN 6.2 million, regarding the Dominican Friars' Priory.

## 2.4.6 GUARANTEES PROVIDED AND RECEIVED

GUARANTEES PROVIDED ON BEHALF OF THE GROUP COMPANIES IN 2023			
GRANTED BY	GRANTED TO	GUARANTEE TYPE	GUARANTEE AMOUNT (in PLN '000)
Dom Development S.A.	YIT Development Sp. z o.o.	Bank guarantee	100
Dom Development S.A.	the City of Warsaw - Wola District	Bank guarantee	20

GUARANTEES RECEIVED BY THE GROUP COMPANIES IN 2023			
GRANTED BY	GRANTED TO	GUARANTEE TYPE	GUARANTEE AMOUNT (in PLN '000)
Bank Handlowy w Warszawie S.A.	Dom Construction Sp. z o.o.	Bank guarantee	4 890
Bank Pekao S.A.	Dom Development S.A.	Bank guarantee	129
BNP Paribas Bank Polska S.A.	Dom Construction Sp. z o.o.	Bank guarantee	3 772
Credit Agricole	Dom Construction Sp. z o.o.	Bank guarantee	23
Santander Bank Polska S.A.	Dom Construction Sp. z o.o.	Bank guarantee	1 288
Santander Bank Polska S.A.	Dom Development Wrocław Sp. z o.o.	Bank guarantee	85

## 2.4.7 MATERIAL OFF-BALANCE SHEET ITEMS

Apart from the share options described in note 7.43 to the consolidated financial statements of the Group for the year ended on 31 December 2023, the Company and its subsidiaries operating within the Group did not hold any significant off-balance sheet items.

## 2.5 USE OF PROCEEDS FROM THE ISSUE OF SECURITIES

In 2023, the Company issued 150 000 ordinary bearer shares (50 000 AG series, 50 000 AH and 50 000 AI series) with a nominal value of PLN 1.00 each. These shares were issued in a private placement as a result of the fulfilment of commitments under Management Options Programme V and VII for Ms Leszek Stankiewicz, Vice President of the Management Board and Mr Mikołaj Konopka, Member of the Management Board of Dom Development S.A., which

were described in more detail in note 4.9 to this report. The proceeds raised from the said share issue will be used to finance the ongoing operations of the Company. In 2023, the Company issued new bonds in the amount of PLN 260 000 thousand. Information concerning this issue is presented in note 2.4.2 of this report. The proceeds from the issue of bonds will be used to finance the current operations of the Company.

## 2.6 TRANSACTIONS WITH RELATED ENTITIES

All transactions made by the Companies operating within the Group (or their subsidiaries) with related entities are based on the arm's length principle.

Transactions with the related entities are presented in note 7.42 to the Consolidated Financial Statements of the Group for the period ended 31 December 2023.

## 2.7 AGREEMENTS SIGNIFICANT FOR THE BUSINESS ACTIVITY OF THE GROUP

In the financial year 2023, the Group companies did not enter into any major agreements with non-Group companies.

## 2.8 COOPERATION AGREEMENTS

In 2023, Dom Development S.A. Capital Group did not conclude any significant cooperation agreements with other entities.

## 2.9 CAPITAL EXPENDITURES OF THE COMPANY AND THE GROUP

### IDENTIFICATION OF MAJOR DOMESTIC AND FOREIGN INVESTMENTS, IN PARTICULAR IN SECURITIES, FINANCIAL INSTRUMENTS, INTANGIBLE ASSETS AND REAL ESTATE, INCLUDING CAPITAL INVESTMENTS MADE OUTSIDE THE GROUP OF RELATED PARTIES AND A DESCRIPTION OF THE FUNDING METHODS

Dom Development S.A. and other Group companies do not perform investment activities, which would involve the placement of financial resources in financial instruments, securities and intangible assets.

Real properties acquired by the Company and other Group companies are closely linked to operational activities and do not have the nature of capital

investment. For this reason, they are disclosed in the assets of the Company and the Group as a component of the inventory, and the measures intended to finance them are recognised in the cash flow from operating activities.

### 3 STATEMENT ON NON-FINANCIAL INFORMATION



In accordance with the criteria set out in Article 49b(1) of the Accounting Act of 29 September 1994 (Journal of Laws of 1994 No. 121 item 591, as amended), the Group is required to publish such non-financial information. The Group further notifies that, irrespective of this statement, it will publish a separate 2023 ESG report.

### 3.1 BUSINESS MODEL

Our activities are concentrated in the four Polish main markets, where we offer flats in all market segments – from popular, through to upper-standard to premium apartments. The upper-standard segment prevailing in our portfolio allows us to achieve high margins while maintaining a large scale of business. We subscribe to sustainable governance.

Property development companies within the Dom Development S.A. Capital Group have a very similar business model. The role of other Group companies is to support property development activity.

The mainstay of the Group's business are multi-stage projects with access to urban infrastructure. Our projects shape the urban fabric and complement the missing infrastructure of the major Polish agglomerations. We are one of the few developers with resources required to carry out such complex and capital-intensive projects.

In 2022, the business model was expanded to include the activities of subsidiaries of Euro Styl S.A. as regards operating aparthotels and serviced apartments. Following the completion of a development project (construction and sale) by the developer, aparthotels and serviced apartments are managed by dedicated subsidiaries of Euro Styl S.A. (so-called operating companies). They carry out sales and marketing activities and provide services associated with rental of such units to customers under (in most cases) a short-term lease. Such a model allows to improve the efficiency of the business and increases the likelihood of obtaining an optimal margin on sales and the operation of these units through supervision and control over the entire process.

The remaining, immutable pillars of our business model are described in Chapter 1.3 of this report.

### 3.2 NON-FINANCIAL KEY PERFORMANCE INDICATORS

- 4 major housing markets in Poland: Warsaw, Tricity, Cracow and Wroclaw
- 642 persons employed in the Capital Group
- 3 831 units delivered in 2023 (as at 31.12.2022: 3 666 units)
- 3 906 units sold in the retail market in 2023 (as at 31.12.2022: 3 093 units)
- 6 705 units under construction (as at 31.12.2022: 5 779 units)
- 71 pts - Group's NPS 2023



### 3.3 DESCRIPTION OF POLICIES APPLIED BY THE ENTITY WITH REGARD TO SOCIAL, EMPLOYEE, ENVIRONMENTAL MATTERS, AND THOSE RELATED TO RESPECT FOR HUMAN RIGHTS, AND ANTI-CORRUPTION, AS WELL AS DESCRIPTION OF THE OUTCOMES OF THOSE POLICIES

Sustainable development is one of the priorities in the Group's business, and hence it is reflected in its development strategy and day-to-day activities. Environmental, social and corporate governance matters are a key part of our business strategy.

An effective and mature compliance culture is a great support for the attainment of the aforementioned objectives in operations of the Dom Development S.A. Capital Group. The compliance system is designed to counteract legal risk arising from non-compliance with the laws and internal regulations of the Group. It is constantly adapted to dynamic regulatory changes, primarily steaming from external factors. This area of compliance focuses on policies and procedures governing employee, ethical, social, environmental, corporate and human rights matters, counteracting irregularities, including corruption, as well as building relationships with stakeholders, and reporting irregularities.

With an effective management structure, the compliance system ensures the adoption, monitoring and updating of appropriate policies and procedural solutions at the Dom Development S.A. Capital Group. We strive to set standards for modern management practices. An effective and mature compliance culture has a permanent place in the evolution of the Dom Development S.A. Capital Group.

In order to prevent irregularities, including corruption, we have developed and put in place the Code of Ethics and the Whistleblowing and Whistleblower Protection Procedure. This procedure allows for reporting any kind of irregularities, including corruption, and sets out the rules of conduct for both a reporting party and the company. Under the said procedure, irregularities can be reported various using channels ensuring anonymity:

- internal channels: e-mail (etyka@domd.pl, etykaES@eurostyl.com.pl), traditional mail and information provided by phone or in person;
- external channels: (e-mail, telephone) through a specialist external law firm specialising in the field of security, or anonymously through a dedicated form for receiving reports of irregularities;

Any information received, regardless of how it is transmitted, is a starting point for an internal investigation.

The Group follows the changing legal environment and best market practices, and consequently adopts appropriate standards, codes of conduct, and policies and procedures, which, in addition to supporting and



## JESTEŚMY FAIR

enhancing the Group's current business activities, will significantly support the pursuance of the Group's ESG objectives. The documents are published partly on the Group's intranet and partly on the website [www.inwestor.domd.pl](http://www.inwestor.domd.pl), making them accessible to relevant stakeholder groups, who are obliged to apply them.

The main lines of action of the Dom Development S.A. Capital Group in the environmental, social and corporate governance areas are outlined in the DOM 2030 ESG Strategy.

The results of the implementation of the objectives set out in the DOM 2030 ESG Strategy in 2023 are:

1. Implementation of the "We are Fair" Programme in the Group companies
2. Development and implementation of local CSR strategies
3. Over PLN 10 million donated to charity in 2022-2023
4. Gender parity with 43% female representation on DDSA's Supervisory Board
5. Almost 1000 flats constructed in degraded areas in 2022-2023.
6. 86% of the Group's projects meets the 15-minute city criteria
7. 83% of the Group's projects put into construction meets the Green Project Card criteria
8. Completion of a public green area in Rumia under the Urban Greenery Program
9. Launch of [www.domd.pl/esg](http://www.domd.pl/esg)
10. Installation of PV panels with 179.85 kWp output in 2023

#### Description of due diligence procedures

Dom Development S.A. and all of its subsidiaries accept responsibility for their activities. As part of due diligence in sustainable development, the implementation of the DOM

2030 strategy is verified against the schedule and responsibility matrix set by the Group's Management Board.

As part of due diligence procedures, the Group conducts ongoing review of existing policies in order to ensure their compliance:

- with EU regulations and international guidelines, and best market practices,
- with climate, social, governance and supply chain risk analysis carried out by the Group.

In line with the objective set out in the ESG Strategy to harmonise procedures across all Group companies, in 2023 we developed the assumptions for the Group's risk, compliance and quality management standard. The President of the Group's Management Board is responsible for the above matters.

In the Group companies we constantly work on adapting the existing IT systems to collect sustainability-related information.

As a listed company, we are responsible and transparent in our business. In relations with our business partners, we focus on integrity, trust and reliability. In terms of incorporating our expectations into the relationships with suppliers, depending on the scope of cooperation, we verify our subcontractors in respect of legal, formal and financial aspects, investigating whether they are subject to any sanctions, comply with applicable regulations and meet the requirements for information security, before any business relationship is established. The Group's business partners are bound to conduct their business in a manner consistent with the Group's principles, values,

environmental focus and ethics. The Group requires its business partners to act in accordance with all applicable laws and the Code of Conduct as well as good practices and the Dom Development Code of Ethical Conduct. Business partners are also expected to take into account environmental considerations, support social activities and urban biodiversity, promote solutions that reduce adverse impact on the environment, prevent pollution, and improve environmental protection practices.

The Group publishes relevant environmental, social and governance information on its website in its annual sustainability report.

### Description of significant risks related to entity's operations

The characteristics of the existing external and internal factors relevant to the development of the Group, including a description of the relevant risk factors and threats, and the exposure of the company and the group to them, has been presented in chapter 1.8 of this report. The risk associated with the implementation of development projects and how they are perceived by local communities may be due to an undesirable image of the Group among various stakeholder groups resulting from negative media coverage. By cultivating relations with the media, proper communication, engaging in dialogue with and providing support for local communities through the implementation of various projects, we are able to minimise the effects of such undesirable image.

## 4 CORPORATE GOVERNANCE





## 4.1 LIST OF CORPORATE GOVERNANCE PRINCIPLES ADOPTED BY THE COMPANY

### COMPANY'S CORPORATE GOVERNANCE RULES ADOPTED VOLUNTARILY AND THE LOCATION, WHERE THE TEXT OF SUCH CORPORATE GOVERNANCE RULES IS PUBLICLY AVAILABLE

In 2023, Dom Development S.A. was subject to the set of rules adopted by the Board of Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange) on 29 March 2021 under Resolution No. 13/1834/2021, i.e., the "Best Practice for WSE Listed Companies 2021" ("BPWSE 2021").

The Management Board and the Supervisory Board of the Company adopted the 'Best Practice for WSE Listed Companies 2021' with the exemptions described below.

In 2023, the Company did not apply principle 1.4.2 pursuant to which information on the ESG related strategy should include, without limitation: a presentation of a gender pay gap ratio with regard to salaries paid out to its employees, calculated as the percentage difference in the monthly average salary (including bonuses, awards and other allowances) between women and men in the past year, and a presentation of information on measures taken in order to eliminate any possible inequalities in that regard, along with a presentation of the related risks, and the time horizon in which equality is planned to be achieved.

Starting from the 2022 report, the Company has been publishing consolidated sustainable development (ESG) reports, taking into account the gender pay gap ratio.

The status of applying principle 2.2 has changed - on 15 June 2023 the Annual General Shareholder's Meeting of the Company appointed two women to serve the Supervisory Board. The proportion of women on the Supervisory Board is 40% now.

However, with respect to members of the Management Board, the Company does not apply principle 2.2 according to which people deciding on election of members of the company's management board or supervisory board should ensure versatility of these bodies by ensuring diversity of people elected to those bodies, allowing the company to achieve, i.a., minimum target proportion of minority group, of at least 30%, in accordance with the goals adopted in the diversity policy, as referred to in principle 2.1.

Members of the Management Board of Dom Development S.A. are appointed by a shareholder holding at least 50.1% of Company's shares and by the Supervisory Board. The Company's Supervisory Board and the majority shareholder of Dom Development S.A. were informed by the Company's Management Board about the recommendations of good practices regarding the 30%

minimum representation of the underrepresented gender in the composition of the body

In accordance with the DOM 2030 ESG Strategy announced on 28 June 2022, the Company's Management Board will do its best, in cooperation with the majority shareholder, to have the proportion of women on the Dom Development S.A. Management Board of at least 30% starting from 2026.

In 2023, the Company did not apply principle 3.6, according to which the Head of Internal Audit reports organisationally to the President of the Management Board and functionally to the Chair of the Audit Committee or the Chair of the Supervisory Board, if the Board acts as the Audit Committee.

At the Company, the Head of Internal Audit reported organisationally to the Vice President of the Management Board and Chief Financial Officer, and functionally to the Chair of the Audit Committee.

The Company does not apply principle 4.13, according to which a resolution on a new issue of shares with the exclusion of pre-emption right that also grants the pre-emption right to subscribe to the newly issued shares to selected shareholders or other entities, may be adopted if at least the following conditions are met:

- a) the company has a reasonable, economically justified need to raise capital or the share issue is related to rational, economically justifiable transactions such as a merger with or acquisition of another company or the shares are to be included in an incentive scheme adopted by the company;
- b) the persons to whom the pre-emption right will be granted shall be indicated in accordance with objective general criteria;
- c) the share subscription price will remain in a reasonable proportion to the current share quotation price of that company or will be determined as a result of the market-based book-building process.

This rule is not applied by the Company to resolutions concerning a new issue of shares with the exclusion of subscription rights resulting from the exercise of Executive Option Schemes in place at the Company, the purpose of which is the Company gaining effective tools and mechanisms to motivate key executives of the Company to provide long-term increases of value of the Company and



Dom Development S.A. Capital Group or where the share price is predetermined by the general meeting.

Another principle that the Company does not apply is principle 6.3, according to which, if one of the incentive schemes is a management option scheme, the exercise of the option scheme should be conditional upon the fulfilment by the eligible persons, within at least 3 years, of the pre-defined terms, financial and non-financial purposes and sustainable development appropriate to the company, and the fixed price for the acquisition of shares by eligible persons or for the settlement of options shall not deviate from the value of the shares at the time of adoption of the scheme.

The Company had two executive option schemes in place in 2023. One of them had a limit on the number of options exercised to 20% of the total number of shares exercisable under the scheme in each calendar year in the consecutive five years following the adoption of the scheme. The other one had a limit on the number of options exercised to 20% of the total number of shares exercisable under the scheme in each calendar year in the consecutive five years starting from the year of scheme adoption. In addition, options not exercised under any of the said schemes could be exercised at a later date, but not later than the end of the year in which the 10th anniversary of the scheme takes place.

The Management Board of the Company represents the view that the allocated options being split into five tranches with exercisability at 12-month intervals is an alternative corresponding to the manner of tying remuneration of a member of the management board to the Company's long-term business and financial goals as defined in principle 6.3 of the BPWSE 2021.

#### COMPANY'S CORPORATE GOVERNANCE RULES ADOPTED VOLUNTARILY AND THE LOCATION, WHERE THE TEXT OF SUCH CORPORATE GOVERNANCE RULES IS PUBLICLY AVAILABLE

In 2023, Dom Development S.A. followed the corporate governance rules published in the Code of Best Practice for Customer-Developer Relations drafted by Polski Związek Firm Deweloperskich (the Polish Union of Developers). The Code of Best Practice for Customer-Developer Relations is publicly available on:

The structure of the management option programmes in place at the Company is intended to link the remuneration of key executives to the increase in the Company's Shareholder value over a period of at least five years. The possibility to immediately exercise the individual tranches is the result of the specifics of the property development sector, which is highly cyclical and involves the risk of a temporarily separation between the share price and the actual quality and efficiency of the Company's operations.

The set of principles of the "Best Practice for Warsaw Stock Exchange Listed Companies 2021" is publicly available on:

[https://www.gpw.pl/pub/GPW/files/PDF/dobre\\_praktyki/DPSN21\\_BROSZURA.pdf](https://www.gpw.pl/pub/GPW/files/PDF/dobre_praktyki/DPSN21_BROSZURA.pdf)

The information on the status of application of the recommendations and rules oprinciples of the Best Practice for WSE Listed Companies 2021 was posted by the Company on:

<https://inwestor.domd.pl/pl/lad-korporacyjny>

In accordance with principle 1.5 of the BPWSE 2021, we inform you that in 2023 the Group had the following expenses for charitable activities:

Dom Development Group's spending on charitable activities (in PLN '000 )

	2023	2022	2021
Social organisations	1 011	987	621
Charitable institutions	4 992**	1 244*	72
Sports	-	23	110
Culture and arts	2 265	1.6	52
<b>Total charitable donations</b>	<b>8 268</b>	<b>2 256</b>	<b>855</b>

\* Of which, PLN 1 194 thousand was allocated to support people affected by the war in Ukraine

\*\* Of which PLN 4 902 thousand was allocated to support people affected by the war in Ukraine

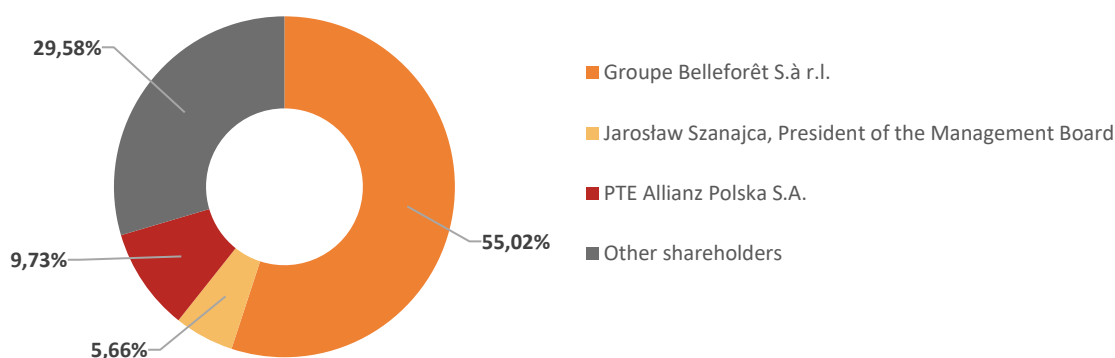
<http://www.warszawa.pzfd.pl/strefa-klienta/kodeks-dobrych-praktyk>

Dom Development S.A. has adhered to all of the rules described in the Code of Best Practice for Customer-Developer Relations.

## 4.2 SHARE CAPITAL, SHAREHOLDERS

### 4.2.1 SHAREHOLDER STRUCTURE

The shareholder structure of Dom Development S.A. as at 31 December 2023 was as follows:



As at 31 December 2023, the Company was controlled by the parent company – Groupe Belleforêt S.à r.l., which held 55.02% of the Company's shares. The Dom Development S.A. shareholder structure has been stable. Representatives of Groupe Belleforêt S.à r.l., who were co-founders of Dom Development S.A., serve on both the Management Board and the Supervisory Board of the Company. They are a valuable source of expertise and support for the management of the Company and its subsidiaries.

The long-term involvement of shareholders is a support for the activities of Dom Development S.A. thus enabling its sustainable development and optimised operations aimed at building the goodwill of the Company and the Group. In the opinion of the Company's Management Board, a transparent and stable ownership structure has a positive effect on the Company's operations as the exceptionally long production cycle in the development sector, spread over the years, requires a long-term perspective.

Shares of Dom Development S.A. are held in the portfolios of numerous Open-End Pension Funds, of which PTE Allianz Polska S.A. is a dominant one.

On 16 May 2023, the Company received a notification from PTE Allianz Polska S.A., who manages Allianz Polska Otwarty Fundusz Emerytalny (*open-end pension fund*) (hereinafter "Allianz OFE") informing the Company that as a result of winding up of Drugi Allianz Polska Otwarty

Fundusz Emerytalny (hereinafter "Drugi Allianz OFE") through the transfer of its assets to Allianz OFE, the overall number of votes in the Company's general meeting as attached to the shares held on Allianz OFE accounts was above 5%. Following the winding up of Drugi Allianz OFE there were 2,501,493 shares of the Company registered in the Allianz OFE's account, representing 9.73% in the Company's share capital, which entitles to exercise 2,501,493 votes from the shares, representing 9.73% of the overall number of votes in the general meeting of the Company.

Detailed information on 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, and on the change in their shareholding in the period from 31 December 2022, are presented in the table below.

Save for the Company's share options described in note 7.43 of the Group's 2023 Consolidated Financial Statement, the Company's Management Board is not aware of any agreements, including those concluded after the balance sheet date, which may result in future changes in the proportion of shares held by existing shareholders and bondholders. Dom Development S.A. Capital Group does not have any information about any insurance or cooperation agreements between shareholders in 2023.

**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”)**

<b>STATUS AS AT 31 DECEMBER 2023</b>	<b>SHARES</b>	<b>CHANGE IN SHAREHOLDING SINCE 31 DECEMBER 2022</b>	<b>NUMBER OF VOTES AT THE GSM</b>	<b>SHARE IN CAPITAL AND VOTES AT THE GSM</b>
<b>Groupe Belleforêt S.à r.l.</b>	<b>14 140 441</b>	<b>15 500</b>	<b>14 140 441</b>	<b>55.02%</b>
PTE Allianz Polska S.A.	2 501 493	2 736	2 501 493	9.73%
Jarosław Szanajca	1 454 050	-	1 454 050	5.66%

#### 4.2.2 SPECIAL CONTROL RIGHTS

**PERSONS HOLDING ANY SECURITIES WITH SPECIAL CONTROL RIGHTS, AND DESCRIPTION OF THESE RIGHTS**

Pursuant to paragraph 6.2.2 of the Articles of Association of Dom Development S.A., a shareholder holding at least 50.1% of shares in the Company is personally vested with the right to appoint and dismiss half of the members of the Management Board, including the President of the Management Board and the Vice President of the Management Board who is responsible, pursuant to the Management Board Bylaws, for the Company’s finances. For an odd number of Management Board members, a shareholder holding at least 50.1% of the shares in the Company is authorised to appoint, accordingly: three (for a 5-person Management Board) or four (for a seven-person Management Board) Management Board members. The above right is exercised by way of serving a written statement to the Company regarding the appointment or dismissal of a given Management Board member. The remaining members of the Management Board shall be appointed and dismissed by the Supervisory Board.

Pursuant to article 7.4 of the Articles of Association of Dom Development S.A. a shareholder holding at least 50.1% of the shares in the Company is vested with the personal right to appoint and dismiss half of the members of the Supervisory Board, including one Vice Chair thereof. For an odd number of Supervisory Board members, a shareholder holding at least 50.1% of the shares in the Company is authorised to appoint, accordingly: three (for a 5-person Supervisory Board), four (for a seven-person Supervisory Board) and five (for a nine-person Supervisory Board) Supervisory Board members. The above right is exercised by way of serving a written statement to the Company regarding the appointment or dismissal of a given Supervisory Board member.

As at 31 December 2023, Groupe Belleforêt S.à r.l., a company with its registered office in Luxembourg was the shareholder holding at least 50.1% of the Company’s shares.

#### 4.2.3 LIMITATION OF RIGHT IN SHARES

**RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS**

Pledges and beneficial owners of shares in the Company are not entitled to exercise their voting rights attached to shares.

**RESTRICTIONS ON THE TRANSFER OF OWNERSHIP TITLE TO THE ISSUER’S SECURITIES**

No other restrictions are in place in Dom Development S.A. regarding the transfer of ownership title to shares in Dom Development S.A.

The transferability of subscription warrants issued by Dom Development S.A. in connection with its management option programmes is limited as

subscription warrants can only be exercised by a participant in a specific management option programme, and in the event of their death such warrants can be exercised by their heirs, only upon the consent of the Supervisory Board of Dom Development S.A.

## 4.3 GENERAL SHAREHOLDERS' MEETING

### THE PROCEDURE FOR AND MAJOR RIGHTS OF A GENERAL SHAREHOLDERS' MEETING, AND DESCRIPTION OF THE RIGHTS OF SHAREHOLDERS AND MANNER FOR THESE RIGHTS BEING EXERCISED, IN PARTICULAR THE RULES RESULTING FROM GENERAL SHAREHOLDERS' MEETING BYLAWS, IF SUCH BYLAWS WERE ADOPTED AND IF THE RULES IN THIS RESPECT DO NOT DIRECTLY RESULT FROM LEGAL REGULATIONS

The General Shareholders' Meeting holds its sessions as Annual or Extraordinary General Shareholders' Meetings, and as a governing body of the Company it acts pursuant to the provisions of the Code of Commercial Companies and Partnerships Act dated 15 September 2000 (consolidated text: Journal of Laws of 2013 item 1030, as amended), the Articles of Association of the Company and provisions of unclassified and publicly available General Shareholders' Meeting Bylaws dated 5 September 2006 as amended by resolution No. 27 dated 15 May 2008 and resolution No. 31 dated 21 May 2009 of the Annual General Shareholders' Meeting of Dom Development S.A.

An Annual General Shareholders' Meeting is convened by the Management Board. It takes place in Warsaw within 6 months following the end of each financial year. Shareholders are entitled to participate in the General Shareholders Meeting provided that they were shareholders of the Company 16 days before the date of the General Shareholders' Meeting (registration date for participation in a General Shareholders' Meeting). No invitations are required for members of the Company's Management Board or Supervisory Board to participate in a General Shareholders' Meeting. Other persons, in particular statutory auditors and experts, as invited by the Management Board, may participate in a session or an appropriate part thereof, should their presence be justified by the need to have their opinions on the discussed matters presented to the participants in the General Shareholders' Meeting. A statutory auditor should be present at a session of the General Shareholders' Meeting where Company's financial matters are addressed.

The General Shareholders' Meeting is valid and may adopt resolutions only if shareholders holding at least 50.1% of all votes are represented at the Meeting. Resolutions are adopted by an absolute majority of validly cast votes, unless the Code of Commercial Companies and Partnerships or the Articles of Association of the Company provide otherwise. An electronic system for casting and calculating votes may be used for voting. Pledges and beneficial owners of shares are not entitled to exercise voting rights attached to shares.

A resolution on the removal of certain matters from the agenda of the General Shareholders' Meeting or the abandonment of certain matters included in the agenda or placed on the agenda by a motion of shareholders requires a majority of three-quarters of the votes cast and the express prior consent of all present shareholders who have filed such motion, for it to be valid.

The Chair puts the agenda to a vote, having the attendance list signed and checked. The General Shareholders' Meeting may adopt the suggested agenda without changes, change the order of debate or remove certain matters from the agenda, subject to the provisions of the Articles of Association of the Company. The General Shareholders' Meeting may also put new matters on the agenda and discuss them, however without adopting any resolutions on such matters. The Chair of the Meeting has no right to remove matters from the agenda or alter the same without the consent of the General Shareholders' Meeting.

Each participant in the General Shareholders' Meeting may speak on matters included in the adopted agenda which are currently brought up for discussion. Each participant in the General Shareholders' Meeting may submit a formal motion. The Chair gives the floor to a participant willing to lodge a formal motion out of turn. Formal motions are motions concerning the debate and voting procedure.

The General Shareholders' Meeting adopts resolutions on matters included in the agenda by voting. Voting is open and is subject to relevant provisions of the Articles of Association of the Company and the Code of Commercial Companies and Partnerships.

In 2023, the Annual General Shareholders' Meeting of Dom Development S.A. was held on 15 June 2023. The General Shareholders' Meeting had been convened upon a motion of the Management Board of the Company, and shareholders of the Company did not file their motions for the General Shareholders' Meeting to be convened.

The course of the General Shareholders' Meeting was in line with the provisions of the Code of Commercial Companies and Partnerships, the Company's Articles of Association, unclassified and publicly available General Shareholders' Meeting Bylaws of Dom Development S.A. and the rules of the Best Practice for WSE Listed Companies. The shareholders had the possibility to review the content of draft resolutions included in the agenda, in each case not later than 26 days prior to the planned date of the General Shareholders' Meeting. The Company did not question the correctness of documents submitted by shareholders and their attorneys in support of their right to represent a shareholder when verifying shareholders' IDs being the proof of their entitlement to participate in the General Shareholders' Meeting.

The Chair of the General Shareholders' Meeting ensured that the session proceeded in an orderly and efficient manner. No sessions of the General Shareholders' Meeting were cancelled or adjourned. Members of the



Management Board and the Supervisory Board present at the General Shareholders' Meeting readily explained all matters within their competences and as required by law.

The circumstances for adopting resolutions of the General Shareholders' Meeting enabled for the protection of the rights of minority shareholders, including for voicing reservations and objections against such resolutions. None of the resolutions adopted was appealed in court.

The Annual General Shareholders' Meeting of Dom Development S.A. was held within the time limit set forth in article 395 of the Code of Commercial Companies and

Partnerships, and the documentation concerning the financial statements for the financial year 2022 was published on the website of the Company nearly 3 months before the date of the Annual General Shareholders' Meeting.

All resolutions adopted by the General Shareholders' Meeting in 2023 were passed in the best interest of the Company and took into account the rights of other stakeholders. Resolutions adopted by the General Shareholders' Meetings are posted on:

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

## 4.4 PRINCIPLES FOR THE AMENDMENT OF THE ARTICLES OF ASSOCIATION

Pursuant to article 430 § 1 and article 415 § 1 of the Code of Commercial Companies and Partnerships, an amendment to the Articles of Association of Dom Development S.A. requires a resolution by the General Shareholders' Meeting adopted by a three-quarters majority of votes and court registration. For a resolution that is to amend the Articles of Association as to the benefits of the shareholders or limit the rights granted personally to individual shareholders under article 354 of the Code of Commercial Companies and Partnerships, the

consent of all the shareholders affected by the resolution is required. An amendment to the Articles of Association is to be filed with the court of registration by the Management Board of Dom Development S.A. The General Shareholders' Meeting of Dom Development S.A. may authorize the Supervisory Board to determine a revised and reinstated text for the amended Articles of Association or to make such other editorial changes as defined in the resolution by the General Shareholders' Meeting.

## 4.5 MANAGEMENT BOARD OF DOM DEVELOPMENT S.A.

### 4.5.1 PRINCIPLES FOR THE APPOINTMENT OR DISMISSAL OF THE MANAGEMENT BOARD

#### DESCRIPTION OF THE PRINCIPLES FOR THE APPOINTMENT AND DISMISSAL OF MANAGING PERSONS AND THEIR RIGHTS, IN PARTICULAR THE RIGHT TO DECIDE ON THE ISSUE OR REDEMPTION OF SHARES

In accordance with the Company's Articles of Association, the Management Board of Dom Development S.A. shall comprise between 4 and 8 members, including the President, with a three-year term of office. The Supervisory Board shall determine the number of members of the Management Board. A shareholder who holds at least 50.1% of the shares in the Company is personally vested with the right to appoint and dismiss half of the members of the Management Board, including the President of the Management Board and the Vice President of the Management Board who is responsible, pursuant to the Management Board Bylaws for the Company's finances. For an odd number of Management Board members, a shareholder who holds at least 50.1% of the shares in the Company is authorised to appoint, accordingly: three (for a five-person Management Board) and four (for a seven-person Management Board) Management Board members. The above right is exercised by way of serving a written statement to the Company regarding the appointment or dismissal of a given Management Board member. The remaining members of the Management Board shall be appointed and dismissed by the Supervisory Board.

The Management Board represents the Company in and out of court. For statements to be validly made and signed on behalf of the Company, two members of the Management Board are required to act jointly or one member of the Management Board is required to act jointly with a commercial proxy.

Pursuant to article 3.2.8 of the Company's Articles of Association, the Management Board is authorised to increase the Company's share capital by the issue of new shares with an aggregate nominal value of no more than PLN 1 350 000 (in words: one million three hundred and fifty thousand) by way of one or several share capital increases within the limits specified above (authorised capital). The Management Board's right to increase share capital and issue new shares within the limits of the authorised capital up to PLN 1 350 000 shall expire 3 years from the date of the amendment to the Articles of Association made by resolution No. 5 dated 30 August 2022 by the General Shareholders' Meeting being entered in the register of entrepreneurs.

The right to increase the share capital referred to in the foregoing sentence, includes the issue of subscription warrants with subscription rights that expire after the above mentioned period.

Upon the consent of the Supervisory Board, the Management Board may deprive a shareholder of all or a part of its pre-emptive rights in relation to shares issued within the limits of the authorised capital.

A share capital increase by the Management Board within the limits of the authorised capital is conditional upon obtaining a positive opinion in this respect from the Supervisory Board. In other cases, unless otherwise

provided by the Code of Commercial Companies and Partnerships, the Management Board may decide on any and all matters related to share capital increases within the limits of the authorised capital.

Pursuant to article 3.2.6. of the Company's Articles of Association, a purchase of treasury shares by the Company for redemption does not require the consent of the General Shareholders' Meeting (subject to art. 393 item 6 of the Code of Commercial Companies and Partnerships) and only requires the consent of the Supervisory Board.

#### 4.5.2 COMPOSITION OF THE MANAGEMENT BOARD

In the period from 1 January 2023 until 31 December 2023 the Management Board of Dom Development S.A. was composed of five members as follows:

- 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

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.

#### 4.5.3 PRINCIPLES GOVERNING THE FUNCTIONING OF THE MANAGEMENT BOARD

The Company's Management Board acts pursuant to the provisions of the Code of Commercial Companies and Partnerships, the Articles of Association and unclassified and publicly available Management Board Bylaws approved by a resolution of the Supervisory Board, and in accordance with the Code of Best Practice for WSE Listed Companies.

The Management Board is an executive body of the Company. It manages the current operations of the Company and represents the same towards third parties. The Management Board decides in all matters concerning the Company not reserved for the General Shareholders' Meeting and/or the Supervisory Board under legal regulations, the Articles of Association of the Company or a resolution of the General Shareholders' Meeting.

For statements to be validly made and signed on behalf of the Company, two members of the Management Board are required to act jointly or one member of the Management Board is required to act jointly with a commercial proxy. Resolutions of the Management Board are adopted by an absolute majority of votes. In case of a voting deadlock, the President of the Management Board has the casting vote.

When defining strategic and current objectives for the Company, the Management Board always acted in the underlying interest of the Company and in line with legal regulations, and taking into account the interests of the shareholders, employees and creditors of the Company.

In order to ensure the transparency and efficiency of the management system, the Management Board followed the principles of professional conduct within the limits of reasonable economic risk, and took into consideration a wide range of available information, analyses and opinions.

The amount, form and structure of remuneration for the Members of the Management Board have been determined by the Supervisory Board in line with the applicable "Dom Development S.A. Remuneration Policy for Members of the Management Board and Supervisory Board" and on the basis of clear-cut procedures, and correspond to the scope of their responsibilities and competences and have taken into account the economic performance of the Company. This remuneration also corresponds to the remuneration of Management Boards in comparable companies in the real estate development market.

## 4.6 SUPERVISORY BOARD

### 4.6.1 PRINCIPLES FOR THE APPOINTMENT AND DISMISSAL OF THE SUPERVISORY BOARD

The Supervisory Board shall comprise of 5 to 9 members appointed for a joint three-year term of office.

The General Shareholders' Meeting shall determine the number of members of the Supervisory Board. In addition to this, the General Shareholders' Meeting shall appoint and dismiss Members of the Supervisory Board, subject to the personal right of a Shareholder holding at least 50.1% of shares to appoint and dismiss half of the Members of the Supervisory Board, including one Vice Chair thereof. For an odd number of Supervisory Board members, a shareholder holding at least 50.1% of the shares in the Company is authorised to appoint, accordingly: three (for

a 5-person Supervisory Board), four (for a seven-person Supervisory Board) and five (for a nine-person Supervisory Board) Supervisory Board members. The above right is exercised by way of serving a written statement to the Company regarding the appointment or dismissal of a given Supervisory Board member.

At least two Members (and their relatives, in particular, spouses, descendants or antecedents) of the Supervisory Board appointed by the General Shareholders' Meeting should meet the criteria of so-called Independent Members, defined in article 7.7 of the Articles of Association of the Company.

### 4.6.2 COMPOSITION OF THE 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 Chair 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 Chair of the Supervisory Board.

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

- Grzegorz Kiełpsz, Chair of the Supervisory Board
- Janusz Zalewski, Vice Chair of the Supervisory Board
- Dorota Podedworna-Tarnowska, Vice Chair 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).

### 4.6.3 PRINCIPLES GOVERNING THE FUNCTIONING OF THE SUPERVISORY BOARD

The Supervisory Board acts pursuant to the provisions of the Code of Commercial Companies and Partnerships, the Articles of Association and unclassified and publicly available Supervisory Board Bylaws, approved by the Supervisory Board's resolution, that set forth its organisation and manner of operation, and in accordance with the Code of Best Practice for WSE Listed Companies.

The Supervisory Board is a permanent supervisory body of the Company for all areas of its operation.

The Supervisory Board adopts resolutions or issues opinions in the matters reserved for the Supervisory Board under the Company's Articles of Association and in the manner provided for in the Articles of Association or relevant legal regulations.

The Supervisory Board held its meetings regularly. The meetings were attended by the Members of the Management Board. In 2023 the Supervisory Board held 14 sessions. The Management Board provided the Supervisory Board with exhaustive information on all important matters concerning the operations of the Company.

The Supervisory Board complied with the requirement of having among its members at least two Independent Members in line with the criteria of independence set forth in the Company's Articles of Association.

Resolutions of the Supervisory Board concerning: (i) consent for the Company or a related entity of the Company to make any considerations on any account whatsoever for the benefit of the Members of the Management Board, (ii) consent for the Company or a related entity of the Company to conclude a material agreement with a related entity of the Company, a Member of the Supervisory Board or the Management Board, or entities related to such members, and (iii) the

#### 4.6.4 SUPERVISORY BOARD COMMITTEES

Two committees, the Audit Committee and the Remuneration Committee, were established within the structure of the Supervisory Board.

##### AUDIT COMMITTEE

As at 31.12.2023 the Audit Committee was composed of:

- Dorota Podedworna-Tarnowska, Chair of the Audit Committee,
- Mark Spiteri, Member of the Audit Committee,
- Edyta Wojtkiewicz, Member of the Audit Committee.

In view of the resignation of Mr Marek Moczulski from his position as a member of the Supervisory Board of the Company, as of 15 June 2023, Ms Edyta Wojtkiewicz was appointed to the Audit Committee.

The Audit Committee is a permanent committee at the Supervisory Board. The Audit Committee is composed of at least three Members appointed by the Supervisory Board from amongst its Members, with at least two members of the Audit Committee, including the chair, also being an Independent Member of the Supervisory Board as defined in art. 129 par. 3 of the Statutory Auditors, Audit Firms and Public Supervision Act dated 11 May 2017 (Dz.U. 2017 item 1089) and article 7.7 of the Company's Articles of Association, and at least one of whom should have expertise and qualifications in accountancy or financial audit. At least one Member of the Audit Committee must have expertise and qualifications in the market segment where the Company operates.

The statutory criteria of independence have been met by the Chair of the Audit Committee, Ms Dorota Podedworna-Tarnowska and Ms Edyta Wojtkiewicz, and

choice of a statutory auditor for the audit of the Company's financial statements, were all adopted upon the consent of the majority of the Independent Members of the Supervisory Board.

The remuneration of the Members of the Supervisory Board was determined in a transparent manner and did not constitute a considerable share in the Company's costs affecting its financial result. The amount of the remuneration was approved by a resolution of the General Shareholders' Meeting and was disclosed in the annual report and in the Supervisory Board's Remuneration Report concerning remunerations of the Members of the Management Board and the Supervisory Board of Dom Development S.A. for 2022.

The Annual General Shareholders' Meeting of the Company which was held on 15 June 2023 approved the report of Supervisory Board's activities in 2022 prepared in line with the Best Practice for WSE Listed Companies 2021.

were met by a previous member of the Audit Committee, Mr Marek Moczulski.

All members of the Audit Committee have knowledge of and skills in accounting or auditing. Ms Dorota Podedworna-Tarnowska, Chair of the Audit Committee, completed her tertiary education in finance and banking and holds the degree of doctor of economic sciences. In her professional work she makes use of her knowledge in such areas as economics, finance, accounting, auditing and the audit of financial statements. Ms Edyta Wojtkiewicz is a graduate of the Faculty of Finance and Banking at the Warsaw School of Economics. In the course of her professional career, she has worked as a financial controller, chief accountant, and a financial director, gaining knowledge and experience in the field of economics, finance, accounting, financial audits and audits of financial statements. Mr Marek Moczulski, a previous Member of the Audit Committee completed post-graduate studies with specialisation in finance management. In his professional career he makes use of his knowledge in such areas as economics, finance, auditing and the audit of financial statements. A Member of the Audit Committee Mr Mark Spiteri is a chartered accountant.

The knowledge and skills pertinent to the sector in which the Company operates are held by Mark Spiteri, Member of the Audit Committee, who employs his practical competencies in the management of property development projects and of the real estate market in his professional activities. He gained this experience when cooperating with developers and consulting companies.

The duties and competences of the Audit Committee are set forth in unclassified and publicly available Audit Committee Bylaws approved by the Supervisory Board.

The duties of the Audit Committee include, in particular (i) supervision of the Company's Management Board as regards the Management Board's compliance with relevant laws and other regulations, in particular the Accounting Act dated 29 September 1994 and the Statutory Auditors, Audit Firms and Public Supervision Act dated 11 May 2017, supervision of the preparation of financial information by the Company, in particular in respect of the choice of the accounting policy adopted by the Company, supervision of the application and assessment of the consequences of new legal regulations, supervision of the information on the manner in which estimated items, forecasts etc., are presented in annual reports and supervision of compliance with the recommendations and findings of a statutory auditor appointed by the Supervisory Board, (ii) issuing recommendations to the Company's Supervisory Board concerning the appointment and dismissal of the statutory auditor, (iii) control of the independence and objectivity of the statutory auditor, in particular in respect of a possible replacement of the statutory auditor, and of their remuneration, (iv) verification of the statutory auditor's work, (v) ensuring the effectiveness of the risk management system, (vi) monitoring performance of the compliance system, (vii) overseeing the effectiveness of the internal control system and internal audit function, including in the area of financial reporting, (viii) monitoring the effectiveness and adequacy of the whistleblower system or other system of reporting irregularities.

In executing its duties, the Audit Committee works with the Supervisory Board, the Management Board, middle management and the external and internal audit unit.

The Vice President of the Management Board responsible for finance, Deputy Financial Director, Financial Controller and representatives of the external and internal audit teams may attend Audit Committee meetings, if invited. In 2023, the Audit Committee held 7 meetings.

The audit firm that audited the Company's financial statements did not provide any permissible non-audit services to the Company in 2023.

Under the auditor selection policy in effect at the Company, the choice of the audit firm to carry out the audit is made by the Supervisory Board of Dom Development S.A., acting on the basis of a recommendation made by the Audit Committee. Transparent and non-discriminatory selection criteria were defined to be used to evaluate the bids submitted by audit firms, which the Audit Committee is guided by during the preparation of the recommendation and the Supervisory Board is guided by during the selection of the audit firm. These are:

- independence and impartiality of the audit firm as a prerequisite, assuming that the audit firm submits, by the date of the statutory audit of financial statements, written confirmation of its independence from Dom Development S.A. and the companies of Dom Development S.A. Capital Group once a year to the Audit Committee. The above-mentioned entity shall also discuss with the Audit Committee all risks to its independence as well as the measures used to mitigate those risks;
- the fee for the audit, which cannot be based on any form of contingency, this includes not being subject to the results of the audit and being dependent or contingent on the provision of additional non-audit services for the audited company or an affiliated entity by the audit firm, an affiliated entity or a member of its network, and one of the basic criteria for the selection of an audit firm to statutory audit of financial statements is the quality and reliability of the services provided;
- experience gained and potential of the entity in the audit of statements of public interest entities and audit of the statements of entities with similar profile of activity, specifically in the property development or real estate sector;
- ability to conduct audit throughout the country and to ensure the provision of services within the required scope;
- ability to monitor ongoing changes in legislation;
- checking the professional qualifications and experience of persons directly involved in the audit.

In accordance with the policy, as prevailing at the Company concerning permitted non-audit services rendered by an audit firm that provides statutory audit of financial statements, by an affiliate to such audit firm or by a member of the audit firm's network, no audit firm appointed for a statutory audit of financial statements, no entity affiliated with the audit firm or any member of the audit firm's network may provide directly or indirectly to Dom Development S.A. nor to its affiliated entities any prohibited services other than non-audit services nor services which are related to financial review, from the first day of the period covered by the audit to the release of the audit report. In the case of internal audit, risk management, or information system procedures, this restriction is effective in the financial year immediately preceding the audited period. The prohibited services are not the services listed in Article 136(2) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision. Those services may be provided only insofar as such services are unrelated to the tax policy of Dom Development S.A. after the Audit Committee has assessed threats to independence and the safeguards applied, and after the consent of the Audit Committee is



granted. Where the auditor or audit firm provides services for Dom Development S.A. or the Dom Development S.A. Capital Group companies for a period of at least three consecutive financial years, the total fee for such services will be limited to not more than 70% of the average fee paid in the subsequent three financial years for the audit of financial statements of Dom

## REMUNERATION COMMITTEE

As at 31.12.2023 the Remuneration Committee was composed of:

- Dorota Podedworna-Tarnowska, Chair of the Remuneration Committee,
- Mark Spiteri, Member of the Remuneration Committee,
- Anna Maria Panasiuk, Member of the Remuneration Committee.

In view of the resignation of Mr Marek Moczulski and Mr Krzysztof Grzyliński from their position as members of the Supervisory Board of the Company, as of 15 June 2023, Ms Dorota Podedworna-Tarnowska was appointed to the Remuneration Committee as its Chair and Ms Anna Maria Panasiuk [as its member].

The Remuneration Committee is a permanent committee at the Supervisory Board. It is composed of at least three members appointed by the Supervisory Board from amongst its members, with at least two members of the Remuneration Committee being Independent Members of the Supervisory Board within the meaning of article 7.7 of the Articles of Association. The Supervisory Board appoints one member of the Remuneration Committee to the position of Chair of the Remuneration Committee. This member serves concurrently as an Independent

Development S.A. and consolidated financial statements of Dom Development S.A. Capital Group.

The recommendation of the Audit Committee of 17 April 2023 concerning the selection of the audit firm complies with the conditions set out in Article 130(2) of the Statutory Auditors, Audit Firms and Public Supervision Act dated 11 May 2017.

Member of the Supervisory Board within the meaning of article 7.7 of the Articles of Association. The Supervisory Board may dismiss any Member of the Remuneration Committee at any time.

The duties and competences of the Remuneration Committee are set forth in unclassified and publicly available Remuneration Committee Bylaws approved by the Supervisory Board.

The duties of the Remuneration Committee include, in particular (i) periodical assessment of the remuneration principles for the members of the Management Board and providing the Supervisory Board with relevant recommendations in this respect, (ii) preparation of suggestions as regards remuneration and additional benefits for individual members of the Management Board, including in particular benefits under a management share option programme (options convertible into shares in the Company's share capital) to be reviewed by the Supervisory Board, (iii) submission of projects concerning the Company's remuneration policy.

The President of the Management Board and the HR Director may attend meetings of the Remuneration Committee, if invited. In 2023, the Remuneration Committee held 6 meetings.

## 4.7 REMUNERATION POLICY REPORT

### 4.7.1 REMUNERATION SYSTEM AT THE COMPANY

The purpose of the remuneration policy for members of the management and supervisory bodies, and for key managers at Dom Development S.A. is to support the Company's strategy and its short- and long-term objectives.

No significant changes in the implementation of the remuneration policy adopted by the Company on 31 August 2020 by the Annual General Shareholders Meeting of Dom Development S.A. took place at the Company in the financial year 2023.

The Remuneration Policy was prepared in line with Polish and European regulations concerning remuneration in public companies. Its objective is to provide transparent and clear rules for remunerating members of the Management Board and the Supervisory Board, and to support the Company's business strategy, taking into account the current business environment as well as the current market practice regarding remuneration in public companies.

In particular, the Remuneration Policy takes into account the need to:

- Contribute to the implementation of the Company's business strategy and the long-term interests of the Company, its shareholders, investors and stakeholders, and to support the sustainable development of the Company;
- Ensure transparency of the rules for remunerating Members of the Management Board by establishing a single remuneration title covering all the duties performed for the Company. The Members of the Management Board may concurrently serve on governing bodies in subsidiaries;
- Set the remuneration for Members of the Supervisory Board in a manner consistent with the remuneration practice throughout the Company and in the market;
- Ensure effective management of Remuneration Policy, and prevent conflicts of interest in this area.

### 4.7.2 TERMS AND AMOUNTS OF REMUNERATION, BONUSES AND BENEFITS RECEIVED BY INDIVIDUAL MEMBERS OF THE MANAGEMENT BOARD OF THE COMPANY

In accordance with the Articles of Association of the Company, the terms of contracts and remuneration for the President of the Management Board and the other Members of the Management Board is the responsibility of the Supervisory Board, upon the recommendation of the Remuneration Committee in this regard.

The Remuneration Committee reviews the remuneration principles for the members of the Management Board periodically and provides the Supervisory Board with relevant recommendations in this respect, suggests amounts of remuneration and additional benefits for individual members of the Management Board, in particular benefits under a management share option programme (options convertible into shares in the Company's share capital) for individual Members of the Management Board, to be reviewed by the Supervisory Board.

Remuneration for the Members of the Management Board of the Company and key managers stems from the Remuneration Policy adopted and consists of a fixed part (base salary), a variable part based on results (bonus system) and fringe benefits. In 2023, the principles of the remuneration system were the same as these applied in previous years, i.e. the remuneration was based on the incentive system linked to financial performance, business and financial objectives of the Company. The granting of the annual discretionary bonus was contingent on the degree of implementation of individual annual targets associated with the business objectives of the Company.

In 2023, the amount of remuneration (including bonuses) payable or potentially payable to individual members of the management bodies for serving on these bodies at the Company and at its subsidiaries, was as follows:

REMUNERATION AND BONUSES RECEIVED BY THE MEMBERS OF THE MANAGEMENT BOARD OF DOM DEVELOPMENT S.A. (in PLN '000)	Fixed remuneration items	Variable remuneration items*	Non-pay benefits
<b>for serving on the governing bodies of Dom Development S.A.</b>			
Jarosław Szanajca	1 489	2 353	39
Małgorzata Kolarska <sup>1</sup>	1 380	690	54
Leszek Stankiewicz	1 251	2 254	90
Mikołaj Konopka	396	953	-
Terry Roydon	72	1 822	-

\* Variable remuneration based on the estimated calculation of the bonus for 2023 before the acceptance of the underlying financial statements.

<sup>1</sup>Ms Małgorzata Kolarska resigned from the position of Vice President and Member of the Management Board with effect from 31.12.2023

REMUNERATION AND BONUSES RECEIVED BY THE MEMBERS OF THE MANAGEMENT BOARD OF DOM DEVELOPMENT S.A. (in PLN '000)	Entity name	Fixed remuneration items	Variable remuneration items	Non-pay benefits
<b>for holding a position in the subsidiaries of the Company</b>				
Jarosław Szanajca	Euro Styl S.A.	60	-	-
Jarosław Szanajca	Dom Development Wrocław Sp. z o.o.	60	-	-
Leszek Stankiewicz	Dom Construction Sp. z o.o.	60	-	-
Mikołaj Konopka	Euro Styl S.A.	702	1 871	30
Mikołaj Konopka	Euro Styl Construction Sp. z o.o.	6	-	-
Mikołaj Konopka	Euro Styl Development Sp. z o.o. w likwidacji	6	-	-
Mikołaj Konopka	Euro Styl Montownia Sp. z o.o.	6	-	-
Mikołaj Konopka	GGI Dolne Miasto Sp. z o.o.	6	-	-
Mikołaj Konopka	Your Destination Sp. z o.o.	6	-	-

There was no distributions from profit, except for the dividend, to executives at the Company in 2023.

In addition to this, there are Management Option Programmes at the Company which are described in detail in note 4.9 to this report and in note 7.44 to the Group's 2023 consolidated financial statements.

Information on the options granted to and exercised by Members of the Management Board of Dom Development S.A. is shown in the table below.

SHARE OPTIONS GRANTED AND EXERCISED IN 2023	Options granted and non-exercised as of 1 January 2023 (number of shares)*	Options granted in 2023 (number of shares)	Options exercised in 2023 (number of shares)	Share closing price on the option exercise date*	Exercise price for one option	Option exercise date
Jarosław Szanajca	-	-	-	-	-	-
Małgorzata Kolarska	-	-	-	-	-	-
Leszek Stankiewicz	200 000	-	50 000	PLN 102.40	PLN 50.00	08.02.2022
Janusz Zalewski	-	-	-	-	-	-
Mikołaj Konopka	100 000	-	50 000	PLN 102.40	PLN 50.00	08.02.2023
Terry Roydon	-	-	-	-	-	-

\* Mr Mikołaj Konopka exercised his options, i.e., subscribed for shares on 30 January 2024, and Mr Leszek Stankiewicz exercised his options, i.e., he subscribed for shares on 6 February 2024.

#### 4.7.3 NON-FINANCIAL COMPONENTS OF REMUNERATION FOR THE MEMBERS OF THE MANAGEMENT BOARD AND KEY MANAGERS

The remuneration of the Members of the Management Board of the Company, the Members of the Supervisory Board of the Company and key managers at the Group

also consists of fringe benefits such as private health care or a company car that can also be used for private purposes.

#### 4.7.4 LIABILITIES ARISING FROM RETIREMENT PENSIONS FOR FORMER MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF THE COMPANY

The Company has no liabilities arising from retirement pensions or similar benefits for its former management or supervisory executives.

#### 4.7.5 AGREEMENTS WITH THE MEMBERS OF THE MANAGEMENT BOARD IN THE EVENT OF THEIR RESIGNATION OR DISMISSAL

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

None of the Company's Management Board members is entitled to compensation in the event of resignation from their function. In accordance with the resolutions of the

Supervisory Board, the following Management Board members: Jarosław Szanajca, Małgorzata Kolarska, Leszek Stankiewicz and Mikołaj Konopka, in the case of dismissal for reasons other than violation of their fundamental obligations or non re-appointment for another term of office, are entitled to the payment of 6 months' remuneration.

#### 4.7.6 AMOUNT OF REMUNERATION, BONUSES AND BENEFITS RECEIVED BY INDIVIDUAL MEMBERS OF THE SUPERVISORY BOARD

In 2023, the amount of remuneration paid, accrued or potentially accrued to individual members of the supervisory bodies was as follows:

REMUNERATION AND BONUSES RECEIVED BY THE MEMBERS OF THE SUPERVISORY BOARD OF DOM DEVELOPMENT S.A. (in PLN '000)	in Dom Development S.A.	in other companies operating within the Group
Grzegorz Kiełpsz	629	-
Marek Moczulski <sup>2</sup>	73	-
Janusz Zalewski	116	-
Mark Spiteri	144	-
Markham Dumas <sup>3</sup>	50	-
Dorota Podedworna-Tarnowska <sup>4</sup>	160	-
Anna Panasiuk <sup>5</sup>	69	-
Edyta Wojtkiewicz <sup>6</sup>	69	-
Philippe Bonavero <sup>7</sup>	60	-
Krzysztof Grzyliński <sup>8</sup>	61	-

In 2023, there were no distributions from profit to members of the supervisory bodies of the Company, except for the dividend.

<sup>2</sup>Mr Marek Moczulski resigned from the position of Vice President and Member of the Supervisory Board, with effect as of 15.06.2023

<sup>3</sup>Mr Markham Dumas resigned from his position as a Member of the Supervisory Board, with effect as of 14.06.2023

<sup>4</sup>Dorota Podedworna-Tarnowska has been Vice Chair of the Supervisory Board, with effect as of 15.06.2023

<sup>5</sup>Anna Panasiuk has been appointed a Member of the Supervisory Board, with effect as of 15.06.2023

<sup>6</sup>Ms Edyta Wojtkiewicz has been appointed a Member of the Supervisory Board, with effect as of 15.06.2023

<sup>7</sup>Mr Philippe Bonavero has been appointed a Member of the Supervisory Board, with effect as of 15.06.2023

<sup>8</sup>Mr Krzysztof Grzyliński resigned from his the position as a member of the Supervisory Board, with effect as of 15.06.2023

#### 4.7.7 ASSESSMENT OF THE REMUNERATION POLICY OPERATION

The Management Board of the Company is of the opinion that Members of the Management Board and the Supervisory Board of the Company have been remunerated in compliance with the Remuneration Policy, and having the remunerations of Board Members tied to economic performance, while meeting business

objectives, is the strong foundation for maintaining the viability of the company and the long-term increase in value for shareholders.

## 4.8 SHAREHOLDING OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

### TOTAL NUMBER AND NOMINAL VALUE OF ALL SHARES IN THE COMPANY AS WELL AS THE SHARES AND STOCKS IN THE COMPANIES OPERATING WITHIN THE GROUP HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF THE COMPANY

	AS AT 31 DECEMBER 2023			CHANGE FROM 31 DECEMBER 2022		
	Shares	Nominal value of the shares (in PLN '000)	Share options	Shares and options, total	Shares	Share options
<b>MANAGEMENT BOARD</b>						
Jarosław Szanajca	1 454 050	1 454	-	1 454 050	-	-
Małgorzata Kolarska	285 066	285	-	285 066	(118 478)	-
Leszek Stankiewicz <sup>*)**)</sup>	100 000	100	150 000	250 000	100 000	(100 000)
Mikołaj Konopka <sup>*)</sup>	170 061	170	50 000	220 061	31 080	(50 000)
Terry Roydon	58 500	59	-	58 500	-	-
<b>SUPERVISORY BOARD</b>						
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	-	-	-	-	-	-

<sup>\*)</sup> 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.

<sup>\*\*)</sup> 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.

## 4.9 MANAGEMENT OPTION PROGRAMMES

### 4.9.1 EXISTING EMPLOYEE SHARE SCHEMES

#### INFORMATION ON THE AGREEMENTS THAT ARE KNOWN TO THE COMPANY AND THAT WERE CONCLUDED IN THE LAST FINANCIAL YEAR WHICH MAY RESULT IN FUTURE CHANGES IN THE PROPORTIONS OF SHARES HELD BY THE CURRENT SHAREHOLDERS

There are two management option programmes in place at the Company.

On 29 November 2019, the Supervisory Board of the Company adopted resolution no. 02/11/19 concerning the approval of the provisions of Management Option Programme V for Mikołaj Konopka, Member of the Management Board of Dom Development S.A.,

concerning 250 000 shares in Dom Development S.A. ("Programme V"). In accordance with the terms of Programme V, Mr Mikołaj Konopka received one-off options authorising him to subscribe for 250 000 shares in Dom Development S.A. for the price of PLN 50.00 (fifty zlotys only) per share. The exercise of these options is limited to 50 000 shares in any 12 month consecutive



period, starting from 1 January 2020, while the non-exercised options may be exercised at a later time, however not later than by 31 December 2029.

On 4 October 2022, the Supervisory Board of the Company adopted resolution no. 01/10/22 concerning the approval of the provisions of Management Option Programme VII for Leszek Stankiewicz, Vice President of the Management Board – the Chief Financial Officer of Dom Development S.A., concerning 250 000 shares in Dom Development S.A. (“Programme VII”). In accordance with the terms of Programme VII, Mr Leszek Stankiewicz

received one-off options authorising him to subscribe for 250 000 shares in Dom Development S.A. for the price of PLN 50.00 (fifty zlotys only) 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.

Management Option Programmes are described in detail in the Consolidated Financial Statements of the Group for 2023 in note 7.43.

#### 4.9.2 EMPLOYEE SHARE SCHEME CONTROL SYSTEM

The management option programmes in place at the Company were adopted by the Company’s General Meeting of Shareholders which also authorised the Supervisory Board of the Company to adopt specific rules for the implementation of the schemes.

On 30 August 2022, the Company’s Management Board was authorised by the General Shareholders’ Meeting of the Company to increase its share capital within the authorised capital and to issue warrants allowing to

subscribe for shares by the participant in Management Option Programme V for Mikołaj Konopka, Member of the Management Board of Dom Development S.A., concerning 250 000 shares in Dom Development S.A. and by the participant in Management Option Programme VII for Leszek Stankiewicz, Vice President of the Management Board – the Chief Financial Officer of Dom Development S.A., concerning 250 000 shares in Dom Development S.A. The Management Board resolves to increase the share capital upon the consent of the Supervisory Board.

### 4.10 APPLICATION OF THE DIVERSITY POLICY IN RELATION TO THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

In the opinion of the Management Board of the Company, the composition of the Management Board and the Supervisory Board of Dom Development S.A provided the diversity of age, education and professional experience necessary to achieve a multidimensional perspective supporting the activities of and supervision over the Company.

In 2023, the Company's Management Board was composed of 5 members: 4 men and 1 woman. All members of the Management Board have been with the Group for many years, and their appointment was determined by their expertise and qualifications. The Management Board of Dom Development S.A. includes people who have degrees in law, economics and property management. All Members of the Company's Management Board have many years of experience in the real estate development industry, both in the Polish and foreign markets. Their track record and broad perspective allow the Management Board to make strategic decisions effectively.

In order to safeguard the development of the Company and of the Group, the Management Board has emphasized the development of key managers and its diversity. The directors and vice directors of the individual divisions and departments include women and men of

different educational backgrounds, professional experience and age.

The Supervisory Board of the Company includes persons with experience in various industries, also in the property development sector. The Members of the Supervisory Board include persons that have been with Dom Development S.A. for many years, namely Mr Grzegorz Kiełpsz, the Chair of the Supervisory Board and a co-founder of the Company as well as representatives of Groupe Belleforêt S.à r.l. as the majority shareholder. There are also three Independent Members on the Supervisory Board (Ms Dorota Podedworna-Tarnowska, Ph.D., Ms Edyta Wojtkiewicz and Ms Anna Maria Panasiuk, Ph.D., and Mr Mark Moczulski and Mr Krzysztof Grzyliniski until mid-June 2023), with a high degree of proven competence in business and financial reporting, who guarantee the highest standard of supervision over the Company. Such diversity provides a wide assessment perspective regarding the operation of the Management Board of the Company and the development paths undertaken. As at 31 December 2023, the Company's Supervisory Board was composed of 4 men and 3 woman.

## 4.11 INTERNAL CONTROL AND RISK MANAGEMENT

The Management Board of the Company is responsible for the internal control system within the Group and its effectiveness as regards the preparation of financial statements.

The effectiveness of the Group's internal control and risk management systems in financial reporting was ensured through division of duties and competences in the process of preparing financial information.

Accounting books are kept and financial reporting is performed by highly qualified financial and accounting teams, both at the Company and companies operating within the Group. The Group's consolidated financial statements are prepared by staff from the Company's finance and accounting division under the supervision of the Vice President of the Management Board of Dom Development S.A.

The effectiveness of internal controls and the quality of the accounts are ensured, inter alia, by the appropriate allocation of competences and responsibilities within the teams and by the assignment of relevant authorisations in the IT systems used by the Group.

There are also independent teams within the Group that are responsible for budgeting and management reporting processes.

The Group's finance and accounting system is a source of data for both financial statements and consolidated financial statements. It is also a source of data for the Group's management reporting, with the financial part structured so as to provide the managerial team with all the necessary information. Both statutory and management reports are prepared in line with the Group's adopted accounting policies (in accordance with International Financial Reporting Standards).

Operational quantitative forecasts and financial forecasts are incorporated in the monthly financial and operational management reports, in addition to historic financial data sourced from the accounting books. These reports are scrutinised by middle and executive management of individual organisational units of the Group and by the Management Boards of the companies operating within the Group and by the Management Board of the Company. As regards closed reporting periods, the Group's financial results are scrutinised versus budgets and forecasts. In view of the specific nature of the real estate development industry, we analyse not only the aggregated groups of costs and revenues, but also the financial and operating data for the respective property development projects are analysed separately.

Any identified deviations and errors, where possible, are verified, clarified and corrected in the books of the Group companies on an ongoing basis.

Both managerial and statutory reporting takes place under supervision of the financial controller and the Vice President of the Management Board - Chief Financial Officer.

The Group's financial statements are verified by an independent statutory auditor.

In accordance with the standards adopted by the Group, the Group's financial statements are always audited by a recognised and highly qualified statutory auditor.

A so-called Audit Life Cycle has been developed in the Company. This is a cyclical schedule of communication between the Management Board, the statutory auditor and the Audit Committee of the Supervisory Board. The purpose of this schedule is to ensure appropriate interaction and communication between the Audit Committee and the statutory auditor.

The fundamental activity adopted by the Group so as to reduce its exposure to market risks is the proper assessment and control of potential risks and existing development projects based on investment models and decision-making procedures developed in the Company.

The basis for calculating the cost of products sold, due to the accounting policy applied in this respect, is not only the costs recorded in the books, but also the detailed development project budgets prepared in accordance with the Group's best knowledge and experience. The budgets for all development projects are updated at least once every three months, during the execution of the projects. This process is governed by the formalised rules in place at the Group, and is scrutinised by the management boards of the companies concerned, as well as the Management Board of the Company.

Moreover, it is relevant in the process of consolidation to eliminate intra-group sales, with particular regard to accurate assessment, and then elimination of the margin realised on such sales by the Group's construction companies.

In recent years, the Group's structure has evolved considerably, and the scale of its and geographical diversification have increased. In response to these changes, the Management Board of the Company decided to implement compliance, risk management and internal audit systems across all Capital Group companies by the end of 2024. This will be done one as part of the DOM 2030 Strategy developed as a result of our ESG (Environmental, Social, Governance) activities.

The formal risk management process in place at the Company since 2000 was updated in 2023, with the engagement of all companies across the Group in the process of identification and assessment of the probability of occurrence and impact of risks, both in the primary and supporting areas of activity. This also involves defining the

actions necessary to reduce or eliminate these risks (including through a system of procedures, processes and internal controls). Risk management also covers the accuracy and quality of data having a bearing on the reliability the financial statements.

In 2023, a separate Risk Management, Assurance and Compliance Department was created, whose functions include, in particular:

- a) supporting the Management Boards of the Companies operating within the Group in the identification and mitigation of risks,
- b) providing and updating effective procedures,
- c) identifying processes, which ensure uninterrupted operations of the Companies,
- d) taking actions aimed at sharing best practices and knowledge throughout the Group,
- e) assisting the Management Boards of Companies operating within the Group in the implementation of proven processes and procedures tailored to the scale of operations of each of the Group companies, in order to ensure the highest quality in the sector of management control and compliance of operations with legal regulations,

- f) building a compliance culture across all Group companies.

The internal audit unit within this division conducts internal audits independently and by means of outsourcing, aimed at verifying the correctness of the processes and procedures created to mitigate risks. The activities of the internal audit unit are subject to regular supervision by the Audit Committee. The findings of internal audits are reported to the management boards of the Group companies, the Audit Committee and to experts appointed by this Committee. In 2023, internal audits were carried out across all of the Group companies. The increasing use of computer systems and the growing digitisation of business processes limits the risk of errors, both in recurring processes and in processes involving the collection and processing of data.

Compliance has become part of a new structure of the area of risk management, compliance and quality control of operations, and is designed to provide business support, in accordance with the best market practices and applicable legal requirements, and to build processes that facilitate sharing of best experience and knowledge throughout the Group. Moreover, the compliance area is to support the achievement of the goals set and the formation of a friendly work environment, ensuring at the same time the highest financial results and improved the efficiency and flexibility of operations.

## 4.12 MATERIAL LEGAL PROCEEDINGS

As at 31 December 2023 the companies belonging to the Group were not a party to any material court proceedings.

## 4.13 AUDITOR

### INFORMATION ON THE AGREEMENT FOR THE AUDIT AND REVIEW OF THE FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS CONCLUDED WITH THE AUTHORISED AUDITOR

On 17 April 2023, in accordance with the powers granted under article 7.12.3 of the Company's Articles of Association and the applicable regulations and professional standards, the Supervisory Board of the Company on the basis of the recommendation made by the Company's Audit Committee, contained in its Resolution 02/04/23 of 17 April 2023, selected PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (formerly: PricewaterhouseCoopers Sp. z o.o.) with its registered office in Warsaw, to audit the annual financial statements of Dom Development S.A. for the year ended 31 December 2023 and the consolidated financial statements of the Dom Development S.A. Capital Group for the year ended 31 December 2023, and to review the condensed financial statements of Dom Development S.A. for the

period of six months ended 30 June 2023 and the condensed consolidated financial statements of the Dom Development S.A. Capital Group, prepared for the period of six months ended 30 June 2023.

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw at al. Polna 11 is registered as an entity licensed to audit financial statements under reg. no. 144.

The agreement with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw was concluded on 25 August 2023 for the period necessary to carry out the review and audit of the said financial statements.

The Company had previously used the services of PricewaterhouseCoopers Polska spółka z ograniczoną

odpowiedzialnością Audyt sp.k. with its registered office in Warsaw with regard to training programmes in 2002 and 2011 and of certain companies affiliated with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw with regard to training programmes in 2013 and 2014 and legal services in 2012-2015. The audit firm in charge of auditing the Company's financial statements for 2022 and 2023, and the Group's consolidated financial statements for 2022 and 2023, also provided permissible non-audit services in 2022 and 2023 as contracted by the Company.

The financial statements for 2018, 2019, 2020, 2021, 2022 and 2023 and the interim condensed financial statements for the six-month period ended 30 June 2023 were audited by PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. and other PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. related companies.

Information on remuneration due to the audit firm for 2023 and 2022 is presented in note 7.52 to the Group's Consolidated Financial Statements for the year 2023.

In accordance with the statement of the Supervisory Board of the Company, the Company's Management Board reports that:

- the selection of the audit firm to conduct the audit of annual consolidated financial statements for the year 2023 has been carried out in line with laws, including the regulations on selection of and the selection procedure for an audit firm,
- the audit firm and the members of the team performing the assignment fulfilled the prerequisites for preparing an impartial and independent audit report concerning the annual consolidated statements in accordance with applicable laws, professional best practice and the rules of professional conduct,
- the existing provisions related to the rotation of the audit firm and the key statutory auditor and the compulsory withdrawal periods are respected,
- the Company has a policy in place regarding the choice of the audit firm and the policy in respect of the provision of additional non-audit services, including services conditionally exempted from the prohibition of the provision thereof by the audit firm, to the Company by the audit firm, an affiliate of the audit firm or a member of its professional network.



**5 APPROVAL BY THE MANAGEMENT BOARD OF DOM DEVELOPMENT S.A. OF THE MANAGEMENT BOARD'S REPORT OF ACTIVITIES OF THE COMPANY AND ITS CAPITAL GROUP IN 2023**



APARTAMENTY NAD OŁAWKĄ, WROCLAW



This Management Board's report of activities of Dom Development S.A. and its Capital Group in 2023 was prepared and approved by the Management Board of the Company on 18 March 2024.

The Management Board of the Company represents that this Report of activities of Dom Development S.A. and its Capital Group in 2023 presents a true view of the development, achievements and situation of the Company, including the description of key threats and risks.

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**Jarosław Szanajca**

President of the Management Board,  
Dom Development S.A.

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**Leszek Stankiewicz**

Vice President of the Management Board,  
Dom Development S.A.

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**Monika Perekitko**

Member of the Management Board,  
Dom Development S.A.

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**Mikołaj Konopka**

Member of the Management Board,  
Dom Development S.A.

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**Terry R. Roydon**

Member of the Management Board,  
Dom Development S.A.